
Resourcing Strategy 2022–2032



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Simplified Chinese

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Korean

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سرویس بخواهید از جانب شما با

شهرداری کورینگای (Ku-ring-gai Council)

در ساعات کاری، دوشنبه تا جمعه از ساعت

۸:۳۰ صبح تا ساعت ۵:۰۰ بعد از ظهر با

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Japanese

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These languages were chosen as they are the most widely spoken by Ku-ring-gai residents indicated by ABS Census data 2011 and 2016.

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

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About the Resourcing Strategy

Ku-ring-gai Council's Resourcing Strategy details the funding and resourcing required to deliver the strategic objectives in the Community Strategic Plan and the priorities described in the Delivery Program. The Resourcing Strategy is informed by the following:

- A review of project proposal cost estimates and funding sources to identify any changes to current and future funding requirements
- A review of assumptions underlying the financial, asset management and workforce components of the strategy including any known changes
- Consultation with departments across Council to identify external policy or legislative factors that may affect the strategy assumptions, project timeframes and costings
- Council's continued commitment to improving our financial sustainability, asset management and workforce practices and processes.

Integrated Planning and Reporting Framework

All NSW councils are required under the *Local Government Act 1993* to prepare a suite of documents that form the Integrated Planning and Reporting (IP&R) framework.

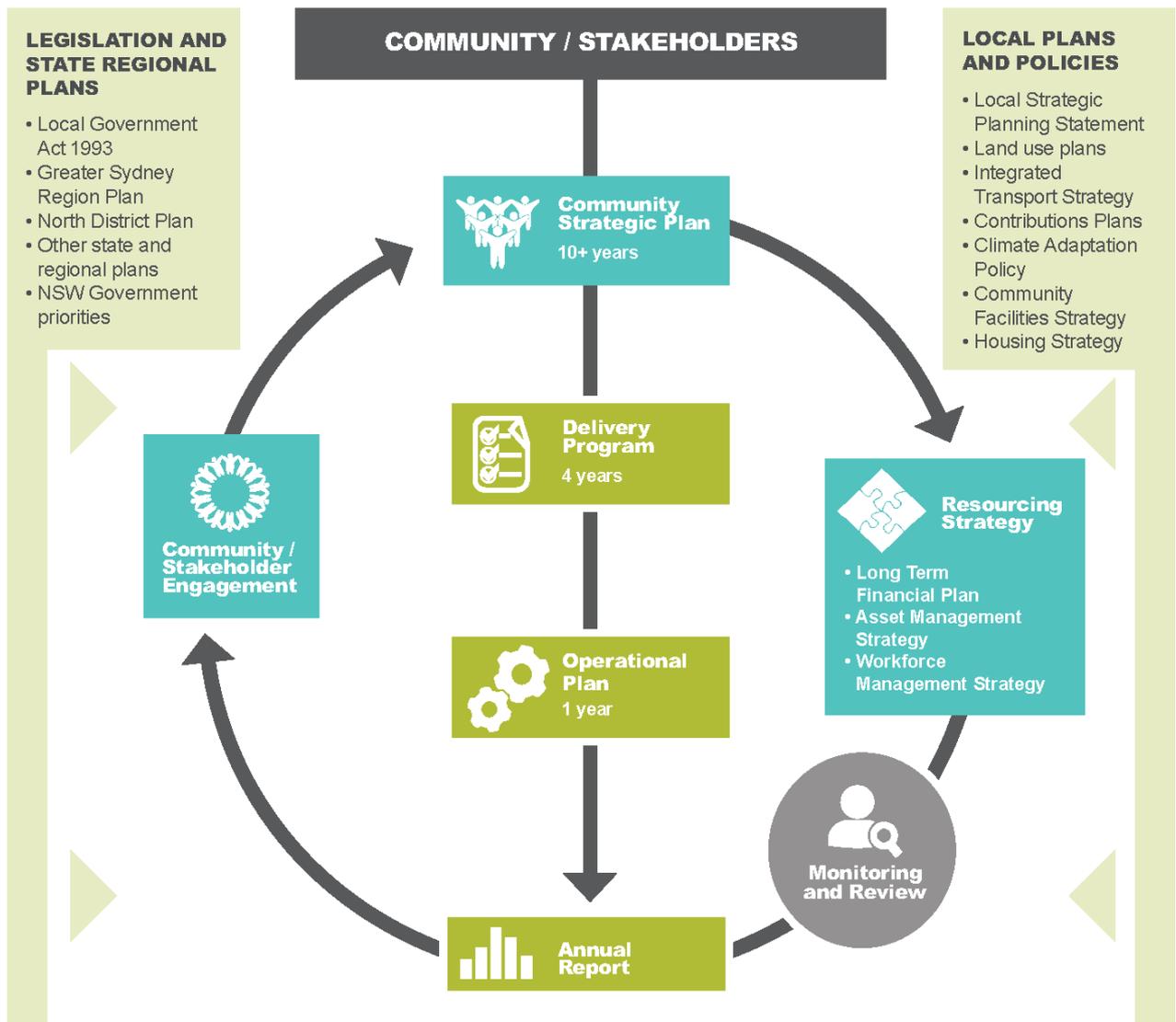
The Resourcing Strategy is one of these documents. It details the funding and resourcing requirements to achieve the community and Council's medium and long term strategic objectives and priorities for Ku-ring-gai in terms of time, money, people and assets.

The Resourcing Strategy includes the following components:

- 10 year Long Term Financial Plan
- 10 year Asset Management Strategy
- 4 year Workforce Management Strategy.

The Resourcing Strategy is the link between the long term Community Strategic Plan and the medium term Delivery Program. It is prepared following each council election and is developed concurrently with the other plans in the IP&R framework (see diagram following).

The Resourcing Strategy is designed to be a living document. Initiatives within the strategy are reviewed annually as part of Council's Delivery Program review and Operational Plan preparation, to ensure relevance in the changing environment, reflect changing financial and asset information and to incorporate any community feedback.



Integrated planning and reporting framework

Source: Adapted from NSW Office of Local Government – Integrated Planning and Reporting Framework www.olg.nsw.gov.au

Ku-ring-gai in context

The NSW Government's *A Metropolis of Three Cities - The Greater Sydney Region Plan*, proposes to re-balance growth and deliver its benefits more equally and equitably to residents across Greater Sydney through better coordinated planning for a more productive, liveable and sustainable metropolitan Sydney. To assist this objective the plan has been prepared concurrently with *Future Transport 2056* and the *State Infrastructure Strategy* to align land use, transport and infrastructure planning.

Sydney's District Plans recognise the pressures created by Greater Sydney's rapidly growing population, changing demographics, need for housing and better infrastructure. In support of the District Plans, each council prepares a Local Strategic Planning Statement (LSPS) for their area to guide future land use planning and development.

The LSPS for Ku-ring-gai provides a locally relevant response to the NSW Government's strategic plans. It sets out a 20-year vision for land use within Ku-ring-gai addressing economic, social, environmental and infrastructure needs.

Council's role

The Resourcing Strategy shows how Council will allocate its resources to deliver the long term objectives identified in the Community Strategic Plan and medium term objectives in the Delivery Program.

Many of the objectives in the Community Strategic Plan can only be delivered in partnership with other government agencies, non-government organisations, community and business groups. The Resourcing Strategy quantifies what Council's contribution will be.

Preparation of the Resourcing Strategy is an iterative process integrated with the preparation of the Community Strategic Plan and Delivery Program. The community and Council need information about assets and their condition to inform the setting of priorities. However, the final Asset Management Strategy cannot be adopted by Council until the Community Strategic Plan has been finalised, financial projections and rating implications have been prepared and discussed with the community and the Long Term Financial Plan has been advanced enough to enable the Delivery Program and Operational Plans to be developed.

These plans are all prepared with the best available information but are designed to be dynamic to reflect changing priorities.

Risk management approach

Council has an internal audit function shared with other northern Sydney Councils that provides an objective and independent service to Council. An annual internal audit plan is prepared with a risk based approach incorporating financial, operational and compliance processes across Council with the following objectives:

- to determine whether processes and systems are designed to ensure that assets are safeguarded to prevent misuse or fraud occurring
- to recommend improvements to increase efficiency or to lower operating costs
- to encourage continuous improvement
- to assess whether processes are adequate to ensure compliance with applicable laws, regulations, contracts, policies and procedures
- to preserve the accuracy and reliability of data controls for the safeguarding of assets.

Recent internal audits have included the service areas of asset management, purchasing and records management.

Council's Audit, Risk and Improvement Committee provides independent assurance and assistance to Council on risk management, control, governance, and external accountability responsibilities including financial reporting, and compliance with laws and regulations. This ensures an adequate and effective system of internal control throughout Council and assists in the operation and implementation of internal and external audit plans.

The Audit, Risk and Improvement Committee monitors progress in implementing any action plans arising from the annual external audit, undertaken by Council's external auditor, the NSW Audit Office.

Supporting documents

Council's Community Strategic Plan is a 10-year blueprint for the future of the Ku-ring-gai local government area (LGA). The plan is the result of a process that brings together the community to set goals and aspirations for the future and to plan how to go about achieving those goals. It was informed by Council's activities, future aspirations of residents, businesses, Councillors and State and regional policy and legislation. The Community Strategic Plan provides Council with the strategic direction to align its policies, programs and services. It also acts as a guide for other organisations and individuals in planning and delivering services. The plan addresses the community's focus areas to achieve the long term objectives under the following themes:

1. Community, People and Culture
2. Natural Environment
3. Places, Spaces and Infrastructure
4. Access, Traffic and Transport
5. Local Economy
6. Leadership.

The Resourcing Strategy consists of three elements which are discussed below.

Long Term Financial Plan

The first component of the Resourcing Strategy is Council's Long Term Financial Plan (LTFP). The LTFP is Council's 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. This includes cost shifting from other levels of government, ageing infrastructure and constraints on revenue growth. A financially sustainable Council is one that has the ability to fund ongoing service delivery and renew and replace assets without imposing excessive debt or rate increases on future generations.

This is an important document, which is used to test the community aspirations and goals against financial realities. Contained in this plan are:

- Projected income and expenditure
- Balance sheet
- Cash flow statement
- Planning assumptions used to develop the plan
- Sensitivity analysis – highlight factors most likely to affect the plan
- Financial modelling for different scenarios
- Methods of monitoring financial performance.

The LTFP contains a core set of assumptions. These assumptions are based on Consumer Price Index (CPI) forecasts, interest rate expectations, employee award increases, loan repayment schedules, special price forecasts for certain Council specific items, planned asset sales and other special income and costs.

Balancing expectations, the uncertainty of future revenue and expenditure forecasts is one 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.

Current financial position

While Council remains in a sound financial position, long term financial sustainability continues to be a significant challenge for Council and local governments across Australia. This is largely due to rising costs generated by increasing community demand for services, facilities and infrastructure and restricted revenue that does not keep up with those costs.

To partly address this issue Council has sought to 'recycle' existing assets, by selling underutilised property and using the proceeds for major capital projects and infrastructure renewal. In the longer term, financial sustainability will require additional recurrent revenue that balances the community's capacity and willingness to pay with the demand for services, facilities and infrastructure.

Details of Council's financial position, challenges and risks can be found in the Long Term Financial Plan with information on a proposed Additional Special Rates Variation.

Asset Management Strategy

The second component of the Resourcing Strategy contains asset management planning and includes the following documents:

1. Asset Management Policy
2. Asset Management Strategy.

Asset Management Policy

The Asset Management Policy sets out principles, requirements and responsibilities for implementing consistent asset management processes throughout Council. It also ensures that Council, as the custodian of public infrastructure, has mechanisms in place to deliver infrastructure services in the most effective manner.

Asset Management Strategy

Council's Asset Management Strategy was developed in consultation with departments across Council, and demonstrates to Ku-ring-gai residents and stakeholders how Council's asset portfolio continues to support the service delivery needs of the community both now and into the future (ten years). The strategy includes an Asset Management Improvement Plan (consistent with best practice) to ensure that organisational practices and procedures are continually improved.

The strategy includes the current condition and value of all assets; the preferred condition and level of service of all assets; and the systems, resources, processes and financing options to achieve the preferred condition and level of service.

The Asset Management Strategy is supported by Asset Management Plans for each asset class. Together, these documents and our processes, data and systems (including asset registers and technical databases) make up Council's Asset Management Framework.

Asset Portfolio

The replacement value of Council's Infrastructure assets is \$1.29 billion¹. The carrying amount (written down value) is \$815 million². Infrastructure assets include:

- roads and transport (roads, footpaths, kerb and gutters, car parks, road structures and street furniture and bridges)
- buildings (non-specialised and specialised)
- stormwater drainage
- recreation facilities (swimming pools, sports fields, parks, bushland).

Workforce Management Strategy

The third part of the Resourcing Strategy is the Workforce Management Strategy.

Council's Workforce Management Strategy provides a link between desired operational outcomes and strategic objectives and considers the associated workforce implications. The strategy, in addressing the workforce requirements for Council's Delivery Program, spans four years and considers potential resourcing and knowledge requirements.

An effective Workforce Management Strategy provides a systematic framework for developing organisational capability in order to meet emerging needs and effectively respond to unexpected change.

¹ Ku-ring-gai Council's Annual Report 2020-2021, page 441: www.krg.nsw.gov.au/annualreport.

² Ku-ring-gai Council's Annual Report 2020-2021, pages 441: www.krg.nsw.gov.au/annualreport.



Long Term Financial Plan

2022–2032

June 2022

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Introduction

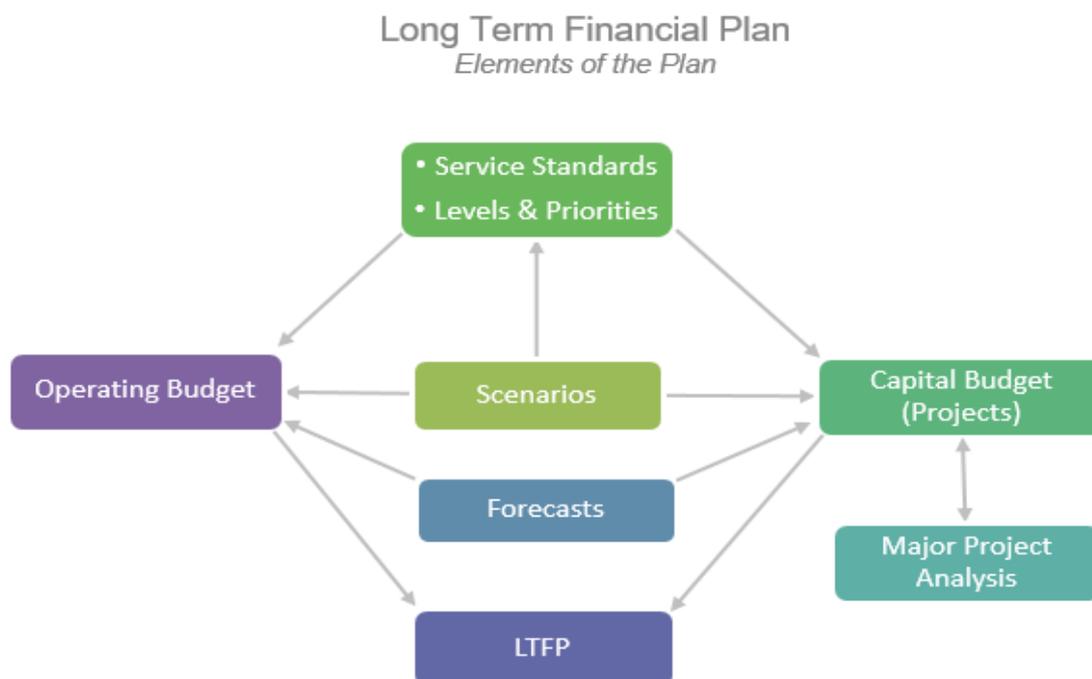
Ku-ring-gai Council's Long Term Financial Plan (LTFP) contains a set of long range financial projections based on an informed set of assumptions. It is designed to reflect the financial impacts of providing current levels of service and the planned programs of capital works. The plan is informed by the Community Strategic Plan and Delivery Program and focuses on community needs and Council's strategic priorities.

The LTFP includes:

- Projected income and expenditure, balance sheet and cash flow statement
- Planning assumptions used to develop the plan
- Sensitivity analysis – highlight factors most likely to affect the plan
- Financial modelling for different scenarios
- Methods of monitoring financial performance.

The LTFP contains a core set of assumptions. These assumptions are based on Consumer Price Index (CPI) forecasts, interest rate expectations, employee award increases, loan repayment schedules, special price forecasts for certain Council specific items, planned asset sales and other special income and costs.

The diagram below illustrates the link between the main elements of the LTFP: service standards, levels and priorities, capital and operating budget, major project analysis, assumptions and scenarios.



Overview

Ku-ring-gai Council's Long Term Financial Plan covers the period from 2022/23 to 2031/32. It recognises its current and future financial capacity, to continue delivering services, facilities and infrastructure to the community while commencing new initiatives and projects to achieve the goals set down in its Community Strategic Plan.

Financial planning over a 10-year time horizon is challenging and relies on a variety of assumptions that will undoubtedly change during this period. The LTFP is therefore closely monitored, and regularly revised, to reflect these changing circumstances. The Long Term Financial Plan is the core document used to guide all financial planning within Council and is the basis for annual budgets as part of the preparation of the Delivery Program and Operational Plan.

Council's financial position is currently sound with:

- an operating surplus after depreciation (excluding capital grants and contributions) throughout the life of the Long Term Financial Plan (LTFP), contributing to capital expenditure.
- adequate cash reserves which are maintained in the LTFP above the minimum benchmark.
- debt within benchmarks, repaid from asset divestment, investment property rent and a special rate.
- expenditure on renewing infrastructure assets that exceeds depreciation.
- a budget and LTFP that continues to deliver existing services and significant projects.

There are a number of financial challenges and risks facing Council including the following:

- IPART announced the 2022-23 rate peg as 0.7%. Council applied to increase rates by a further 1.8% to 2.5%, and the budget and LTFP is based on this higher amount. On 20 June 2022 IPART advised that Council's application was successful.
- There is \$111m in revenue from property asset sales included in the budget to fund new capital works and infrastructure renewal. If asset sales are not achieved significant remedial action will be required to maintain a satisfactory financial position. Efforts to date in planning for asset sales have been contested and delayed.
- Council has insufficient funding in the LTFP to sustainably manage and improve its existing infrastructure assets and meet community expectations.
- A new loan is proposed to fund construction of the Marian Street Theatre and relies on future asset sales for repayment. Project costs have increased significantly based on a recent cost estimate.
- A loan to fund construction of the St Ives Indoor Sports Centre is proposed to be repaid from an Intergovernmental Project Special Rate. While the enabling legislation is in force, the Minister has not yet proclaimed it to commence.
- IPART has proposed changes to domestic waste management charges that would significantly reduce revenue.
- The NSW Government has proposed changes to the development contributions system that would significantly reduce revenue and therefore future capital works funding.

Financial sustainability continues to be a significant challenge for Ku-ring-gai Council and local governments across Australia, with increasing demand for services, facilities and infrastructure from the community at odds with restricted revenue that does not keep up with rising costs. To partly address this issue Council has sought to 'recycle' existing assets, by selling underutilised property and using the proceeds for major capital projects and infrastructure renewal. In the longer term, financial sustainability will require additional recurrent revenue that balances the community's capacity and willingness to pay with the demand for services, facilities and infrastructure.

Some key issues in the budget and LTFP are discussed below.

Additional Special Rates Variation

IPART announced the 2022-23 rate peg as 0.7% which is the lowest increase in 20 years. This provides additional income of \$0.5m p/a which is insufficient to even cover the Award increase in wage costs of 2% (\$0.9m pa). In addition, Council faces general inflation in other costs that are not funded by the low peg.

In recognition of the impact the low rates peg would have on councils, on 28 March 2022 IPART released guidelines for an Additional Special Variation, allowing for a rates increase up to 2.5% instead of 0.7%. However the austerity criteria in these guidelines were such that very few councils in NSW would qualify for the increase.

The Office of Local Government subsequently released a circular dated 6 April 2022 that notified of more accessible criteria, as followed by revised IPART guidelines dated 7 April 2022. Based on the revised guidelines, Council qualified to increase rates by 2.5% (lower of 2.5% or 2.8% adopted in Council's LTFP) instead of 0.7%. In April 2022 Council applied to IPART for a permanent increase to rates on this basis and in June was advised that its application was successful.

Asset recycling

The LTFP continues the financial strategy of using funds from the sale of existing property assets (\$111m) for future capital works. If these asset sales are not realised, Council's financial position will significantly deteriorate and require remedial action. It is noted that planning for asset sales has so far been contested and delayed.

The assets sales funding is allocated to the Marian Street Theatre redevelopment (\$22m), Infrastructure renewal (\$36m), co-contributions to projects funded from s7.11 development contributions (\$7.4m) and property development reserve (\$45m).

Infrastructure Assets

Infrastructure assets are Council's core assets such as roads, footpaths, buildings and drains. The current estimate of the cost to renew all infrastructure currently in an unsatisfactory condition is \$90m.

Over the next 10 years, Council's existing core infrastructure assets are forecast to depreciate by \$234m. Expenditure on renewing these assets is budgeted at \$237m, noting that of this expenditure, \$36m is planned to be sourced from the sale of existing property assets.

Overall, depreciation is offset by expenditure on infrastructure assets (assuming asset sales are achieved). However, not all asset classes are forecast to be maintained in their current condition.

Based on the planned expenditure in the LTFP and assuming assets sales funds are available as planned:

- Roads will improve
- Footpaths will stay in current condition
- Kerb and gutter, car parks, road structures and bridges will deteriorate
- Buildings will deteriorate with many not meeting current building codes or community expectations
- Recreation and park assets will deteriorate and may lead to defective facilities and equipment
- Stormwater drains will deteriorate and may lead to blocked pipes, flooding and sink holes. Recent visual inspection has indicated that the condition of drains may require more remediation than previously assessed.

Council has insufficient funding in the LTFP to sustainably manage and improve its existing infrastructure assets and meet community expectations. Council could consider a special rates variation in future years to provide additional revenue for core infrastructure renewal.

Marian Street Theatre

The total budget for this project in the 2021/22 LTFP is \$16.7m, which is funded from \$14.9m in asset sales and \$1.8m from general revenue. A separate report on this business paper has advised that estimated costs have increased to \$21.9m. The draft project budget and LTFP funding has been increased to \$23.8m, which allows an 8% buffer over the current cost estimates. This increases the funding required from property asset sales to \$22m.

As property asset sales have been delayed, the project will also be delayed without alternate funding. Council could use loan funding to borrow the required \$22m on an interest-only basis and repay the loan from asset sales when they occur. The loan repayments would need to be met from Council's general revenue until property assets are sold to repay the loan.

On this basis, the revised budget and LTFP has incorporated a new interest-only loan to be borrowed in 2022/23 and repaid from asset sales in 2024/25. This is a change in financial strategy with increased financial commitment and risk. In addition, being the redevelopment of an old theatre building Council should only proceed with the project if it accepts there may be further increases to project costs.

It has previously been estimated that the theatre would require an operational subsidy of around \$0.7m p/a. This has also been included in the LTFP from 2024/25 onwards and funded from general revenue.

St Ives Indoor Sports Centre:

The total budget for this project is \$22.7m, which is funded from \$17.3m in loans, \$3.5m in grants, \$1.9m in general revenue. The current LTFP assumes that the loan will be repaid once property assets are sold to fund the project. However, legislation was adopted in 2021 to allow councils to raise special rates for projects undertaken in partnership with other levels of government. The legislation is the *Local Government Amendment Act 2021* and it will take effect once the Minister for Local Government proclaims it to commence. This is not expected to occur until next financial year.

Guidance is not yet available about the implementation of intergovernmental project special rates, however it is considered that the St Ives Indoor Courts are likely to meet the criteria, being a shared use building with a NSW Government school and built on their land.

It is recommended that Council apply for an Intergovernmental Project Special Rate to repay the loan for the St Ives Indoor Courts once the Minister for Local Government proclaims the amendment to commence. Council is unlikely to receive the benefit of this revenue until 2023/24 and in the interim, loan repayments would be funded from general revenue. The average cost to residential ratepayers for the special rate over 10 years would be \$55 pa.

All construction projects carry risk of cost increases all the way through the project cycle and this project is unique as it is a specialised building with the construction being managed by the NSW Government at Council's cost. Council should note the financial risk and proceed with the project if it accepts there may be further increases to project costs.

Major Town Centre Projects

Council is planning for two major town centre projects over the next ten years in Lindfield and Turramurra that will provide civic improvements and community facilities. It is assumed in the budget and LTFP that the capital and operating costs of these projects are funded by a combination of s7.11 development contributions along with the financial return from development on the sites. Critical to the success of these projects and Council's financial sustainability is to ensure that Council has sufficient funds in reserve to mitigate against the financial risks of development. As such, Council is planning to establish a Property Development Reserve in the LTFP, accumulated from the proceeds of asset sales.

Domestic Waste Management Charges

IPART is currently reviewing domestic waste management (DWM) charges levied by NSW local councils. IPART released a discussion paper in August 2020 and have followed up with a report '*Review of Domestic Waste Management Charges Draft Report December 2021*'. IPART is seeking submissions on the draft report which are due by 29 April 2022. This is addressed in a separate report on this business paper.

A major concern with the changes proposed by IPART is with respect to the recovery of overhead costs, which are proposed to be decreased. This would mean that there would be a reduction in the revenue received by Council for the DWM charges. The overheads currently charged are in the order of \$1.8m pa.

IPART note that if the revenue from DWM charges reduce under their methodology, councils may apply for a special rates variation to recover the gap. It is recommended that Council flag its intention to apply to IPART for a Special Rates Variation to increase rates in 2023/24 to offset any reduction in revenue should policy changes be introduced impacting on DWM charges.

Development Contributions

The NSW Government has proposed changes to the development contributions system. Significant changes include the removal of community facilities, indoor recreation centres and public domain works from s7.11 plans and also reducing the contributions revenue Council would receive under s7.12 plans. Modelling commissioned by NSROC indicated that the impact of the changes for Kuring-gai could be a revenue reduction in the order of \$5m pa.

It is not known if the NSW Government intend to proceed with the proposed changes. If they are implemented without modification, it is likely that Council will need to reduce future capital works funded from development contributions.

Council has identified increasing funding for infrastructure renewal as a priority. Two main scenarios are outlined in detail in the LTFP for consideration:

Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate peg 2.5%)

Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

The scenario that Council will adopt best addresses the infrastructure renewal requirements that have been identified and this is introduced as Scenario 1 and it includes increased funding for asset renewal on infrastructure assets from asset sales. Both Scenarios include an assumed rate peg of 2.5%, including the official rate peg of 0.7% and an Additional Special Rate (ASV) of 1.8%. The ASV required the approval of the Independent Pricing and Regulatory Tribunal (IPART) which was successfully granted in June 2022.

Long Term Financial Plan Principles

Council's overall guiding principle is to maintain a healthy financial position, underpinned by a sound income base and commitment to control and delivery of services, facilities and infrastructure demanded by the community in an effective and efficient manner.

The LTFP puts this principle into action by formulating and applying specific objective tests of financial sustainability to the LTFP and its scenarios, such as:

- Achieve an operating surplus (excluding capital grants and contributions)
- Maintain satisfactory levels of liquidity: Unrestricted Current Ratio above min benchmark of 1.5x, ideally at 2x or above
- Maintain infrastructure assets ratios at a sustainable level
- Proceeds of asset sales returned to reserves for expenditure on asset renewals or major asset refurbishment and expansion
- Maintain a sustainable debt level and debt service ratio below the industry benchmark.

Long Term Financial Plan Funding Strategy

Infrastructure Assets

Council's current funding strategy focuses on infrastructure assets renewals and is based on the principle that all available surplus funds will be diverted towards Council's asset renewals as a priority. Additional funding is assumed to include proceeds from asset sales which will be reinvested into Council's renewal program for infrastructure assets.

Council reviews with regularity the state of its assets: useful lives and future depreciation on each asset class, condition of all assets by asset class, the methodology to determine cost to bring assets to a satisfactory condition and to agreed level of service, actual asset maintenance compared to required asset maintenance, current asset renewals and required asset renewals. Council also ensures there is a consistent organisational approach to infrastructure reporting. All asset classes reported in Special Schedule "Report on Infrastructure Assets" are assessed as part of the regular review, as well as the overall cost to bring infrastructure assets to a satisfactory condition and the cost to agreed level of service agreed with the community.

Based on the condition assessment of Council's infrastructure assets:

- the current backlog "cost to bring assets to a satisfactory condition" has been assessed at \$24.1 million with a backlog ratio of 2.80% for 2020/21¹
- the current revised "cost to bring to agreed level of service" has been assessed at \$96 million for 2020/21².

The most relevant figure is the cost to bring to agreed level of service. This is the practical cost to renew assets that are not in a satisfactory condition.

¹ Ku-ring-gai Council Annual Financial Statements 2020-21.

² Ku-ring-gai Council Annual Financial Statements 2020-21.

Over the life of the plan, on a consolidated level Council is maintaining the level of renewal expenditure above the depreciation in most years, however Council has an annual shortfall of funding for asset renewals on a number of asset classes. If this shortfall is not addressed it is likely that the infrastructure backlog will continue to increase in future years.

The current funding strategy prioritises asset maintenance and renewal expenditure. To be financially sustainable Council should not only address the future infrastructure assets backlog “cost to satisfactory” but also provide funding to bring assets to the “agreed level of service”.

Additional funding (above core renewal) for infrastructure is assumed from the following sources:

- Divestment of assets - proceeds from assets sales.

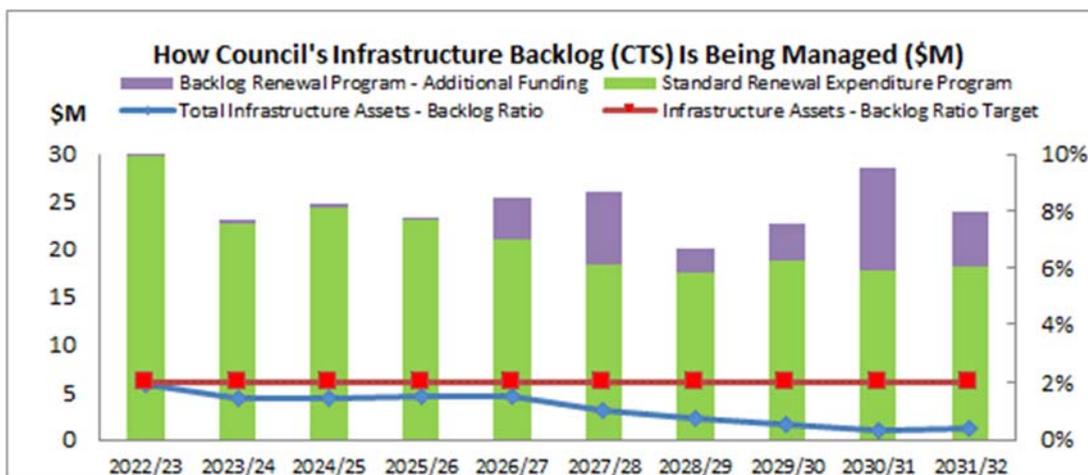
Proceeds from asset sales is planned to fund the expenditure on asset renewals by \$36 million over 10 years in addition to the standard renewal expenditure. Approximately \$22 million on average per annum will also be allocated in maintenance as required by the Asset Management Strategy.

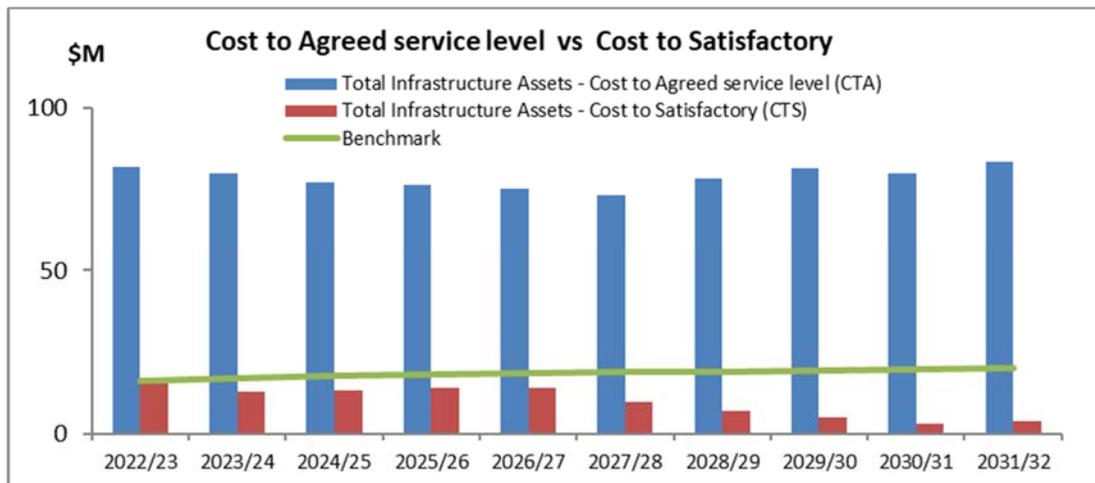
Additional funding from asset sales will also have a positive impact on Council’s infrastructure backlog to bring assets to satisfactory. After 10 years, the costs to bring assets to an agreed level of service would decrease to \$83m. Without asset sales funding however, the costs to bring assets to an agreed level of service would increase to \$120m.

The following table and charts display the planned asset renewal expenditure in future years, highlighting the standard renewal program and additional funding provided and the positive impact on future asset renewal requirements.

Projected Asset Renewal Expenditure

\$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Total
Total - Infrastructure Assets Renewal	29,136	22,096	23,768	22,082	24,358	24,906	18,883	21,639	27,457	22,841	237,166
Standard Renewal	29,115	21,593	23,242	22,076	20,015	17,306	16,283	17,639	16,457	16,863	200,589
Additional Renewal Program	21	504	526	6	4,343	7,600	2,600	4,000	11,000	5,978	36,577





Additional funding is diverted into asset renewals in the first years and gradually increasing in future years, contributing to meeting the current benchmark for the assets infrastructure backlog to bring to satisfactory by 2022/23. The industry benchmark for the backlog ratio is 2% as defined by NSW Treasury Corporation (T-Corp) and the Office of Local Government (OLG). As Council injects more funding into asset renewals across the next ten years of the LTFP, the cost to agreed level of service decreases as well.

As part of the infrastructure review, it was identified that some asset classes have a larger backlog than other asset classes and various allocation of future funding for renewal. Funding where possible was redirected to those asset classes that have a larger backlog.

Based on the planned expenditure in the LTFP and assuming assets sales funds are available as planned, as a whole:

- Roads will improve
- Footpaths will stay in the same condition
- Kerb and Gutter, Car Parks, Road Structures and Bridges will deteriorate
- Buildings will deteriorate and not meet building codes nor community expectations
- Recreation and park assets will deteriorate and may lead to defective facilities and equipment
- Stormwater drains will deteriorate and may lead to blocked pipes, flooding and sink holes. Recent visual inspection has indicated that the condition of drains may require more remediation than previously assessed.

Council has insufficient funding in the LTFP to improve and sustainably manage its existing infrastructure assets and meet community expectations

Proceeds from Asset Sales for Infrastructure renewal and new assets

It is estimated that proceeds from asset sales will produce the following increases in Council revenue over the next 10 years (a total of \$111 million including \$7.11 Co-contribution gap) as shown below.

As highlighted above a significant part of these proceeds and other operational savings will be used to fund assets renewals. Council also intends to invest a proportion of these proceeds in a Property Development Reserve to facilitate major town centre projects.

Projected Asset Sales

\$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Property Development Reserve	-	-	-	45,000	-	-	-	-	-	-
Infrastructure Renewal Asset Sales	-	500	22,600	-	4,500	7,600	2,600	4,000	11,100	5,900
CP2010 – New Assets	-	-	-	3,060	2,645	232	1,221	-	-	264
Total Asset Sales	-	500	22,600	48,060	7,145	7,832	3,821	4,000	11,100	6,164

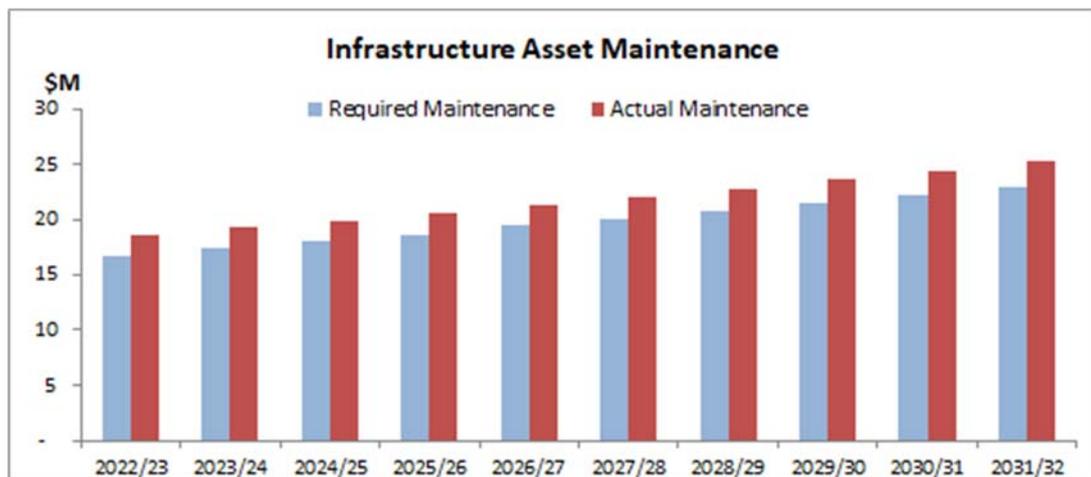
Asset maintenance

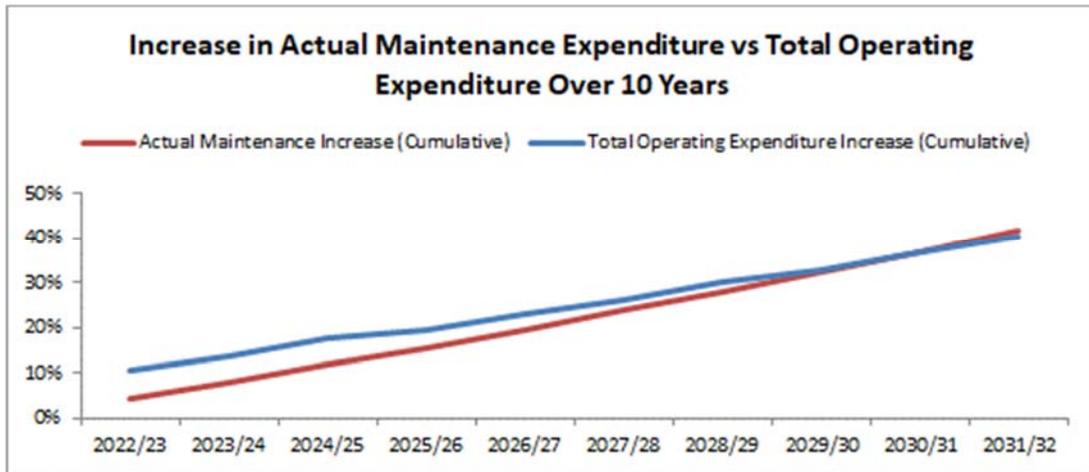
The LTFP allocates adequate funding towards asset maintenance in future years. Council has budgeted for \$18.6 million in maintenance costs for infrastructure assets in the 2022/23 budget with further increases in future years. Total maintenance expenditure increases in line with other operating expenses, however in future years the maintenance expense will also increase due to capital projects planned on new assets.

The actual asset maintenance expenditure versus required maintenance, as well as the increasing trend of maintenance expenditure and total operational expenditure are shown below. Council is investing enough funds and slightly above the required level to ensure infrastructure assets reach their useful lives and are maintained in satisfactory condition in the long term.

Required Infrastructure Maintenance Expenditure

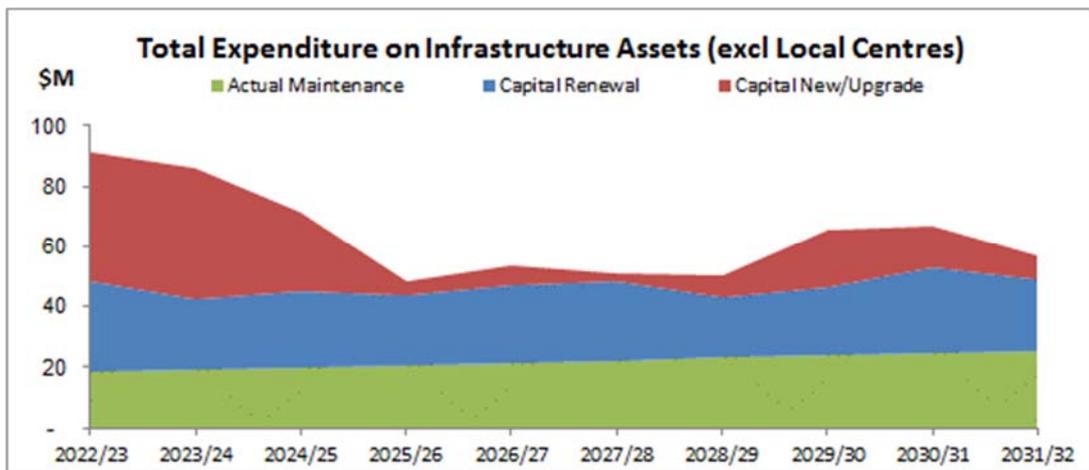
\$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Required Maintenance	16,588	17,356	18,065	18,595	19,544	20,073	20,756	21,484	22,214	22,922
Actual Maintenance	18,667	19,309	19,973	20,661	21,373	22,109	22,871	23,659	24,475	25,319
Variance (Actual less Required)	2,080	1,953	1,908	2,066	1,829	2,036	2,115	2,175	2,261	2,396





Total capital expenditure on Infrastructure Assets

The current LTFP under both Scenarios allocates funding towards infrastructure assets in terms of assets maintenance, renewal and new/upgrade as shown in the chart below. A total of \$218 million will be allocated to asset maintenance over 10 years, \$237 million to asset renewals and \$185 million (excluding Major Local Centre Projects) to build new or upgrade existing assets. The new/upgrade expenditure includes new or existing projects largely funded by s7.11 development contributions, such as for community facilities to meet the needs of the growing community. Major capital initiatives are planned to begin from 2022/23. The Marian Street Theatre and Lindfield Community Hub is scheduled to begin in the next two years of the LTFP. Other major capital expenditure will begin after 2024/25.



In addition to above, capital expenditure has also been allocated to major town centre projects (such as Lindfield Village Hub and Turramurra Community Hub) which is largely expenditure on new and upgraded assets. Details of the full capital works program including major project initiatives are discussed further in this document under the “Project capital expenditure” section.

Council is planning to establish a Property Development Reserve in the Long Term Financial Plan, accumulated from the proceeds of asset sales. This reserve is created to ensure that Council has sufficient funds in reserve as a contingency for the financial risks of development for the major town centres.

Funding for all capital works is allocated into the following categories listed below (these figures also include expenditure on new assets funded by s7.11 development contributions). The largest capital expenditure goes to Streetscape & Public Domain with 40% of total expenditure for the forecast period, followed by Roads & Transport (27%) and Parks & Recreation (13%). Parks & Recreation, among others, include acquisition of Community land, which is funded by s7.11 contributions.

Projected Capital Expenditure (including Major Local Centres projects)

\$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Planning, Community & Other	2,362	2,378	2,657	2,741	2,797	2,640	5,150	5,514	5,329	5,732
Roads & Transport	14,489	22,653	20,322	12,670	15,214	14,459	15,927	18,755	24,624	22,759
Streetscape & Public Domain	40,749	41,528	33,341	8,402	20,486	20,697	18,138	29,569	3,409	50,364
Parks & Recreation	20,776	10,831	5,318	8,665	11,609	6,741	8,358	4,554	6,834	5,132
Stormwater Drainage	1,053	3,941	1,479	1,989	1,682	2,355	1,240	3,014	5,147	2,257
Council Buildings	25,614	3,803	1,681	1,913	5,306	9,451	3,650	3,785	6,743	3,453
Trees & Natural Environment	2,523	925	747	1,098	882	1,152	934	941	321	333
Total Projects	107,566	86,059	65,545	37,478	57,976	57,495	53,397	66,132	52,407	90,030

Major Town Centre Projects

Council is planning for two major town centre projects over the next ten years in Lindfield and Turramurra that will provide civic improvements and community facilities. It is assumed in the LTFP that the capital and operating costs of these projects are funded by a combination of s7.11 development contributions along with the financial return from development on the sites. Critical to the success of these projects and Council's financial sustainability is to ensure that Council has sufficient funds in reserve to mitigate against the financial risks of development. As such, Council is planning to establish a Property Development Reserve in the LTFP, accumulated from the proceeds of asset sales.

Scenario Planning

The LTFP is a model to consider scenarios for the funding of operating and capital expenditure. Detailed forecasts of all sources of operating revenue and expenditure are utilised to derive the maximum surplus available to apply to Council's rolling program of capital investments in new or refurbished infrastructure.

Scenario 1 - Base Case Scenario with additional funding for infrastructure (from asset sales) and assumed rate peg 2.5%

Scenario 2 - Scenario with reduced funding for infrastructure (no asset sales funding) and assumed rate peg 2.5%

Council has chosen Scenario 1 for adoption, which assumes additional funding of \$36 million invested in infrastructure renewal from proceeds on asset sales and continuation of a permanent ASV (Additional Special Rate) of 1.8% (above the official rate peg of 0.7%). Continuation of the permanent ASV was subject to successful outcome of Councils' application, which was granted by IPART in June 2022.

Both scenarios are financially sustainable in terms of maintaining a balanced budget, sufficient unrestricted cash and available working capital, sufficient cash reserves and a permissible debt service ratio over the medium term but Scenario 1 will achieve higher asset sustainability ratios. The variance between both scenarios is the level of additional assets renewal funding received from asset sales.

Scenario 1 - Base Case Scenario with additional funding for infrastructure (from asset sales) and assumed rate peg 2.5%

The base scenario of the LTFP shows the financial results of delivering the current level of service as per the 2022/23 budget expanded out over 10 years and adjusted by various price forecast indexes as detailed in the financial assumptions section of this document.

The adopted principle under this scenario is that \$36 million of funds will be used to fund Council's assets renewal, funded from asset sales. Additional funding will have a positive impact on Council's infrastructure backlog, with a reduction in backlog ("cost to satisfactory") to \$16 million by 2023/24, meeting the current industry benchmark for the backlog ratio. In addition, the funds will significantly reduce the cost to agreed level of service identified by the community, however, will not address it fully in the term of this financial plan.

Impact on Key Financial Indicators

Under the base case scenario Council is forecasting the following impacts on the key financial indicators:

Operating Performance Ratio (OPR)

Operating Performance Ratio is one of the most important financial indicators for Council. It measures Council's ability to contain operating expenditure within operating revenue. Council's long term financial sustainability is dependent upon ensuring that on average over time this indicator is positive, making sure that Council's expenses are below its associated revenue. Council is forecasting future operating surpluses resulting in Operating Performance Ratio being above the benchmark of 0% in all future years of the LTFP. The impact on this ratio from the two scenarios is insignificant due to the majority of additional income being from proceeds of asset sales which is eliminated from the ratio calculation. However, if the additional special rate variation of 1.8% was not approved, Council would have seen a loss of \$14.3m over the life of the LTFP which would have resulted in operating deficits and negative OPR. To continue current services and investment in asset renewal, Council will have to fund an equivalent amount from its current internal reserves, which will see an unfavourable impact on the balances of these reserves.

Operating Performance Ratio	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Benchmark > 0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Scenario 1 - With Additional infrastructure	1.6%	0.0%	0.6%	0.6%	0.4%	0.7%	0.5%	0.5%	0.5%	0.6%
Scenario 2 – With Reduced Infrastructure	1.6%	0.0%	0.6%	0.6%	0.4%	0.7%	0.5%	0.5%	0.5%	0.6%
Impact	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Infrastructure Assets Renewal Ratio (IARR)

The Infrastructure Assets Renewal Ratio assesses the rate at which assets are renewed compared to the rate at which they are depreciating. Under this Scenario Council is planning to invest an additional \$36 million over 10 years in assets renewal in addition to the standard renewal expenditure. This will continue to bring Council's assets to an improved standard within an established timeframe and keep the ratio above benchmark in all future years. The benefits are significant, as this will help reduce the cost of future works on all infrastructure assets in future and reduce the current infrastructure backlog. It must be noted that over the life of the plan, at a consolidated level Council is maintaining the level of renewal expenditure above the depreciation, however Council remains to have an annual shortfall of funding for asset renewals on a number of asset classes. The gap will widen further and have a significant impact on the state of assets if future asset sales will not eventuate. In the 10th year of the LTFP the ratio without additional funding will reduce to 67% on the total depreciation.

Infrastructure Asset Renewal Ratio	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Benchmark > 100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Scenario 1 - With Additional infrastructure	148%	108%	112%	103%	107%	106%	79%	87%	106%	86%
Scenario 2 – With Reduced Infrastructure	148%	106%	109%	103%	88%	74%	68%	71%	64%	64%
Impact	0%	-2%	-2%	0%	-19%	-32%	-11%	-16%	-42%	-22%

Infrastructure Backlog Ratio – Cost to Satisfactory (CTS)

This ratio measures what proportion the backlog is against the total value of Council's infrastructure. The ratio has a positive downward trend in the first six years (from 2.2% in 2022/23 to 0.4% in 2031/32) with a full elimination after 2031/32. This can be achieved only under Scenario 1 which provides increased funding for infrastructure.

Infrastructure Backlog Ratio CTS	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Benchmark <2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Scenario 1 - With Additional infrastructure	2.2%	1.8%	1.9%	1.9%	1.8%	1.3%	1.0%	0.7%	0.5%	0.5%
Scenario 2 – With Reduced Infrastructure	2.2%	1.9%	2.0%	2.0%	2.4%	2.7%	2.6%	2.7%	3.5%	4.1%
Impact	0.0%	-0.1%	-0.1%	-0.1%	-0.6%	-1.4%	-1.6%	-2.0%	-3.0%	-3.6%

Scenario 2 - Scenario with reduced funding for infrastructure (no asset sales funding) and assumed rate peg 2.5%

The current scenario assumes reduced funding for infrastructure and same rates revenue levels (including ASV of 1.8%) as provided in the base case scenario. Funding of \$36 million originally identified through the divestment of assets (proceeds from assets sale) may not eventuate resulting in significantly reduced funding and deterioration of the state of Council's assets in the long term.

This scenario shows the financial results (impact on key indicators) of delivering the current level of service as per the forecast 2022/23 budget expanded out over 10 years with reduced funding for infrastructure. This scenario is not Council's preferred one and is not considered sustainable for Council's assets.

Impact on Key Financial indicators

The impact on key financial indicators has been assessed to understand the long term effects on Council's financial performance and the state of infrastructure assets.

The table below shows the impact on main indicators (expressed as the variance between two scenarios: with and without additional funding for infrastructure). In all cases the impact is unfavourable, with a major effect on assets indicators.

Impact (Scenario 2 vs Scenario 1)	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<i>Financial Sustainability Ratios</i>										
Operating Performance Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Assets Ratios</i>										
Infrastructure Renewal Ratio	0%	-2%	-2%	0%	-19%	-32%	-11%	-16%	-42%	-22%
Infrastructure Backlog Ratio (CTS)	0.0%	-0.1%	-0.1%	-0.1%	-0.6%	-1.4%	-1.6%	-2.0%	-3.0%	-3.6%

The Renewal Ratio will see a significant decrease of between 10% to 40% per year, impacting negatively on the state of infrastructure of assets. Decreased funding will fail to ensure that all infrastructure assets provide an adequate level of service in the future and may lead to degradation of assets conditions. It may take significantly longer to decrease the infrastructure backlog and Council will not be able to eliminate the backlog over an extended period of time.

LTFP Assumptions and Sensitivity Analysis

The Long Term Financial Plan contains a wide range of assumptions, including assumptions about interest rates, potential effect of inflation on revenues and expenditures, current service levels and others. Major assumptions in the current version of the LTFP are listed below and a detailed list is attached to this document.

Some of these assumptions have relatively limited impact if they are inaccurate; some have a major impact on Council's future financial plan. The LTFP is a dynamic financial model and is updated quarterly to ensure the assumptions are continually updated with the latest information available.

The Plan is also tested by varying the amounts of the moderate to significant assumptions and the impact is analysed.

CPI Forecast: An average annual 2.8% increase in CPI has been built into the LTFP for both income and expenditure in line with Access Economics forecast for CPI. The Reserve Bank's target for inflation remains between 2% and 3%.

Income from Rates: Council applied for a permanent additional special rate of 1.8% in addition to the official rate peg of 0.7% and was successful. The additional rate will generate \$1.27m for 2022/23 and \$14.3m by year 10 of the LTFP. From 2023/24, the average annual increase is 2.5%. In addition, the LTFP assumes, an average increase of 0.3% annually from 2023/24 resulting from population and property growth.

Commencing 2023/24, an Intergovernmental Project Special Rate is also assumed to fund repayment of the \$17.3m loan for the construction of the St Ives Indoor Basketball Courts jointly built with the Department of Education. This is an annual increase of approximately \$55 per resident across 10 years.

Fees and charges: are expected to increase by an average 3% annually. Charges for domestic and trade waste have not been increased in the early years of the LTFP; however, may increase in later years to reflect cost increases in providing the service.

Investment revenue: has been estimated based on current cash levels and future expected earnings of the Bank Bill Swap Rate (BBSW) + 1.1% over the 10 year period. The average annual interest rate is 2% for the 3 years to 2024/25, and an average 3.5% for the remaining years to 2031/32.

Grants for Recurrent and Capital purposes: have increased by an average 2.8% annually, which is in line with CPI (if relevant for grant).

Proceeds from Asset Sales: are projected in the LTFP to begin from 2023/24. The proceeds from sales will be used for infrastructure asset renewals and upgrades, Property Development Reserve and Section 7.11 funding gap.

Employee costs: have been estimated based on agreed award increases. Workers compensation has been factored by the same rate, which is an average of 2.9% per year. In 2022/23, compulsory super rates increase by 0.05% to reach 12% in 2025/26.

Operational and capital materials and contracts: expenditure are estimated to increase annually by an average of 3%, which in line with CPI. From 2024/25, \$700k annual operating costs have been added for Marian Street Theatre to material costs.

Borrowing Costs: have been estimated based on 95 basis points over 90 day BBSW per annum, rising to a maximum rate of 4%. The average annual interest rate is 3.7% for the ten years to 2031/32.

Sensitivity Analysis

The following table lists the major assumptions affecting the LTFP results and shows the impact of varying them. This impact is classified as Low, Moderate or Significant in terms of quality and quantum of service delivery to constituents.

	<i>Impact</i>	<i>Comment</i>
<i>Revenue</i>		
<i>Inflation/CPI</i>	<i>Low</i>	Changes in inflation will affect both revenue and expenditure, but increases in the assumption are likely to be negative for the projected operating surplus.
<i>Rates Income – Rate Peg</i>	<i>Moderate to Significant</i>	<p>The official rate peg for 2022/23 announced by IPART was 0.7%. IPART advised that Council can apply for an additional 1.8% rate variation to bring the total increase to 2.5%, which Council did in April 2022 and was advised in June that it was successful. From 2023/24 the rate peg averages 2.5% for future years. From 2023/24, rates income also assumes an average growth of 0.3% per annum through increased development.</p> <p>Changes in rate pegging will affect revenue forecasts, and these will have a large impact on the LTFP Model. Non-achievement of property and rates income growth forecasts will directly affect provision of new infrastructure and the rate at which existing infrastructure can be renewed.</p>
<i>Investment Earnings</i>	<i>Moderate</i>	<p>Investments are placed and managed in accordance with the Council's adopted Investment Policy in compliance with the <i>Local Government Act 1993</i>.</p> <p>Council's investments portfolio is subject to fluctuations in interest rates. An adverse movement in interest rates will reduce investments income and impact on capital expenditure and service levels, with only a minor offset through savings in variable interest loan costs. Council is forecasting a reduction in interest earning in short term and has adjusted the future budgets accordingly.</p>
<i>Proceeds from Asset Sales</i>	<i>Significant</i>	The LTFP assumes sale of assets for the 10 years. Proceeds from some asset sales will be used to fund infrastructure asset renewal leading to a reduction in Council's infrastructure backlog. If the proceeds and timing of sales are not realised as per the Plan, this will have a major impact on Council's key infrastructure assets indicators. There will be insufficient funding available to address the current assets backlog. The Asset's Renewal Ratio will deteriorate together with the infrastructure backlog ratio. In addition to renewal, new

	<i>Impact</i>	<i>Comment</i>
<i>Revenue</i>		
		<p>and upgraded assets are planned to be funded from asset sales.</p> <p>Asset sales are also planned to fund Council's co-contribution in its S7.11 Development Contributions Plan. If these asset sales are not realised, either cuts to services and other capital would have to be made or alternatively the S7.11 projects requiring Council co-contributions would have to be deferred or deleted from the program.</p> <p>Council is planning to establish a Property Development Reserve in the Long Term Financial Plan, accumulated from the proceeds of asset sales for town centre revitalisation projects and other major projects.</p>
<i>Grants</i>	<p><i>Low for specific purpose grants.</i></p> <p><i>Moderate/Significant for general purpose grants</i></p>	<p>The LTFP model includes operational grants and capital grants that have already been awarded. The Council does not have a strong reliance on specific purpose grants revenue in comparison with other sources of revenue. Programs funded by specific purpose grants may not be offered by the Council if the grants were eliminated.</p> <p>The general purpose component of the Council's Financial Assistance Grant is currently \$4 million. If this grant were reduced or eliminated, the Council would need to consider significantly reducing capital expenditure and operating service levels.</p>
<i>Expenditure</i>		
<i>Employee Costs</i>	<i>Significant</i>	<p>This is Council's largest cost. The number of employees in operating activities is assumed to remain constant with cost increases in line with forecast or known Award changes. This volume assumption is at risk from possible future changes to conditions, further devolvement of functions from other levels of government and from growth in Council services requiring additional staffing.</p> <p>The Award increase assumptions are at risk as Council has no direct control over this. Employees engaged in capital projects may increase slightly with increased funding for infrastructure, however this would be met from the new budget allocations.</p>

	Impact	Comment
Revenue		
Borrowing costs	<i>Moderate</i>	Council's outstanding loan balance will reach \$53 million in 2022/23 and is fully discharged by 2031/32. The outstanding loan is discharged by future net revenue generated from leasing out the investment property at 828 Pacific Highway, Gordon, a special rates variation and asset sales. This carries a moderate risk in terms of delays in realising income if the current building in future is leased out at a lower occupancy rate than predicted in the LTFP or if the asset sale is not finalised.

The following table illustrates monetary sensitivity to variations in the assumptions.

Income & Expenditure Categories	Assumption	2022/23 Base	Sensitivity to a 10% Variation in the Assumption	Sensitivity to a 20% Variation in the Assumption
		\$'000	\$	\$
INCOME:				
Rates	2.50%	71,246	178,115	356,230
Fees & Charges	2.20%	19,778	43,512	87,023
Operating Grants	2.20%	8,848	19,466	38,931
Interest on Investments	1.48%	3,003	4,444	8,889
Other Income	2.20%	12,461	27,414	54,828
EXPENDITURE				
Employee Costs	2.80%	46,294	129,623	259,246
Borrowing Costs	3.67%	1,533	5,626	11,252
Materials & Contracts	2.20%	40,901	89,982	179,964
Depreciation	1.53%	22,215	34,078	68,157
Other Expenditure	2.20%	25,933	57,053	114,105

1. Annual charges have been excluded as there is NIL growth in 2022/23

The sensitivity analysis shows that rates income and employee costs would have the greatest impact if there is a future variation from the LTFP assumptions. If there are adverse variations in the future from the LTFP assumptions, adjustments will need to be made to operations and capital programs to maintain financial sustainability. The sensitivity analysis brings into sharp focus the need to manage employee numbers and costs.

Highlights of the Long Term Financial Plan

Ku-ring-gai Council's LTFP details Council's expected income, operational and capital expenditure within the external environment that Council is expected to face in the future. Council is forecasting operating surpluses including capital income (development contributions and capital grants) in each year. If capital income and asset sales are excluded the core operating surpluses will remain at a modest level in all future years.

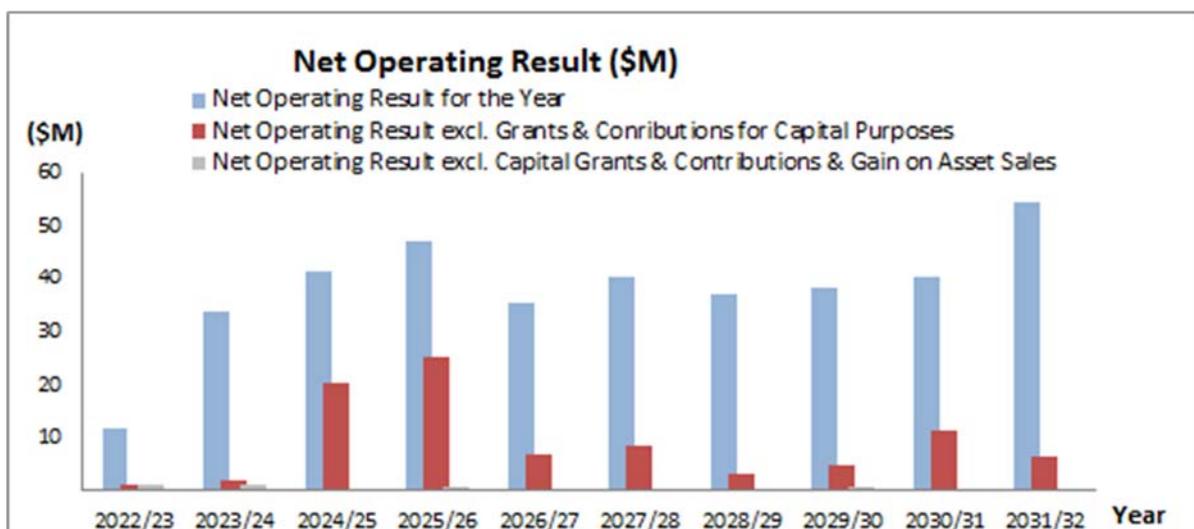
Other key financial ratios are predicted to meet or outperform benchmarks. The following forecast summary on financial performance is based on Scenario 1. This Scenario represents investment of additional funding for infrastructure renewal. This is Council's optimal scenario and is financially sustainable in terms of key financial measures.

Operating Result

The operating result before accounting for capital items and asset sales remains at a modest level in all projected years.

The strong results in 2024/25 and 2025/26 are primarily due to forecast gains from sale of assets to fund a new project "Marian Street Theatre" and infrastructure renewal works as well as capital income from partner contributions partly funding major town centre revitalisation projects. Planning for these projects, should consider the inclusion of commercial opportunities of sufficient return to cover ongoing operational costs of the public spaces in the precinct. The proceeds from asset sales are restricted and in addition to funding major projects will be also be used for asset renewals.

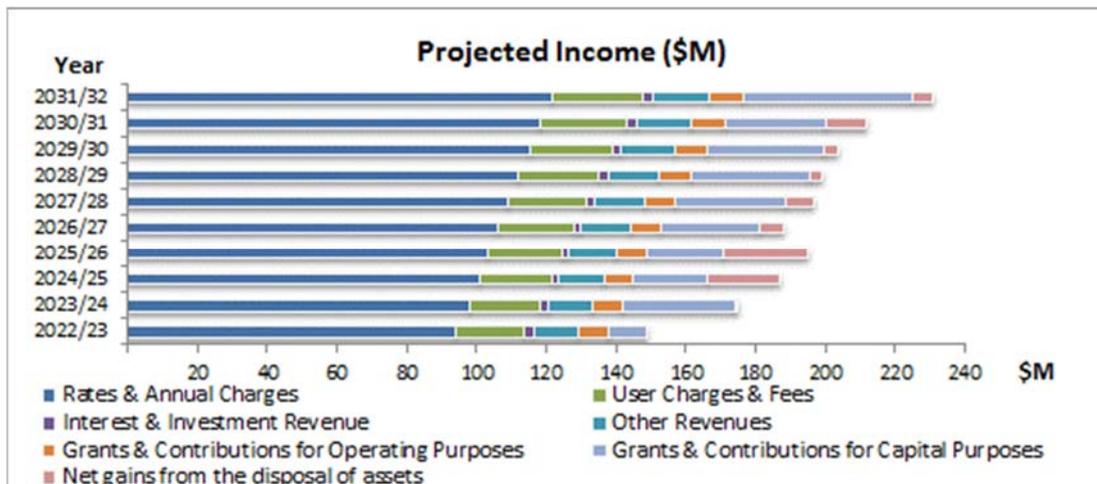
The chart below shows the forecast operating result before and after capital grants and contributions items and income from sale of assets. The Net Operating Result for the year includes capital grants and contributions as well as asset sales revenue. As these items are capital in nature, it is useful to focus on the operating result that excludes capital items and assets sales. These items are eliminated to focus on analysis of Council's core operating results. In 2022/23 Council will achieve an operating surplus of \$11.8 million after allowing for the depreciation expense. If capital grants and contributions are excluded, the operating result remains in surplus, with a result of \$1 million.



Projected Income

Council obtains revenue from a variety of sources including rates and annual charges, user charges and fees for services, interest and investment revenue, other revenue and grants and contributions for both operating and capital purposes.

Council's revenue has been forecast to increase from \$149 million in 2022/23 to \$231 million over the ten years, which (after excluding the impact of asset sales) increases by an average of 2.8% per year. Major increases in revenue are due to rates and annual charges, user fees and charges and other revenue including rent income from Council's investment property. The projected income for the forecast period is detailed in the chart below.



Rates Income & Annual Charges

Council's dependence upon rates income and annual charges is approximately 56%. The rest of the costs of Council's operations are funded from non-rates income. Part of the increased income from rates is due to the forecast development activity leading to additional dwellings, which will be allocated to asset renewals from 2022/23 onwards and have been incorporated into the LTFP projections.

Two permanent special rate variations are included in the LTFP:

1. The SRV for Infrastructure is a permanent levy from 2018/19 granted by IPART in 2013/14.
2. The SRV for Environment is a permanent levy from 2019/20 onwards granted by IPART in 2018/19.

The official rate peg for 2022/23 announced by IPART is 0.7%. IPART advised that Council can apply for an additional 1.8% rate variation to bring the total increase to 2.5% which it did in April 2022 and was successful. The additional rate variation will generate \$1.2m in 2023/24 and approximately \$14m by the end of the LTFP term.

From 2023/24 the rate peg averages 2.5% for future years. From 2023/24, rates income also assumes an average growth of 0.3% per annum through increased development.

Council is also assuming an Intergovernmental Project Special Rate levy in accordance with the *Local Government Amendment Act 2021* from 2023/24 to fund the loan repayments for Council's \$17.3m contribution to the joint project with the Department of Education to build a joint use indoor sports centre at St Ives High School.

User Charges & Fees Charges

Council derives approximately 12% from user charges and fees and these are forecast to increase by an average of 2.8% per year over the forecast period.

Interest Income

Council has forecast an earning rate on its investments of the expected BBSW rate + 1.10% over the forecast period. Interest revenue changes in line with cash and investment balances.

Operating Grants & Contributions

Operating grants and contributions will remain static across the next 10 years. Council's main form of grant assistance is the financial assistance grant, which is a federal untied grant that is distributed between the States based on their percentage of the total population. Financial assistance grants consist of two components both of which are distributed to councils: general-purpose component and a local road component. The Roads to Recovery grant, which impacts local roads has been reduced from FY2024/25.

Capital Grants

Capital grants and contributions are volatile over the forecast period as they can relate to specific one-off major projects.

Development Contributions

Council collects contributions from developers (s7.11 Contributions) to help pay for new infrastructure and facilities for the growing population of the area. The Long Term Financial Plan includes the works listed in the Ku-ring-gai Contributions Plan 2010, which came into effect in December 2010. This Contributions Plan applies to development in Ku-ring-gai that gives rise to a net additional demand for infrastructure identified in the Contributions Plan. This period accounts for both the estimated pattern of receipt of Section 7.11 contributions as well as the delay between contribution receipt and Council's ability to complete works.

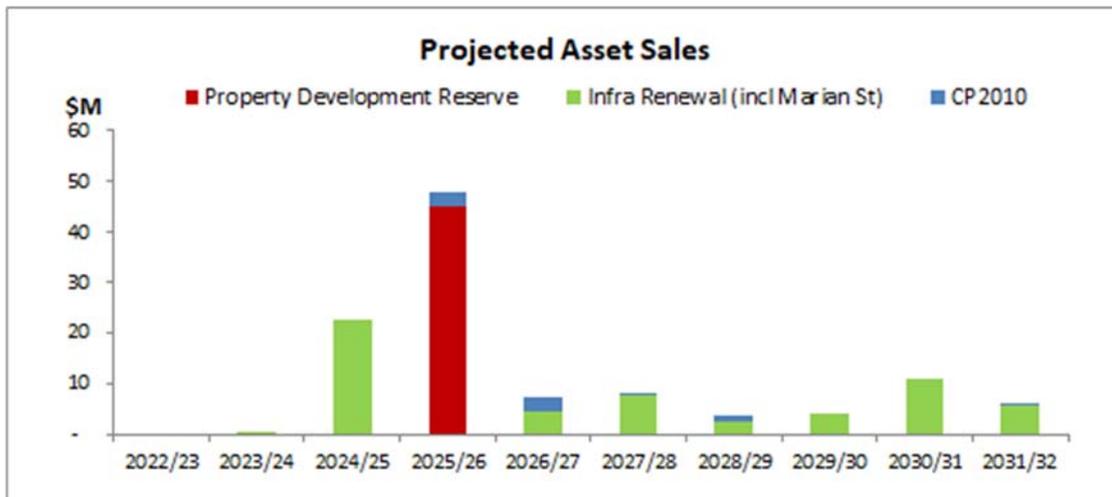
Some of the works to be undertaken in the 2010 Contributions plan cater for the existing population and these works require a co-contribution from Council's general funds. Revenue from divestment of Council property assets will be used to meet Council's commitment in its Development Contributions Plans for co-contributions of general revenues to accompany developer contributions. The amount of funding required from property asset divestment over the 10 years of the LTFP is \$7.4 million.

Income from Asset Sales

This income from asset sales is from rationalisation of property assets that will commence in 2023/24. Planned asset sales, totalling \$111 million are mainly to fund:

- Infrastructure asset renewals
- Council's co-contribution for projects identified in the Development Contributions Plan 2010. These sales are planned to commence in 2025/26 and continue over a six-year period as the Contribution Plan projects proceed. The total proceeds from asset sales (\$7.4 million) will be used for projects commencing in the next financial plan and unspent proceeds will be restricted to the Assets Sales Reserve available for projects commencing beyond 10 years. Further asset sales are required beyond the 10 years of the LTFP to fund Council's co-contribution.
- Provide a "Property Development Reserve" for major town centre revitalisation projects.

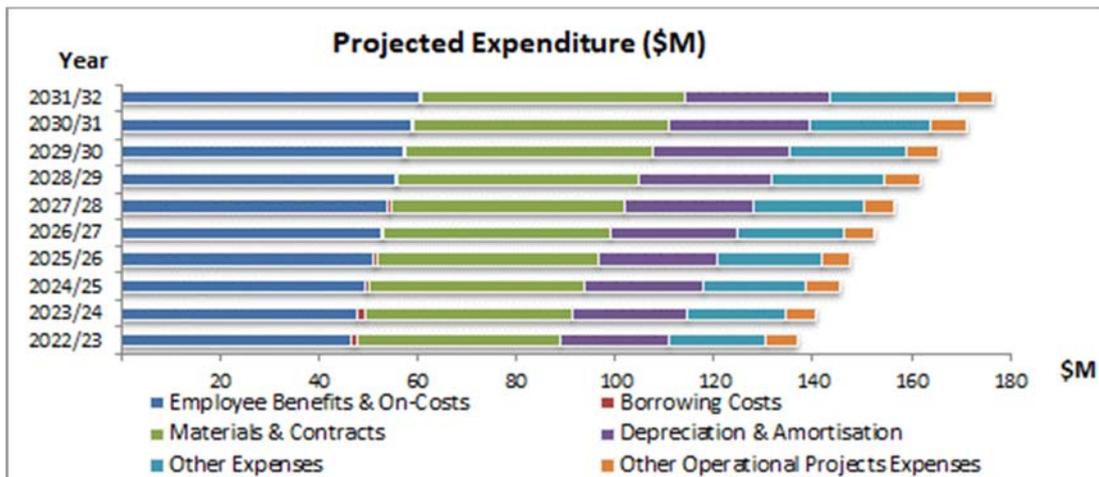
The chart below provides projected asset sales over a 10 year period only and identifies the categories to which the funding will be allocated.



Projected Operational Expenditure

Council incurs the following expenditure in the course of its operations: employee benefits and oncosts, borrowing costs, materials and contracts, depreciation, other expenses. Total operating expenses are projected to increase by an average annual increase of 2.5% over the forecast period.

The projected operational expenditure for the 10 year forecast period is detailed in the following chart.



Employee Costs

Employee costs increase by an average of 2.9% p.a. over the forecast period. Employee related expenditure is the largest expense type incurred by Council. The LTFP reflects the Workforce Management Strategy. With the allocation of additional funding to Council's infrastructure asset renewals program, workforce resourcing allocation will require review and adjustment in order to meet increased workload demands. Other employee related issues such as maintaining/improving workforce capacity are dealt with in the Workforce Management Strategy and have therefore not been addressed in the LTFP.

Workers compensation

Workers compensation insurance premium payments are based on previous claims history. Projected premiums therefore are based on the most recent premium and increased by CPI.

Capitalisation rate for employee related expenditure

Council capitalises a portion of employee related expenditure that relates to the construction of assets per the requirements of AASB 116 – Property, Plant and Equipment. The percentage of employee related expenditure capitalised has been assumed to stay constant from year to year for the purpose of the LTFP.

Superannuation

Contributions by Council to both defined benefit and defined contribution superannuation plans have been forecast to increase per the increase in salaries and wages plus the expected increase in the superannuation guarantee. The Government has announced an increase in the superannuation guarantee rate from 9.5% to 12% between the 2020/21 and 2025/26 financial years.

Employee benefits

Employee leave entitlements such as annual leave and long service leave have been projected to increase at the same rate as general salaries expenditure.

Borrowing costs

Borrowing costs incurred include interest on loans held by Council. Borrowing costs form 0.5% of the total expenditure incurred by Council. Borrowing cost projections are based on current loans, including the loan facility for the investment property at 828 Pacific Highway, Gordon. The LTFP reflects additional borrowings of:

- new loan of \$22 million reflected in 2022/23 to 2024/25 to fund the Marian Street Theatre upgrade;
- new loan of \$17.3 million reflected in 2021/22 to 2030/32 to fund Council's contribution to the joint project with the Department of Education, to build a joint use indoor sports centre at St Ives High School.

Materials & Contracts

Materials and contracts expenses increase by an average of 2.9% p.a. over the forecast period. Materials and contractors is the second largest cash expense item incurred by Council (30% of total expenditure in the 2022/23 financial year). Materials and contracts payments include contractor and consultancy costs, which also relate predominantly to Council's maintenance program. Other materials and contracts costs include operating lease expenses, legal expenses, and auditor fees.

Depreciation and Amortisation

Depreciation and amortisation expenses increase by an average of 3.1% p.a. Depreciation expense has been reviewed as part of the review of infrastructure assets together with a thorough review of useful lives for each asset class. Additional depreciation has been reflected in the budget to cater for new and upgraded assets. Depreciation is dealt with in the Asset Management Strategy (AMS) and Asset Management Plans, and further details on all assumption calculations can be found in the AMS.

Other expenses

Other expenses increase by an average of 2.1% per year from 2022/23 and include items like street lighting charges, insurance costs, utility expenses, rental rebates and other sundry expenditure.

Capital Works program

A significant highlight of the LTFP is its commitment to the capital works program. The LTFP forecasts delivery of a total capital works and other major projects program over 10 years totalling over \$674 million (at future prices). A portfolio of all project proposals has been developed, including estimates of costs and funding sources to determine current and future funding requirements. This project portfolio has been linked to the LTFP. Some significant projects included in this and delivered in the next year are listed below.

Major capital projects initiatives for 2022/23 and future years

Council considers a range of available projects competing for resources each year and evaluates major ones based on their financial sustainability and potential contribution to community needs. During 2022/23, the following projects will be commenced or progressed:

- **Marian Street Theatre, Marian Street, Killara** – The Marian Street Theatre (MST) building operated as a theatre for over 40 years until 2013 when it was closed due to significant BCA compliance upgrades and repairs being required. Council resolved to fund renovations of the site, enabling the theatre to re-open to the community. The renovated MST will focus on building a vibrant, multi-use arts venue with a strong focus on drama using multiple rehearsal and performance spaces that collectively create a ‘theatre ecosystem’. Design development and tender documentation is due for completion in the first half of 2022/23. Construction of the rejuvenated theatre is anticipated to begin late in 2022/23 and would take approximately two years to complete.
- **Implementation of St Ives Village Green Master Plan** – Staged implementation of works is ongoing. Demolition of the old scouts and girl guides halls, relocation of the Village Green Parade pedestrian crossing, upgrade of the central amenities building and the upgrade of the St Ives Community Hall including the reconstruction of the FITZ Youth Café are all complete.

Construction of the new recreation precinct is well underway with Council opening the Skatepark for use in late February 2022. The remaining areas including a performance space, an inclusive children’s play space, and picnic facilities are currently under-construction with completion expected August/September 2022.

Future years will see further parts of the masterplan implemented, including terraced seating to William Cowan Oval, relocation of the tennis courts adjacent to the bowling club and construction of a perimeter exercise path.

- **St Johns Avenue, Gordon** – The vision for St Johns Avenue is to create a vibrant “eat street” to activate the precinct and promote a night time economy that will serve residents and visitors to Gordon. The proposed design will deliver wider footpaths, outdoor dining, new pavements, street furniture and tree planting. Key pedestrian areas will be greatly improved by the proposal. Improvements to Heritage Square and the footpaths in Werona Avenue, and Henry Street, between St Johns Avenue and the underpass, will also be part of the project. The works will be funded through Section 7.11 contributions and grants and Council will manage the project.

Council has completed the works to the Wombat crossing on the corner of Werona and Park Avenue. The first stage of the St Johns Streetscape - Wade Lane upgrade is well underway with works expected to be completed by end of March 2022. Stage 2 of St Johns – encompassing works to St Johns Avenue, Henry Street and Heritage Park – have been awarded via tender with works to begin April/May 2022.

- **Robert Pymble Park** – The Robert Pymble Park Master Plan was adopted by Council in March 2020. The Landscape Masterplan aims to conserve, protect, and enhance the landscape character of Robert Pymble Park while improving the amenity and aesthetics of the park.

The Landscape Masterplan gives consideration to:

- upholding good stewardship of the parkland;
- improving access to the park for all users and community groups;
- improving opportunities for community recreation, leisure and enjoyment;

- preserving and retaining the distinctive landscape character that acknowledges heritage and history;
- maintaining, improving, and embellishing existing park facilities and buildings whilst balancing the demands on the facilities;
- integrating sustainable and environmental principles into park design;
- implementation of a risk assessment and crime prevention through environmental design;
- on-going maintenance of the park and long-term viability;
- providing an implementation program for the development of the park including resource implications, estimated costs and priorities;
- focussing Council resources to the areas that will deliver the greatest benefit to our residents, and;
- providing a holistic approach to design that allows for improvements to occur in stages as funding becomes available.

The first stage of the Master Plan works being the upgrade of the playground is currently out to tender and will be reported to Council in April).

Streetscape initiatives at the below locations:

- **Lindfield Avenue** - This project involves upgrade works to streets on the eastern side of Lindfield including Lindfield Avenue and Tryon Road. The works will complement the recently completed Lindfield Village Green and will focus on improving pedestrian safety by managing traffic and parking conflicts and improving access to the rail station. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture. New traffic signals at the intersection of Lindfield Avenue and Tryon Road will replace the existing signals. New traffic signals at the intersection of Strickland Avenue and Pacific highway are also proposed to support the delivery of the Lindfield Village Hub.

Council endorsed a draft concept design for the proposed works in 2021 and the plan will be placed on exhibition in April 2022. An adopted concept plan will be handed over to the Operations Department, in mid to late 2022, for delivery.

- **Gordon (North)** - This project involves upgrade works to streets in the northern part of Gordon local centre including Fitzsimons Lane, Merriwa Street and the Pacific Highway. The area has undergone extensive renewal in the past 10 years which has brought a large number of new residents. Improved pedestrian safety and amenity have become a priority. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture for delivery.

Council endorsed a draft concept design for the proposed works in February 2022, the plan will be placed on exhibition in April 2022. An adopted concept plan will be handed over to the Operations Department, in mid to late in 2022, for delivery.

- **Roseville** - This project involves upgrade works to Hill Street, Roseville. The works will focus on improving pedestrian conditions through footpath widening and traffic calming measures. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture.

A draft concept design for the proposed works will be reported to council in June-July 2022 as part of the Public Domain Plan. An adopted concept plan will be handed over to the Operations Department, in late in 2022, for delivery.

- **St Ives** - This project involves upgrade works to streets and parks of St Ives local centre including Stanley Street, Porters Lane, Rosedale Road as well as Rotary and Memorial Parks. The works will focus on improving pedestrian conditions and improving conditions for bicycle user. Small parks will be renewed to create environments where residents and workers can rest and linger. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture.

A draft concept design for the proposed works will be reported to council in May 2022 as part of the Public Domain Plan. An adopted concept plan will be handed over to the Operations Department, in mid to late in 2022, for delivery.

- **Pymble** - This project involves upgrade works to Grandview Street, Pymble local centre. The works will focus on improving pedestrian conditions and providing outdoor dining areas through footpath extensions and traffic calming measures. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture.

A draft concept design for the proposed works will be reported to council in July 2022 as part of the Public Domain Plan. An adopted concept plan will be handed over to the Operations Department, in late in 2022, for delivery.

- **Turramurra** - This project involves upgrade works to Rohini Street in Turramurra local centre. The works will focus on improving pedestrian conditions through improved pedestrian crossing points and providing outdoor dining areas. A key focus of the plan will be to upgrade the bus interchange to improve safety, capacity and functionality. Staff are currently working with representatives from TFNSW to finalise the interchange design and funding. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture.

A draft concept design for the proposed works will be reported to council in March 2022 as part of the Public Domain Plan. At this stage it is anticipated that an adopted concept plan will be handed over to the Operations Department in 2023 for delivery.

- **Council Chambers Upgrade** – Undertaking of refurbishment, compliance and improvement works to the Council Chambers building 818 Pacific Highway Gordon. Works include structural works to rectify subsidence issues and bank stabilisation below the building, drainage works to prevent water ingress, roof repairs, landscape improvements to building entries, internal design inclusive of rationalisation of office layouts, modifications/replacement of air conditioning systems.

The structural/civil repairs inclusive of underpinning, crack stitching and embankment stabilisation are now complete. Drainage works to commence shortly.

Projected Capital Expenditure

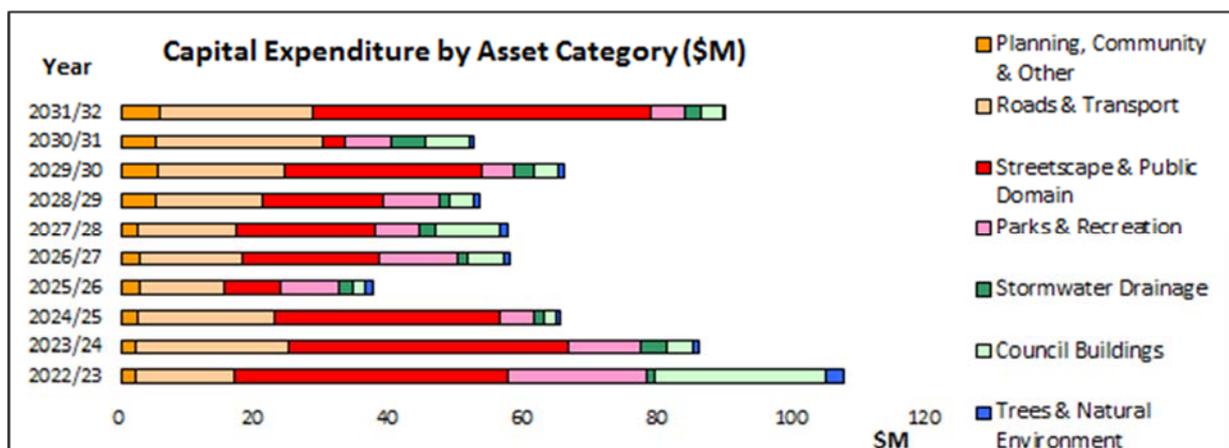
Assumptions around capital expenditure, asset valuations and asset management are covered in the Asset Management Strategy and have been incorporated into the LTFP. A summary of future capital expenditure by asset category is provided below:

Projected Capital Expenditure (including Major Local Centre Projects)

\$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Planning, Community & Other	2,362	2,378	2,657	2,741	2,797	2,640	5,150	5,514	5,329	5,732
Roads & Transport	14,489	22,653	20,322	12,670	15,214	14,459	15,927	18,755	24,624	22,759
Streetscape & Public Domain	40,749	41,528	33,341	8,402	20,486	20,697	18,138	29,569	3,409	50,364
Parks & Recreation	20,776	10,831	5,318	8,665	11,609	6,741	8,358	4,554	6,834	5,132
Stormwater Drainage	1,053	3,941	1,479	1,989	1,682	2,355	1,240	3,014	5,147	2,257
Council Buildings	25,614	3,803	1,681	1,913	5,306	9,451	3,650	3,785	6,743	3,453
Trees & Natural Environment	2,523	925	747	1,098	882	1,152	934	941	321	333
Total Projects	107,566	86,059	65,545	37,478	57,976	57,495	53,397	66,132	52,407	90,030

The largest capital expenditure goes to Streetscape & Public Domain with 40% of total expenditure for the forecast period, followed by Roads & Transport (27%) and Parks & Recreation (13%). Parks & Recreation, among others, includes acquisition of community land, which is funded by s7.11 contributions.

The following chart provides the breakdown of capital expenditure by category for the next 10 years and the sources and use of funds for capital projects.



Working Capital & Cash Reserves

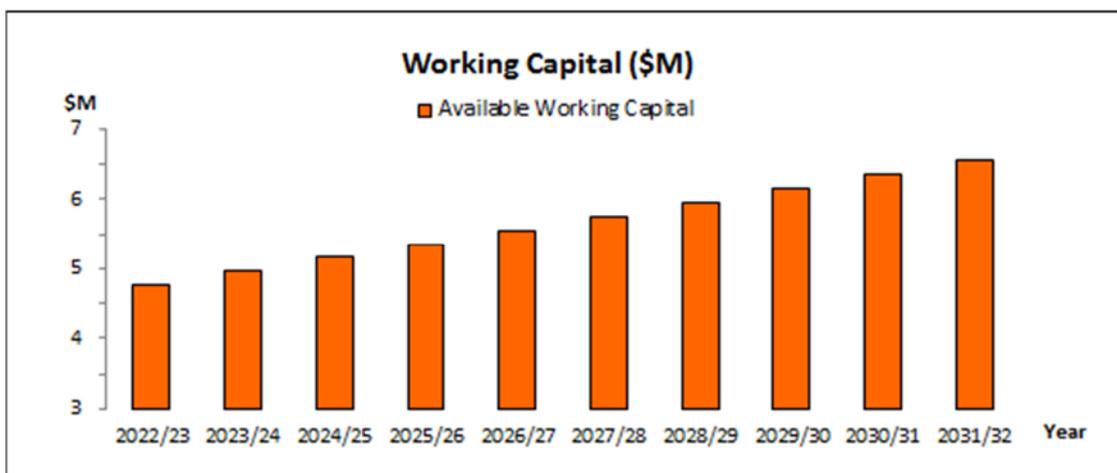
Working Capital and Unrestricted Current Ratio (UCR)

Council's LTFP and budget ensures that Council maintains adequate liquidity. This is demonstrated by the Unrestricted Current Ratio, for which the industry benchmark of greater than 1.5:1 is considered to be 'Satisfactory' and greater than 2:1 to be 'Good'. Council's future budgets maintains a 'satisfactory' Unrestricted Current Ratio at an average of 1.8:1 for the life of the plan.

Working capital is also a measure of Council's liquidity and ability to meet its obligations as they fall due. It is one of the primary measures of the overall financial position, which allows for unforeseen expenditure, reductions in revenue or other unplanned events.

The working capital is projected at \$4.7 million for 2022/23 and increases by an average 3.6% p.a. during the forecast years to align with increases in expenditure in future years. The level of working capital highlights an adequate liquidity position with Council being able to meet its short term liabilities when they fall due.

The level of working capital for the 10 year forecast period is illustrated in the Chart below:



Cash Reserves

Council has a number of cash reserves which are held for the following reasons:

- Legal constraint (externally restricted) - e.g. Section 7.11 Development Contributions
- To manage cash flow for abnormal items and thus reduce impact on service delivery
- Specific revenue - e.g. contribution to works.

External reserves can only be used for the purpose for which funds were collected. Internal projects reserves are used solely to fund capital items.

There are three (3) types of cash reserves, namely:

1. Statutory (externally restricted) – e.g. S7.11 Development Contributions, Specific Purpose Unexpended Grants, Domestic Waste Management, Infrastructure Levy and Environmental Levy
2. Internal Liability Reserves – to provide for future liabilities e.g. employee entitlements
3. Internal Project Reserves – to provide for future expenditure on assets renewal and other capital projects.

Cash reserves are carefully managed to achieve optimum investment income and to be available when needed for unplanned expenditure. Internal cash reserves are kept at a sustainable level for all future years of the LTFP.

Summary of Borrowings

The LTFP identifies a borrowing level that the Plan regards as sustainable, principally because:

- Sources of debt repayment have been identified and modelled into overall cash flows
- The Debt Service Ratio (DSR) is within the benchmark of less than 20%.

Council's outstanding debt at the end of 2022/23 stands at \$53 million. This includes the existing loan (\$18.9m) from the acquisition of Council's investment property at 828 Pacific Highway, Gordon. The building has currently been leased out and will generate enough revenue over the life of the Plan to discharge the outstanding debt in future years. This principle aligns with Council's current funding strategy and the matching concept of "intergenerational equity".

In addition the following new loans are also reflected in the LTFP for the following purpose:

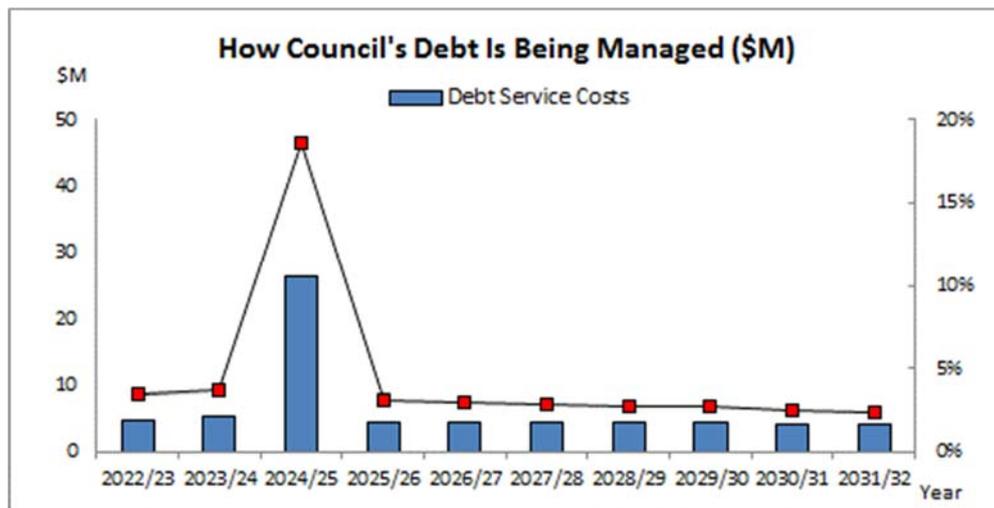
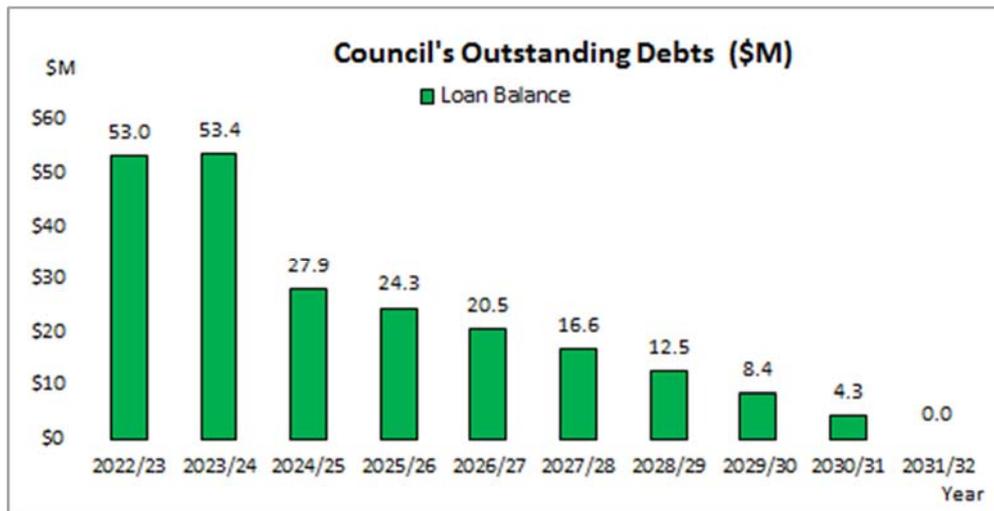
- \$22 million new temporary loan reflected in 2022/23 to 2024/25 to fund the Marian St Theatre upgrade. This loan will be repaid by asset sale proceeds in 2024/25.
- \$17.3 million new loan during 2021/22 to 2031/32 to fund Council's contribution to the new St Ives Indoor Sport Courts facility. This loan will be repaid across 10 years from a proposed Intergovernmental project special rate levy between 2023/2024 to 2032/2033.

Maintaining a maximum Debt Service Ratio below the industry benchmark of 20% in any one year is one of the key financial sustainability tests applied by the LTFP. The Debt Service ratio assesses the impact of loan principal and interest repayment on the discretionary revenue of Council. During the current planning period, this test will be satisfied. The Debt Service Ratio is discussed further under the section Key Financial Indicators.

How Council's Debt is being managed

The LTFP provides for repayments of debt to occur on either a schedule specified by the terms of individual loans or at a time where funds are available and the overall cost of debt can be reduced by making opportunistic repayments.

The following charts show Council's projected outstanding debt and the net debt service cost for the next 10 years. Total Debt Service Cost includes total interest plus principal repayments. Increased debt service costs in 2024/25 are due to repayment of the temporary loan for Marian Street Theatre from proceeds of asset sales.



Key Financial Indicators

The key financial indicators are industry accepted measures of financial health and sustainability. This section provides the financial ratios for Council's preferred scenario - Scenario 1 with additional funding for Infrastructure (assumed rate peg of 2.5%).

A summary of these indicators and their benchmarks is provided below.

Key Financial Indicators	Purpose of indicator	Benchmark
SUSTAINABILITY		
Operating Performance Ratio (Operating revenue excluding capital grants and contributions-operating expenses divided by Operating revenue excluding capital grants and contributions)	<i>To measure Council's ability to contain operating expenditure within operating revenue</i>	<i>>=break-even average over 3 years</i>
Own Source Revenue Ratio (Total Operating revenue less grants and contributions divided by total Operating revenue)	<i>To assess the degree of Council's dependence upon grants and contributions</i>	<i>>60% average over 3 years</i>
Building & Infrastructure Renewal Ratio (Asset renewals expenditure divided by depreciation, amortisations and impairment expenses)	<i>To assess the rates at which assets are renewed relative to the rate at which they are depreciated (consumed)</i>	<i>>100% average over 3 years</i>
INFRASTRUCTURE AND SERVICE MANAGEMENT		
Infrastructure Backlog Ratio (Estimated cost to bring assets to a satisfactory condition (from Special Schedule 7) divided by total infrastructure assets)	<i>To measure the proportion of assets backlog against total value of Council's infrastructure assets</i>	<i><2%</i>
Cost to agreed level of service (The sum of the outstanding renewal works, valued as the work will be undertaken, compared to the total replacement cost of Council's assets)	<i>The ratio indicates proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset</i>	<i>0</i>
Asset Maintenance Ratio (Actual maintenance expenditure divided by required annual asset maintenance)	<i>To assess the actual asset maintenance expenditure relative to required asset maintenance</i>	<i>>100% average over 3 years</i>
Debt Service Cover Ratio (operating result before capital excl interest and depreciation) divided by principal repayments plus borrowing costs	<i>To measure the availability of operating cash to service debt including interest, principal and lease payments.</i>	<i>>2%</i>
Debt Service Ratio (Net debt service cost divided by revenue from continuing operations)	<i>To assess the impact of loan principal and interest repayment on the discretionary revenue of Council</i>	<i><20% average over 3 years</i>
EFFICIENCY		
Real Operating Expenditure per capita (Operating expenditure divided by total population)	<i>To assess real operational expenditure per capita</i>	<i>Decreasing</i>

The projected key financial indicators for Scenario 1 – with additional funding for Infrastructure are presented below.

Key Performance Indicators - Scenario 1

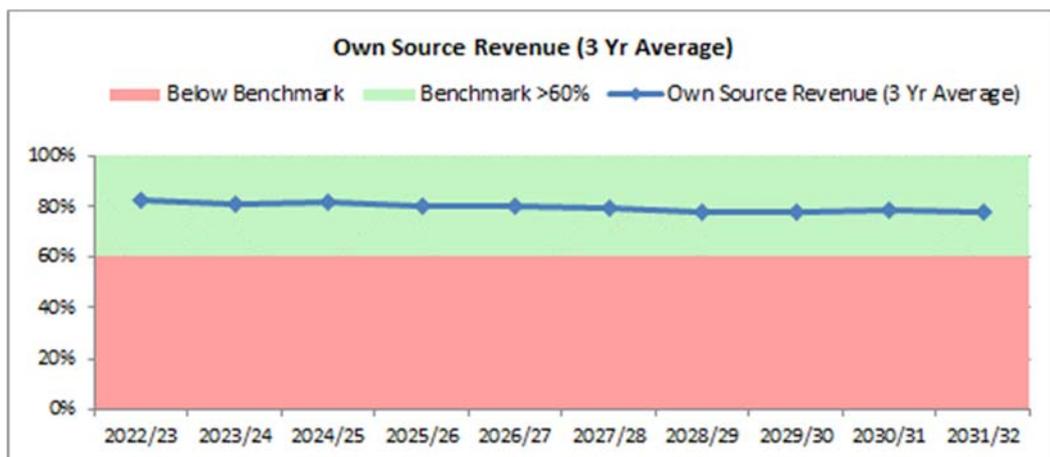
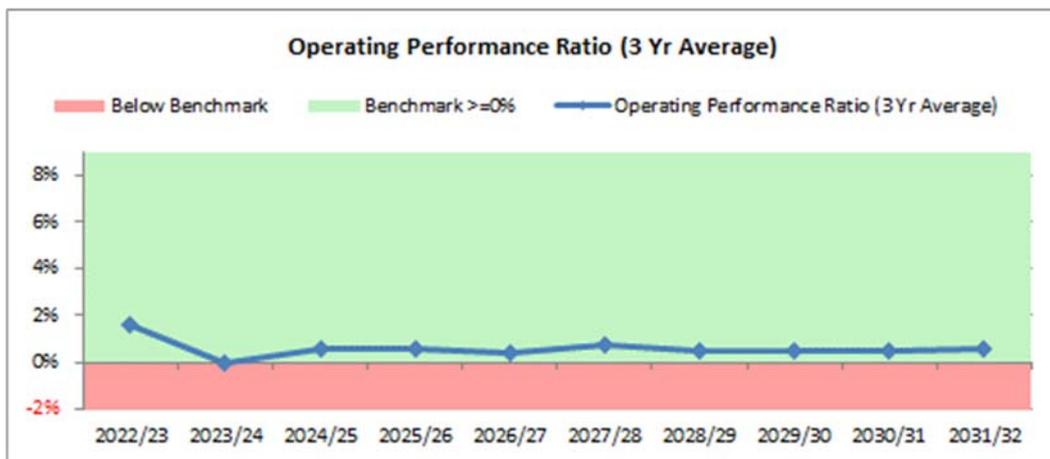
Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
SUSTAINABILITY										
Operating Performance Ratio	1.6%	0.0%	0.6%	0.6%	0.4%	0.7%	0.5%	0.5%	0.5%	0.6%
Own Source Revenue	83.0%	81.2%	81.8%	79.9%	80.6%	79.3%	78.2%	78.2%	79.0%	77.8%
Building & Infrastructure Asset Renewal Ratio	147%	108%	112%	103%	107%	106%	79%	87%	106%	86%
INFRASTRUCTURE AND SERVICE MANAGEMENT										
Infrastructure Backlog Ratio to Bring to Satisfactory	2.2%	1.8%	1.8%	1.9%	1.8%	1.3%	0.7%	0.5%	0.3%	0.4%
Infrastructure Backlog Ratio to bring to Agreed Level of Service	5.9%	5.6%	5.1%	4.9%	4.7%	4.5%	4.6%	4.6%	4.4%	4.5%
Asset Maintenance Ratio	112.5%	111.3%	110.6%	111.1%	109.4%	110.1%	110.2%	110.1%	110.2%	110.5%
Debt Service Cover Ratio	5.12	5.14	1.71	11.15	7.44	7.87	6.91	7.39	9.44	8.41
Debt Service Ratio (3 year Av)	1.6%	2.7%	8.6%	8.5%	8.2%	3.0%	2.9%	2.8%	2.7%	2.6%
EFFICIENCY										
Real Operating expenditure (per capita)	940	939	941	924	922	920	921	911	910	905

Sustainability Ratios: Operating Performance Ratio, Own Source Revenue Ratio and Infrastructure Backlog Ratio

Operating Performance Ratio is an important financial indicator for Council. Our long term financial sustainability is dependent upon ensuring that on average over time this indicator is positive, making sure that Council’s expenses are below its associated revenue. This indicator excludes capital income and gain or loss on sale of assets.

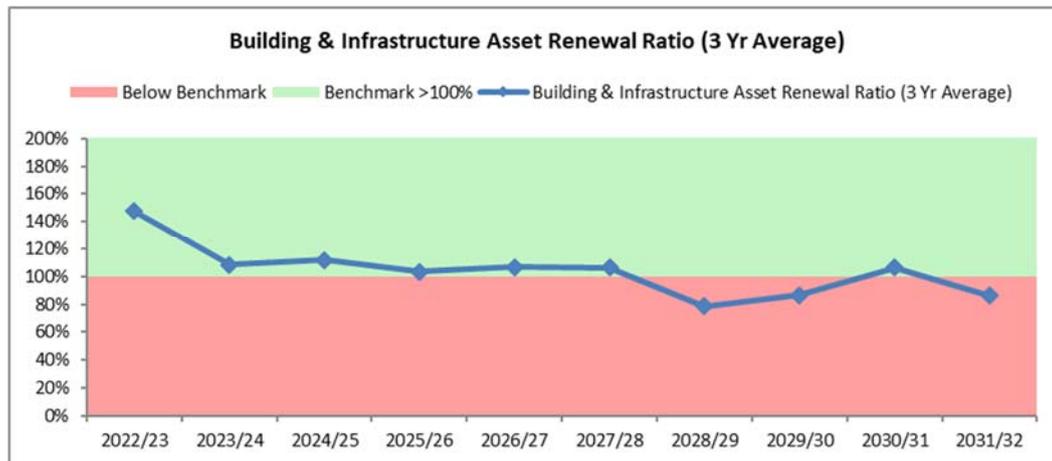
Council's current performance ratio is above the benchmark of 0%, which means that Council can easily contain operating expenditure (excluding capital grants and contributions) within its operating revenue. The ratio meets the benchmark in 2022/23 but then has a decreasing trend starting from 2023/24 onwards due to additional expenditure in Material and contracts and phasing of operating projects expenditure.

Own Source Revenue Ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council's Own Source Operating Revenue Ratio remains above the benchmark of (>60%) in all future years. Council forecasts a sufficient level of fiscal flexibility, in the event of being faced with future unforeseen events.



Building & Infrastructure Asset renewals Ratio assesses Council's rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating. An indicator of 100% indicates that the amount spent on asset renewals equals the amount of depreciation. Council's ratio stands high at 147% in 2022/23 (due to one-off renewal projects in that year) and will remain above benchmark until 2027/28. This is due to additional expenditure on infrastructure renewal related to a number of major projects planned in the early years of the LTFP. From 2028/29, the ratio is largely below the benchmark. The Renewal ratio is discussed in more detail in the *Infrastructure Assets* section above.

Council will continue to focus on appropriate asset standards for renewal and maintenance.



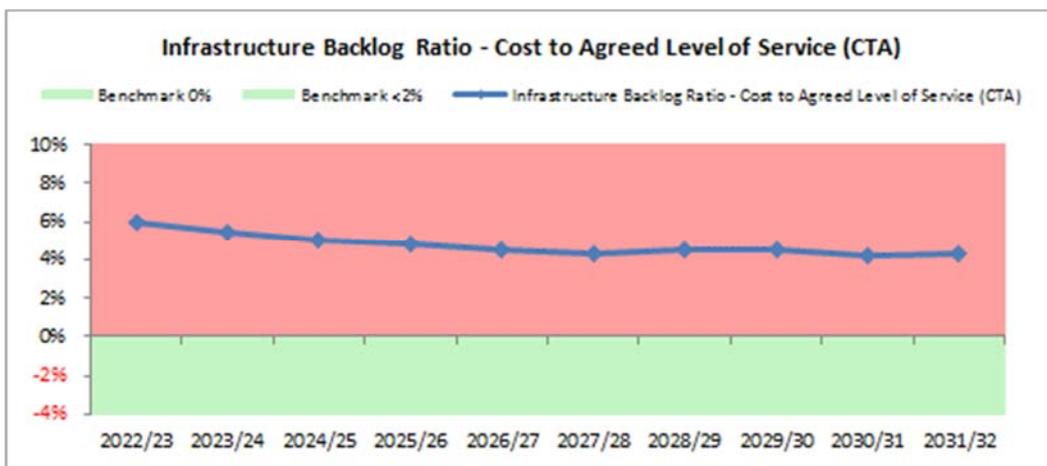
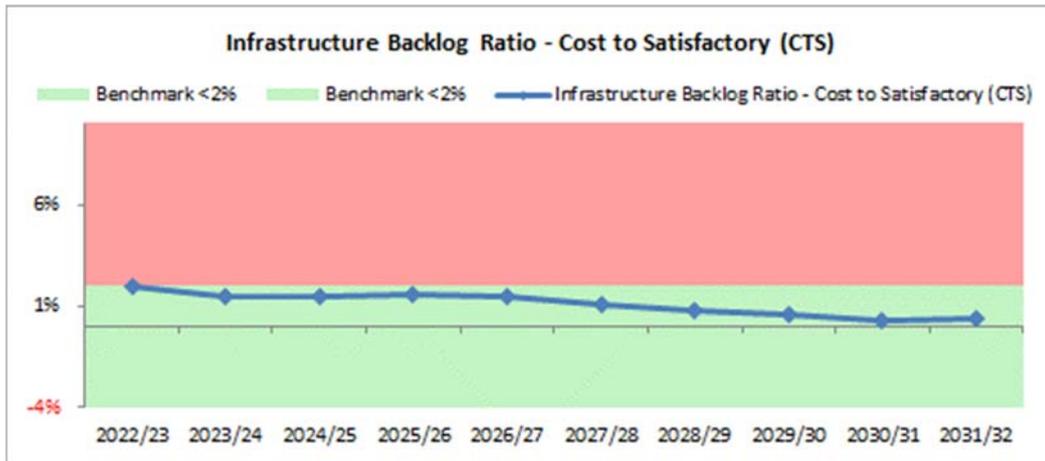
Infrastructure and Service Management: Infrastructure Backlog Ratio, Assets Maintenance Ratio and Debt Service Ratio

The Infrastructure Assets Ratios measure Council's ability to renew and maintain its asset base to decrease the infrastructure asset backlog in future years. Asset Ratios have been incorporated into Council's Asset Management Strategy and Asset Management Plans and are monitored within Council's Long Term Financial Plan. Council continues its commitment to maintain financial sustainability and decrease the infrastructure backlog.

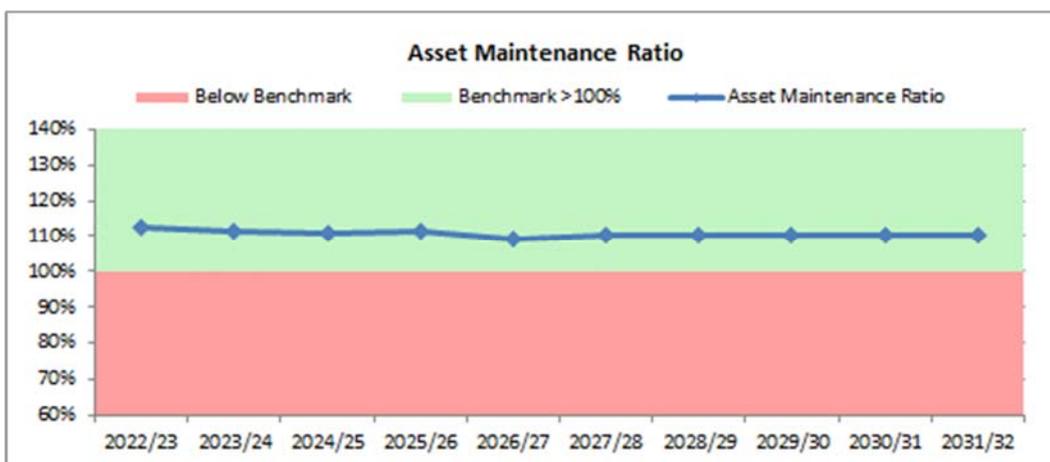
Infrastructure Backlog Ratio measures what proportion the backlog is against the total value of Council's infrastructure. Council's Infrastructure Backlog Ratio is steady in the first five years and then records a decrease from 1.3% in 2028 to 0.4% in 2032, mainly due to assumed additional funding from asset sales in the later years of the LTFP. The infrastructure backlog will achieve the benchmark of 2% by 2023 and will be fully addressed after 2032.

Cost to bring assets to Agreed Service level indicates the proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset. This ratio is simply the sum of the outstanding renewal works, valued as the work will be undertaken, compared to the total replacement cost of Council's assets. With the allocated amount of funding this liability can only be eliminated after 2031/32, unless Council identifies further additional funding in the earlier years of the LTFP.

Over 10 years of this financial plan a total of \$237 million is invested into infrastructure asset renewals and the backlog, however this level of funding is not sufficient to eliminate this liability within the timeframe of this plan.

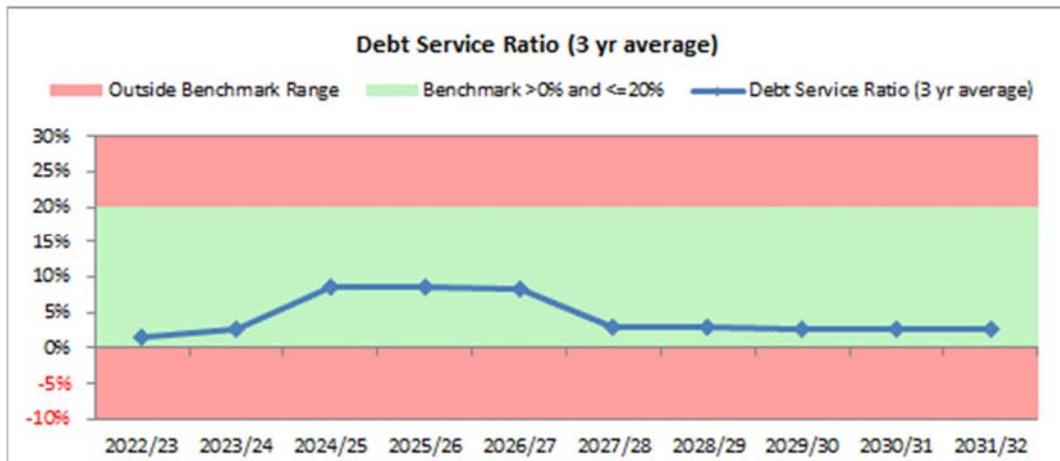


Council’s Asset Maintenance Ratio is on average above benchmark at 110.6%. An indicator above 100% indicates Council is investing enough funds to stop the infrastructure backlog from growing. Council is committed to increase expenditure on asset maintenance in the future to stop the increase in infrastructure backlog. Asset maintenance expenditure is explained in more detail in the funding strategy section of this document.



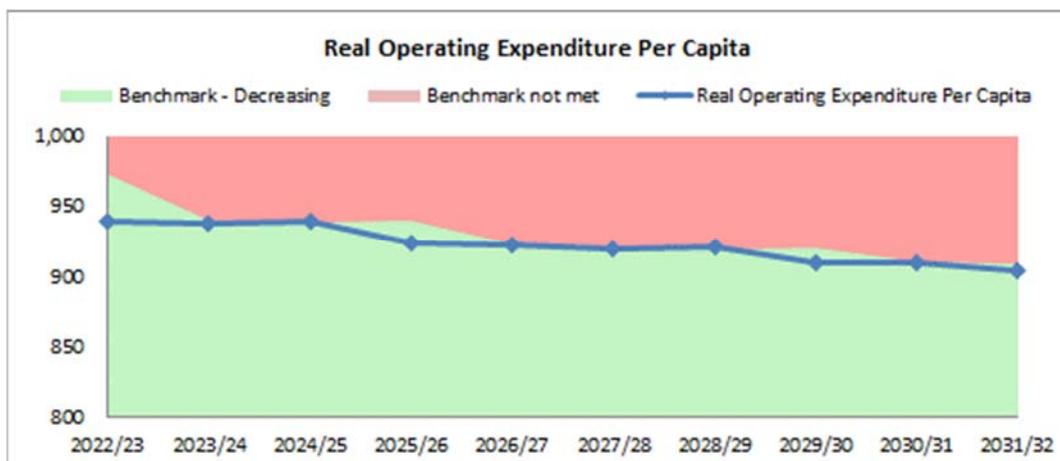
Debt Service Ratio: The purpose of the Debt Service Ratio is to assess the impact of loan principal and interest repayments on the discretionary revenue of Council. In accordance with Council's Long Term Financial Plan, borrowing is only undertaken in accordance with Council's borrowing principles outlined in this document.

Council's ability to service its debt remains sound for the entire period of the LTFP. As per Council's funding strategy, the outstanding debt is fully discharged by 2032 from general and rates revenue, part asset sales and net revenue generated through leasing out Council's investment property. The level of Council's borrowing is discussed in more detail under Summary of Borrowing section of this document.



Efficiency Ratio: Real Operating Expenditure per Capita

This indicator compares operational expenditure to population and is a ratio that measures efficiency. Council forecasts a downward trend in all future years of the financial plan. A decrease in the operating expenditure per capita of approximately 1% per year will be achieved while maintaining the same level of service. It is worth mentioning that this can be achieved while maintaining a modest operating surplus in all future years after funding depreciation on infrastructure assets.



Conclusion

Council's financial position is currently sound with:

- an operating surplus after depreciation (excluding capital grants and contributions) throughout the life of the Long Term Financial Plan (LTFP), contributing to capital expenditure.
- adequate cash reserves which are maintained in the LTFP above the minimum benchmark.
- debt within benchmarks, repaid from asset divestment, investment property rent and a special rate.
- expenditure on renewing infrastructure assets that exceeds depreciation.
- a budget and LTFP that continues to deliver existing services and significant projects.

There are a number of financial challenges and risks facing Council including the following:

- IPART announced the 2022-23 rate peg as 0.7%. In April 2022 Council applied to increase rates by a further 1.8% to 2.5%, and the budget and LTFP is based on this higher amount. In June 2022 IPART announced that Council's application was successful.
- There is \$111m in revenue from property asset sales included in the budget to fund new capital works and infrastructure renewal. If asset sales are not achieved significant remedial action will be required to maintain a satisfactory financial position. Efforts to date in planning for asset sales have been contested and delayed.
- Council has insufficient funding in the LTFP to sustainably manage and improve its existing infrastructure assets and meet community expectations.
- A new loan is proposed to fund construction of the Marian Street Theatre and relies on future asset sales for repayment. Project costs have increased significantly based on a recent cost estimate.
- A loan to fund construction of the St Ives Indoor Sports Centre is proposed to be repaid from an Intergovernmental Project Special Rate. While the enabling legislation is in force, the Minister has not yet proclaimed it to commence.
- IPART has proposed changes to domestic waste management charges that would significantly reduce revenue.
- The NSW Government has proposed changes to the development contributions system that would significantly reduce revenue and therefore future capital works funding.

Financial sustainability continues to be a significant challenge for Ku-ring-gai Council and local governments across Australia, with increasing demand for services, facilities and infrastructure from the community at odds with restricted revenue that does not keep up with rising costs. To partly address this issue Council has sought to 'recycle' existing assets, by selling underutilised property and using the proceeds for major capital projects and infrastructure renewal. In the longer term, financial sustainability will require additional recurrent revenue that balances the community's capacity and willingness to pay with the demand for services, facilities and infrastructure.

Appendix A - LTFP Forecasts and Assumptions

LTFP FORECASTS AND ASSUMPTIONS

	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2030/32
FORECASTS - ACCESS ECONOMICS										
Consumer Price Index (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
BBSW - 90 Day	0.2%	0.7%	1.6%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	2.6%
INCOME ASSUMPTIONS										
Rates										
Rates Pegging Forecast	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rates Population Growth	0.0%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Total Rates Change	2.5%	2.8%								
Fees and Charges										
Domestic Waste Price Increase	0.0%	0.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pensioner Rebate Growth	1.0%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Stormwater Management Charge (rates growth only)	0.0%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Trade Waste - Annual Charges	2.2%	2.4%	2.5%	2.6%	3.0%	3.0%	3.0%	3.2%	3.3%	3.5%
Interest Income										
Interest Income - Rate	1.5%	1.8%	2.7%	3.2%	3.3%	3.4%	3.5%	3.6%	3.7%	3.7%
Grants Income										
Recurrent Grants (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Capital Grants (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Proceeds from Assets Sales										
Asset Sales	0	500	22,600	48,060	7,145	7,832	3,821	4,000	11,100	6,164
EXPENDITURE ASSUMPTIONS										
Labour Costs										
Superannuation	10.5%	11.0%	11.5%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Material & Contracts - Operational Expenditure										
Operating Expenses (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Street Lighting Charges (IPART Decision)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Building Electricity Charges (IPART)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Water Charges (IPART Determination)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Fire Levy (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Planning Levy (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Materials & Contracts - Capital Expenditure										
Borrowing Costs										
Loan Rate (95 bps over 90 BBSW or max of 4%)	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%

Appendix B - Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate peg 2.5%)

10 Year Financial Plan for the Years ending 30 June 2032

Projected Income Statement

Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate peg 2.5%)

\$'000	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
Income from Continuing Operations										
Rates & Annual Charges	93,854	98,465	101,271	103,979	106,777	109,641	112,571	115,575	118,891	122,383
User Charges & Fees	19,778	20,263	20,759	21,299	21,881	22,498	23,173	23,914	24,703	25,568
Interest & Investment Revenue	3,003	1,980	1,769	1,555	1,829	2,045	2,369	2,539	2,815	2,873
Other Revenues	12,461	12,839	13,190	13,562	13,955	14,370	14,819	15,305	15,818	16,373
Grants & Contributions for Operating Purposes	8,848	8,990	8,455	8,635	8,900	9,050	9,295	9,542	9,854	10,115
Grants & Contributions for Capital Purposes	10,812	31,877	21,342	21,922	28,593	31,735	33,707	33,393	28,874	48,017
<i>Other Income:</i>										
Net gains from the disposal of assets	-	500	20,643	24,227	6,443	7,772	3,516	4,000	11,100	6,104
Total Income from Continuing Operations	148,766	174,894	187,429	195,179	188,378	197,111	199,450	204,268	212,065	231,433
Total Income excluding Proceeds from Asset Sales & Capital Income	137,944	142,517	145,444	149,030	153,342	157,604	162,227	166,875	172,081	177,312
Expenses from Continuing Operations										
Employee Benefits & On-Costs	46,294	47,801	49,361	50,978	52,455	53,975	55,541	57,154	58,815	60,527
Borrowing Costs	1,533	1,860	1,001	879	753	622	487	347	203	57
Materials & Contracts	40,901	41,882	43,630	44,764	45,973	47,260	48,678	50,235	51,893	53,709
Depreciation & Amortisation	22,215	23,167	24,018	24,206	25,635	26,264	26,939	27,736	28,609	29,388
Other Expenses	19,585	20,107	20,609	21,145	21,716	22,324	22,993	23,729	24,512	25,370
Other Operational Projects Expenses	6,348	6,118	6,991	5,836	5,956	6,183	7,279	6,380	7,235	7,510
Total Expenses from Continuing Operations	136,876	140,925	145,610	147,808	152,488	156,628	161,917	165,581	171,267	176,561
Net Operating Result for the Year	11,880	33,969	41,819	47,371	35,890	40,483	37,533	38,687	40,788	54,872
Net Operating Result for the year before Grants & Contributions provided for Capital Purposes	1,068	2,092	20,477	25,449	7,297	8,748	3,826	5,294	11,914	6,855

10 Year Financial Plan for the Years ending 30 June 2032

Projected Balance Sheet

Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate pag 2.5%)

\$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
ASSETS										
Current Assets										
Cash & Cash Equivalents	13,752	8,834	1,574	2,812	3,139	3,885	4,098	5,225	7,244	5,865
Investments	35,100	23,400	13,200	36,600	36,400	38,500	41,900	39,800	45,200	40,400
Receivables	9,866	12,802	11,602	11,869	12,954	13,560	14,075	14,260	13,917	16,740
Inventories	204	204	204	204	204	204	204	204	204	204
Other	2,824	2,752	2,774	2,783	2,770	2,776	2,774	2,774	2,775	2,775
Non-Current Assets Held for Sale	-	1,957	23,833	702	60	305	-	-	60	2,968
Total Current Assets	61,746	49,949	53,188	54,971	55,527	59,231	63,054	62,264	69,401	68,953
Non-Current Assets										
Investments	42,980	28,667	16,137	44,688	44,566	47,095	51,110	48,574	55,179	49,344
Receivables	125	125	125	125	125	125	125	125	125	125
Infrastructure, Property, Plant & Equipment	2,023,453	2,084,601	2,102,509	2,115,292	2,147,788	2,178,929	2,205,546	2,244,043	2,267,881	2,325,656
Investment Property	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173
Intangible Assets	632	517	402	287	172	57	-	-	-	-
Right of Use Asset	2,065	1,965	1,865	1,765	1,665	1,565	1,465	1,365	1,265	1,165
Total Non-Current Assets	2,116,427	2,163,047	2,168,211	2,209,340	2,241,479	2,274,943	2,305,419	2,341,280	2,371,623	2,423,462
TOTAL ASSETS	2,178,173	2,212,996	2,221,399	2,264,311	2,297,006	2,334,174	2,368,473	2,403,544	2,441,023	2,492,415
LIABILITIES										
Current Liabilities										
Payables	32,259	32,411	24,208	23,071	23,308	23,541	23,971	24,144	24,556	24,927
Borrowings	3,419	25,534	3,653	3,775	3,903	4,035	4,171	4,113	4,259	-
Provisions	12,602	12,968	13,344	13,731	14,129	14,539	14,960	15,394	15,840	16,300
Total Current Liabilities	48,281	70,912	41,205	40,577	41,340	42,114	43,102	43,651	44,656	41,227
Non-Current Liabilities										
Payables	2,103	2,038	1,973	1,908	1,843	1,778	1,713	1,648	1,583	1,518
Borrowings	49,629	27,908	24,255	20,481	16,577	12,542	8,372	4,259	-	-
Provisions	339	349	359	370	380	391	403	414	426	439
Total Non-Current Liabilities	52,071	30,295	26,587	22,759	18,800	14,711	10,488	6,321	2,009	1,957
TOTAL LIABILITIES	100,352	101,208	67,792	63,336	60,140	56,826	53,590	49,973	46,665	43,183
Net Assets:	2,077,822	2,111,789	2,153,607	2,200,975	2,236,866	2,277,349	2,314,883	2,353,571	2,394,358	2,449,232
EQUITY										
Retained Earnings	912,389	946,358	988,177	1,035,548	1,071,438	1,111,921	1,149,454	1,188,141	1,228,929	1,283,801
Revaluation Reserves	1,165,433	1,165,431	1,165,430	1,165,427	1,165,428	1,165,428	1,165,429	1,165,430	1,165,429	1,165,431
Council Equity Interest	2,077,822	2,111,789	2,153,607	2,200,975	2,236,866	2,277,349	2,314,883	2,353,571	2,394,358	2,449,232
Total Equity	2,077,822	2,111,789	2,153,607	2,200,975	2,236,866	2,277,349	2,314,883	2,353,571	2,394,358	2,449,232

10 Year Financial Plan for the Years ending 30 June 2032

Projected Cash Flow Statement

Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate peg 2.5%)

\$ '000	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	95,242	95,519	102,471	103,711	105,693	109,034	112,057	115,390	119,235	119,559
User Charges & Fees	19,778	20,253	20,759	21,299	21,881	22,498	23,173	23,914	24,703	25,568
Investment & Interest Revenue Received	3,003	1,980	1,769	1,565	1,829	2,045	2,369	2,539	2,815	2,873
Grants & Contributions	19,660	40,867	29,797	30,557	37,493	40,785	43,002	42,935	38,728	58,132
Bonds, Deposits, Retention amounts received	-	-	-	-	-	-	-	-	-	-
Other	12,384	12,911	13,168	13,553	13,969	14,364	14,818	15,307	15,817	16,373
Payments:										
Employee Benefits & On-Costs	-45,942	-47,426	-48,975	-50,581	-52,046	-53,554	-55,108	-56,708	-58,357	-60,055
Materials & Contracts	-41,601	-41,731	-51,833	-45,901	-45,736	-47,027	-48,248	-50,062	-51,481	-53,338
Borrowing Costs	-1,533	-1,850	-1,001	-879	-753	-622	-487	-347	-203	-57
Bonds, Deposits, Retention amounts refunded	-	-	-	-	-	-	-	-	-	-
Other	-25,933	-26,225	-27,600	-26,981	-27,672	-28,507	-30,272	-30,109	-31,747	-32,880
Net Cash provided (for used) in Operating Activities	35,059	54,299	38,555	46,334	54,657	59,015	61,304	62,859	59,510	76,175
Cash Flows from Investing Activities										
Receipts:										
Sale of investment securities	165,540	156,013	152,729	78,040	130,274	125,362	122,585	130,170	117,995	130,058
Sale of Infrastructure, Property, Plant & Equipment	-	500	22,800	48,060	7,145	7,832	3,821	4,000	11,100	6,164
Payments:										
Purchase of investment securities	-109,668	-130,000	-130,000	-130,000	-129,933	-130,000	-130,000	-125,534	-130,000	-119,422
Purchase of investment property	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-107,565	-86,057	-65,544	-37,476	-57,975	-57,495	-53,398	-66,133	-52,406	-90,031
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided in Investing Activities	-51,694	-59,544	-20,215	-41,377	-50,489	-54,301	-56,992	-57,497	-53,311	-73,231
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	22,000	3,813	-	-	-	-	-	-	-	-
Payments:										
Repayments of Borrowings & Advances	-3,312	-3,419	-25,534	-3,663	-3,775	-3,903	-4,035	-4,171	-4,113	-4,259
Lease Liabilities (Principal Repayment)	-65	-65	-65	-65	-65	-65	-65	-65	-65	-65
Net Cash provided in Financing Activities	18,623	329	-25,599	-3,718	-3,840	-3,968	-4,100	-4,236	-4,178	-4,324
Net Increase/(Decrease) in Cash & Cash Equivalents										
Plus: Cash & Cash Equivalents - beginning of year	11,765	13,752	8,834	1,574	2,812	3,139	3,885	4,098	5,225	7,244
Cash & Cash Equivalents - end of year	13,753	8,836	1,575	2,813	3,140	3,886	4,097	5,224	7,245	5,864
Plus: Investments on hand - end of year	78,080	52,067	29,337	81,298	80,956	85,595	93,010	88,374	100,379	89,744
Total Cash, Cash Equivalents & Investments	91,833	60,903	30,913	84,111	84,096	89,480	97,107	93,598	107,624	95,608

Appendix C - Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

10 Year Financial Plan for the Years ending 30 June 2032

Projected Income Statement

Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

\$'000	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
Income from Continuing Operations										
Rates & Annual Charges	93,854	98,455	101,271	103,979	105,777	109,641	112,571	115,575	118,891	122,383
User Charges & Fees	19,778	20,253	20,759	21,299	21,881	22,498	23,173	23,914	24,703	25,568
Interest & Investment Revenue	3,003	1,980	1,769	1,554	1,827	2,043	2,366	2,534	2,810	2,869
Other Revenues	12,461	12,839	13,190	13,562	13,955	14,370	14,819	15,305	15,818	16,373
Grants & Contributions for Operating Purposes	8,848	8,990	8,455	8,635	8,900	9,050	9,295	9,542	9,854	10,115
Grants & Contributions for Capital Purposes	10,812	31,877	21,342	21,922	28,593	31,735	33,707	33,393	28,874	48,017
<i>Other Income:</i>										
Net gains from the disposal of assets	-	-	20,043	24,227	1,943	172	916	-	-	204
Total Income from Continuing Operations	148,756	174,394	186,829	195,178	183,876	189,509	196,847	200,263	200,950	225,529
Total Income excluding Proceeds from Asset Sales & Capital Income	137,944	142,517	145,444	149,029	153,340	157,602	162,224	166,870	172,076	177,308
Expenses from Continuing Operations										
Employee Benefits & On-Costs	46,294	47,801	49,361	50,978	52,455	53,975	55,541	57,154	58,815	60,527
Borrowing Costs	1,533	1,850	1,001	879	753	622	487	347	203	57
Materials & Contracts	40,901	41,882	43,630	44,764	45,973	47,260	48,678	50,235	51,893	53,709
Depreciation & Amortisation	22,215	23,167	24,018	24,206	25,635	26,264	26,939	27,736	28,609	29,388
Other Expenses	19,585	20,107	20,609	21,145	21,716	22,324	22,993	23,729	24,512	25,370
Other Operational Projects Expenses	6,348	6,118	6,991	5,836	5,956	6,183	7,279	6,380	7,235	7,510
Total Expenses from Continuing Operations	136,876	140,925	145,610	147,808	152,488	156,628	161,917	165,681	171,267	176,561
Net Operating Result for the Year	11,880	33,469	41,219	47,370	31,388	32,881	34,930	34,682	29,683	48,968
Net Operating Result for the year before Grants & Contributions provided for Capital Purposes	1,068	1,592	19,877	25,448	2,795	1,146	1,223	1,289	809	951

10 Year Financial Plan for the Years ending 30 June 2032

Projected Balance Sheet

Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

\$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
ASSETS										
Current Assets										
Cash & Cash Equivalents	13,752	8,835	1,575	2,812	3,138	3,883	4,095	5,219	7,238	5,859
Investments	35,100	23,400	13,200	36,600	36,400	38,500	41,800	39,700	45,100	40,400
Receivables	9,866	12,802	11,602	11,869	12,954	13,560	14,075	14,260	13,917	16,740
Inventories	204	204	204	204	204	204	204	204	204	204
Other	2,824	2,752	2,774	2,783	2,770	2,776	2,776	2,774	2,775	2,775
Non-Current Assets Held for Sale	-	1,957	23,833	702	60	305	-	-	60	2,968
Total Current Assets	61,746	49,890	53,188	54,971	55,526	59,229	62,950	62,158	69,294	68,947
Non-Current Assets										
Investments	43,001	28,703	16,111	44,677	44,473	47,045	51,075	48,552	55,127	49,294
Receivables	125	125	125	125	125	125	125	125	125	125
Infrastructure, Property, Plant & Equipment	2,023,431	2,084,065	2,101,436	2,114,213	2,142,270	2,165,776	2,189,877	2,224,359	2,237,123	2,288,891
Investment Property	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173
Intangible Assets	632	517	402	287	172	57	-	-	-	-
Right of Use Asset	2,065	1,965	1,865	1,765	1,665	1,565	1,465	1,365	1,265	1,165
Total Non-Current Assets	2,116,427	2,162,547	2,167,111	2,208,240	2,235,878	2,261,741	2,289,715	2,321,574	2,340,812	2,386,647
TOTAL ASSETS	2,178,174	2,272,497	2,220,299	2,263,211	2,291,404	2,320,970	2,352,665	2,383,731	2,410,106	2,455,594
LIABILITIES										
Current Liabilities										
Payables	32,259	32,411	24,208	23,071	23,308	23,541	23,971	24,144	24,556	24,927
Borrowings	3,419	25,534	3,653	3,775	3,903	4,035	4,171	4,113	4,259	-
Provisions	12,602	12,968	13,344	13,731	14,129	14,539	14,960	15,394	15,840	16,300
Total Current Liabilities	48,281	70,912	41,205	40,577	41,340	42,114	43,102	43,651	44,656	41,227
Non-Current Liabilities										
Payables	2,103	2,038	1,973	1,908	1,843	1,778	1,713	1,648	1,583	1,518
Borrowings	49,629	27,908	24,255	20,481	16,577	12,542	8,372	4,259	-	-
Provisions	339	349	359	370	380	391	403	414	426	439
Total Non-Current Liabilities	52,071	30,295	26,587	22,759	18,800	14,711	10,488	6,321	2,009	1,957
TOTAL LIABILITIES	100,352	101,208	67,792	63,336	60,140	56,826	53,590	49,973	46,665	43,183
Net Assets	2,077,822	2,111,289	2,152,507	2,199,875	2,231,264	2,264,144	2,299,075	2,333,759	2,363,441	2,412,410
EQUITY										
Retained Earnings	912,389	945,858	987,077	1,034,447	1,065,835	1,098,716	1,133,646	1,168,328	1,198,011	1,246,979
Revaluation Reserves	1,165,433	1,165,432	1,165,430	1,165,428	1,165,429	1,165,428	1,165,429	1,165,431	1,165,430	1,165,431
Council Equity Interest	2,077,822	2,111,289	2,152,507	2,199,875	2,231,264	2,264,144	2,299,075	2,333,759	2,363,441	2,412,410
Total Equity	2,077,822	2,111,289	2,152,507	2,199,875	2,231,264	2,264,144	2,299,075	2,333,759	2,363,441	2,412,410

10 Year Financial Plan for the Years ending 30 June 2032

Projected Cash Flow Statement

Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
\$ '000										
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	95,242	95,519	102,471	103,711	105,693	109,034	112,057	115,390	119,235	119,569
User Charges & Fees	19,778	20,253	20,759	21,299	21,881	22,498	23,173	23,914	24,703	25,568
Investment & Interest Revenue Received	3,003	1,980	1,769	1,654	1,827	2,043	2,366	2,534	2,810	2,869
Grants & Contributions	19,660	40,867	29,797	30,557	37,493	40,785	43,002	42,935	38,728	58,132
Bonds, Deposits, Retention amounts received	-	-	-	-	-	-	-	-	-	-
Other	12,384	12,911	13,168	13,553	13,969	14,364	14,818	15,307	15,817	16,373
Payments:										
Employee Benefits & On-Costs	-45,942	-47,426	-48,975	-50,581	-52,046	-53,554	-55,108	-56,708	-58,357	-60,055
Materials & Contracts	-41,601	-41,731	-51,833	-45,901	-45,736	-47,027	-48,248	-50,062	-51,481	-53,338
Borrowing Costs	-1,533	-1,850	-1,001	-879	-753	-622	-487	-347	-203	-57
Bonds, Deposits, Retention amounts refunded	-	-	-	-	-	-	-	-	-	-
Other	-25,933	-26,225	-27,600	-26,981	-27,672	-28,507	-30,272	-30,109	-31,747	-32,880
Net Cash provided (for used) in Operating Activities	35,059	54,299	38,555	46,333	54,655	59,013	61,301	62,854	59,505	76,171
Cash Flows from Investing Activities										
Receipts:										
Sale of investment securities	165,496	155,999	152,792	78,034	130,273	125,328	122,670	130,168	118,025	130,059
Sale of Infrastructure, Property, Plant & Equipment	-	-	22,000	48,060	2,645	232	1,221	-	-	264
Payments:										
Purchase of investment securities	-109,647	-130,000	-130,000	-130,000	-129,870	-130,000	-130,000	-125,545	-130,000	-119,526
Purchase of investment property	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-107,543	-85,543	-65,007	-37,471	-53,536	-49,860	-50,881	-62,118	-41,333	-84,024
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided in Investing Activities	-51,694	-59,544	-20,215	-41,377	-50,488	-54,300	-56,990	-57,495	-53,308	-73,227
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	22,000	3,813	-	-	-	-	-	-	-	-
Payments:										
Repayments of Borrowings & Advances	-3,312	-3,419	-25,534	-3,653	-3,775	-3,903	-4,035	-4,171	-4,313	-4,259
Lease Liabilities (Principal Repayment)	-65	-65	-65	-65	-65	-65	-65	-65	-65	-65
Net Cash provided in Financing Activities	18,623	329	-25,599	-3,718	-3,840	-3,968	-4,100	-4,236	-4,178	-4,324
Net Increase/(Decrease) in Cash & Cash Equivalents	1,988	-4,916	-7,258	1,238	327	746	211	1,123	2,019	-1,380
Plus: Cash & Cash Equivalents - beginning of year	11,765	13,752	8,835	1,575	2,812	3,138	3,883	4,095	5,219	7,238
Cash & Cash Equivalents - end of year	13,753	8,836	1,576	2,813	3,139	3,884	4,094	5,218	7,238	5,858
Plus: Investments on hand - end of year	78,101	52,103	29,311	81,277	80,873	85,545	92,875	88,252	100,227	89,694
Total Cash, Cash Equivalents & Investments	91,855	60,939	30,887	84,090	84,012	89,429	96,970	93,470	107,465	95,552



Asset Management Strategy

2022–2032

April 2022

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Summary

Preparation of this Asset Management Strategy has been based on outcomes from engagement with our community as well as reviews of Council's service delivery practices, financial sustainability indicators, asset management maturity and the objectives identified in the Community Strategic Plan.

The strategy also includes an asset management improvement plan, which details a program of tasks and nominated resources required as part of our commitment to continuous improvement of asset management by the organisation.

The Asset Management Strategy for Ku-ring-gai has been developed in accordance with the Integrated Planning and Reporting Framework Guidelines. The Strategy demonstrates:

- How Council's asset portfolio will meet the service delivery needs of its community over the next 10 years
- How Council's Asset Management Policy will be achieved
- The integration of Council's asset management with the Community Strategic Plan.

Introduction

Council delivers a variety of services to the community and in doing so, must ensure that the assets supporting these services are managed with a whole of life asset management approach. The life cycle management approach optimises asset acquisition, maximises use of assets and manages service and operational costs.

Council demonstrates its commitment to asset management through its Asset Management Policy, Asset Management Strategy and a suite of Asset Management Plans, which apply to all infrastructure assets owned by Council.

Community and organisational goals and objectives have guided the development of this strategy to ensure the management of Council's assets reflect the broader community long term objectives contained in the Community Strategic Plan.

The Community Strategic Plan provides strategic direction, addressing the community's issues to achieve the long term objectives under the following themes:

1. Community, People and Culture
2. Natural Environment
3. Places, Spaces and Infrastructure
4. Access, Traffic and Transport
5. Local Economy
6. Leadership.

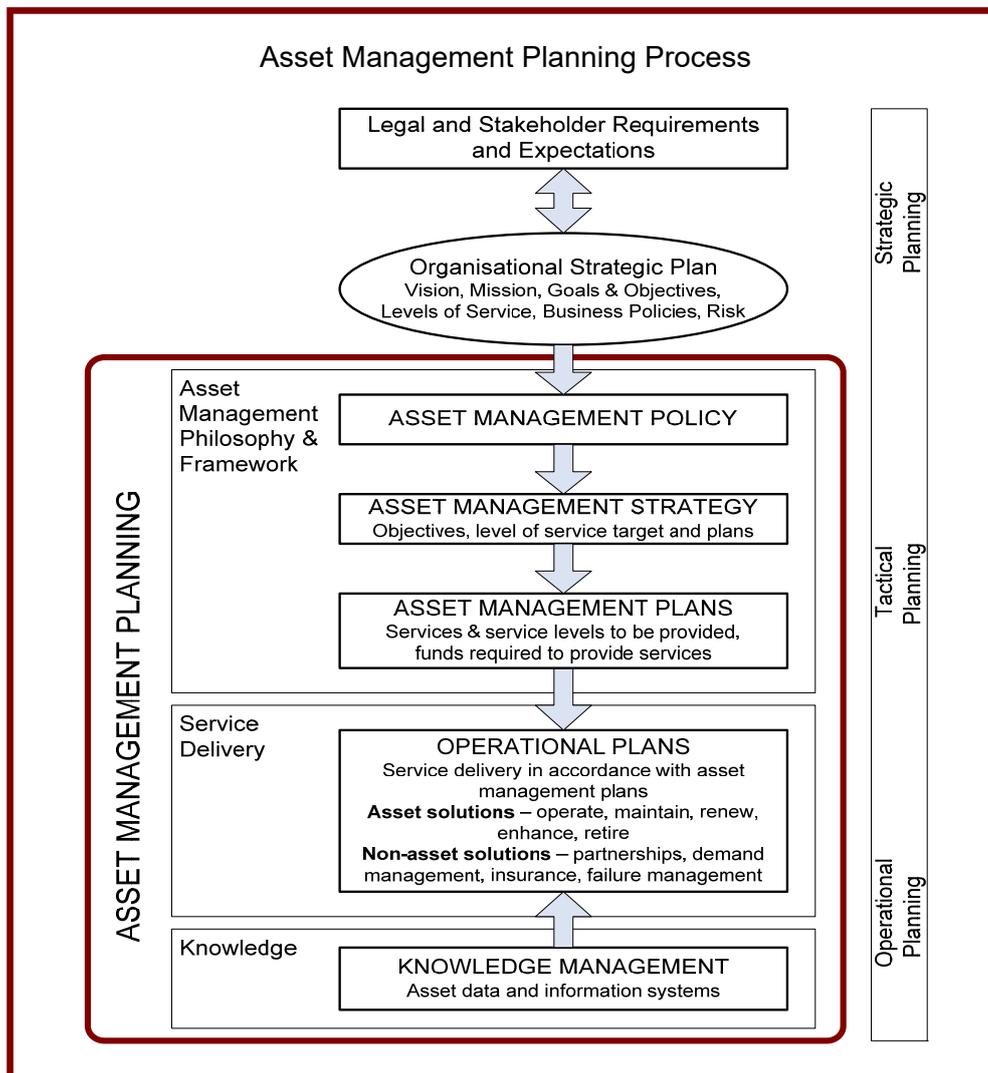
The Asset Management Strategy can be viewed as a first tier plan being supported by more detailed Asset Management Plans. It provides direction to guide asset management actions into the future and ensures Council continually improves the management of its infrastructure.

It is vital that Council develops and maintains rigorous asset management processes, as asset management is a key driver of the 10 Year Long Term Financial Plan (LTFP).

Asset Management Planning Process

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable and economically sustainable service delivery. In turn, affordable service levels can only be determined by assessing Council's long term financial sustainability under scenarios with different proposed service levels.

Best practice asset management planning commences with defining stakeholder and legal requirements and needs, and then incorporating these needs into the organisation's strategic plan, developing an asset management policy, strategy, asset management plans and operational plans, linked to a Long Term Financial Plan.



Asset Management Policy and Objectives

Purpose

The purpose of Council's Asset Management Policy is to guide the strategic management of Council's assets. The Policy defines Council's vision and service delivery objectives for asset management in accordance with legislative requirements, community needs and affordability. The Asset Management Strategy (AMS) has been developed to support the Asset Management Policy.

Objectives

To ensure the long term financial sustainability of Council, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services.

Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, Council develops and maintains asset management governance, skills, processes, data and systems in order to provide services to our present and future community in the most cost-effective and sustainable manner.

The objectives of the Asset Management Strategy are to:

- Ensure that the Council's infrastructure services are provided in an economically optimal manner, with the appropriate level of service to residents, visitors and the environment. This is determined by reference both to:
 - Community feedback about desired service levels, and
 - Council's long term financial sustainability.
- Improve the condition of our assets over a ten-year period by implementing optimised maintenance and renewal programs based on the holistically applied lifecycle principles, remaining useful life as per asset condition, and available funding.
- Manage assets in a poor and failed condition with appropriate risk management and/or disposal strategies.
- Ensure that any future projects to create or upgrade assets are done with a full understanding of the whole of life costing for the asset and have an assured source of funding for both capital and ongoing costs.
- Meet legislative requirements for all Council's operations.
- Ensure resources and operational capabilities are identified and responsibility for asset management is clearly allocated.
- Provide high-level oversight of financial and asset management responsibilities by reporting to Council on the development, revision and implementation of the Asset Management Strategy, Asset Management Plans and Resourcing Strategy.

To maximise the potential to meet the above objectives, Council will:

- Continually review its Asset Management Strategy and Plans to ensure that:
 - They provide a clear connection between agreed service levels and available funding.
 - They are aligned with Council's Integrated Planning and Reporting documents.
- Continually improve the quality and scope of existing asset data by ensuring that all assets are assessed and appropriate useful lives and conditions are assigned to each component.

Where are we now?

Current Situation

In 2013 the NSW Government released the Local Government Infrastructure Audit Report which reviewed all NSW councils' infrastructure management and infrastructure financial planning. The independent report determined Ku-ring-gai Council's infrastructure management as Strong. To maintain this rating Council has reviewed the current situation for Council's assets and their management in the development of the Asset Management Strategy.

This has included consideration of the following:

- Identification of any new or missing assets on our asset register.
- The current condition of assets.
- Whether assets meet Council's and the community's current and forecast requirements.
- Whether the funding base for operation, maintenance and renewal is sufficient and sustainable.
- Whether Council's asset management practices, procedures and training are appropriate.

Asset Cost, Condition and Value

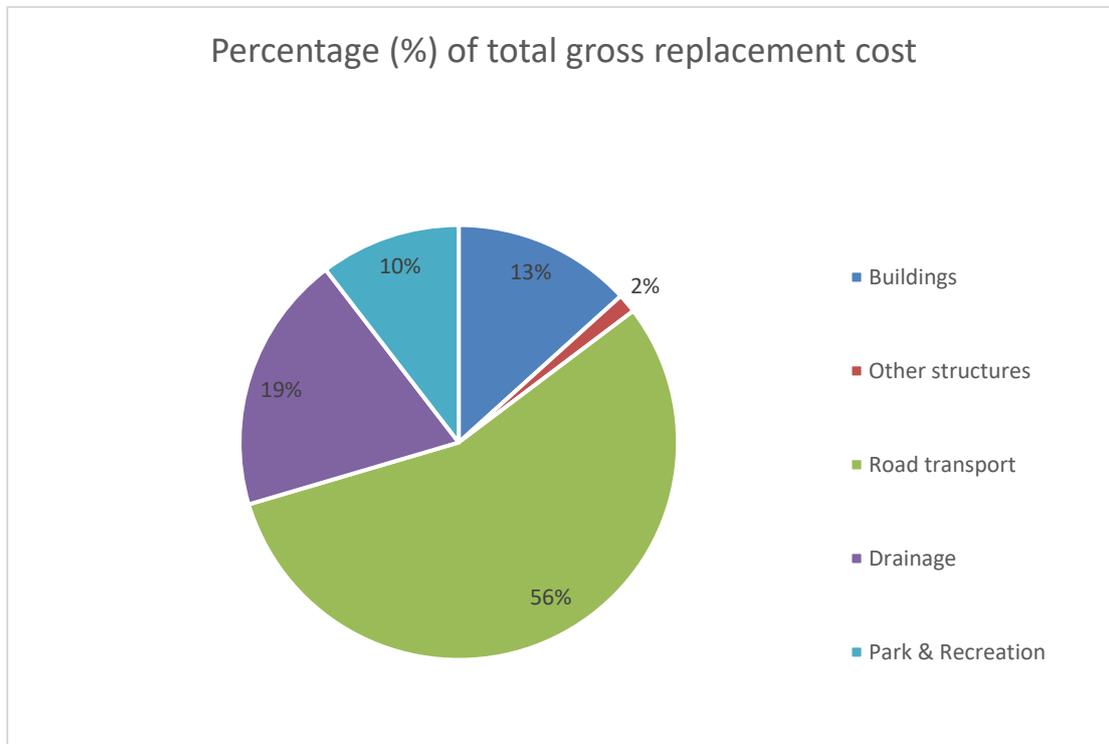
The cost, condition and value of assets are reported each year in financial statements within the Annual Report. In 2020/21 the value and replacement cost of infrastructure assets were reported as follows¹:

Infrastructure Asset Values 2020/21	Net carrying amount (WDV) \$'000	Gross replacement cost \$'000
Buildings	98,207	170,864
Other structures	10,759	18,362
Road and Transport assets	463,480	719,080
Drainage	165,277	247,886
Open space recreational assets	77,491	134,015
Total	815,214	1,290,207

In terms of the total cost to replace the infrastructure assets, road and transport assets and drainage constitute the vast majority of Council's infrastructure. Road and transport assets include roads, footpaths, bridges, kerbs and gutters, road furniture, road structures, car parks and bulk earth works.

¹ Ku-ring-gai Council Annual Report 2020/2021 – Financial Statements Special Schedule Report on infrastructure assets as at 30 June 2021.

Based on community surveys and feedback, road and transport assets and drainage are higher priority asset classes for our community. This Asset Management Strategy has therefore been developed to give priority to those asset classes and to guide funding decisions for all other essential works and priority assets.



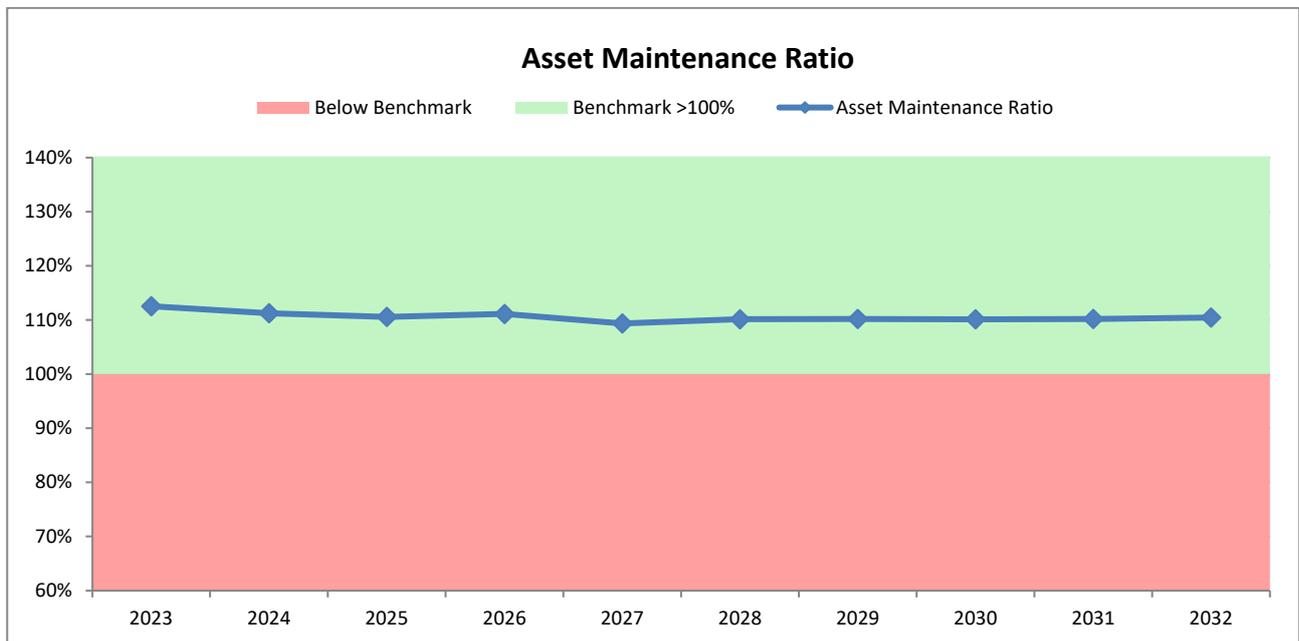
Maintenance expenditure

Maintenance is the activities required or undertaken by Council to preserve the service capacity or durability of the assets as they age. The required maintenance, which is reported in Special Schedule Report on infrastructure assets as at 30 June 2021, is the amount that Council should be spending on assets and is based on a percentage of the replacement cost. Actual maintenance includes the budgeted amount that Council will spend on preventative, corrective and reactive maintenance annually.

Ku-ring-gai Council has been successful since 2014 in meeting the benchmark ratio of >100% for required asset maintenance. This means that Council is investing enough in maintenance to stop the backlog increasing.

The following table compares the required maintenance to the projected maintenance budget. The asset maintenance ratio in the following chart compares the figures and demonstrates how Council will continue to meet and potentially exceed the benchmark of 100% in each year of the Long Term Financial Plan. Maintenance expenditure is revised each year to ensure that Council continues to meet the 100% benchmark.

Asset Maintenance - Required by Asset Class \$'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Buildings	3,802	3,912	4,025	4,141	4,601	4,732	4,868	5,006	5,146	5,289
Road transport	5,579	5,891	6,200	6,374	6,553	6,728	6,914	7,171	7,414	7,628
Stormwater	923	949	976	1,002	1,029	1,056	1,084	1,113	1,143	1,174
Parks & Recreation	6,284	6,604	6,864	7,077	7,360	7,557	7,890	8,194	8,511	8,831
Total REQUIRED	16,588	17,356	18,065	18,595	19,544	20,073	20,756	21,484	22,214	22,922
Actual Maintenance	18,667	19,309	19,973	20,661	21,373	22,109	22,871	23,659	24,475	25,319
Variance (Actual less required)	2,080	1,953	1,908	2,066	1,829	2,036	2,115	2,175	2,261	2,396



Renewal Expenditure

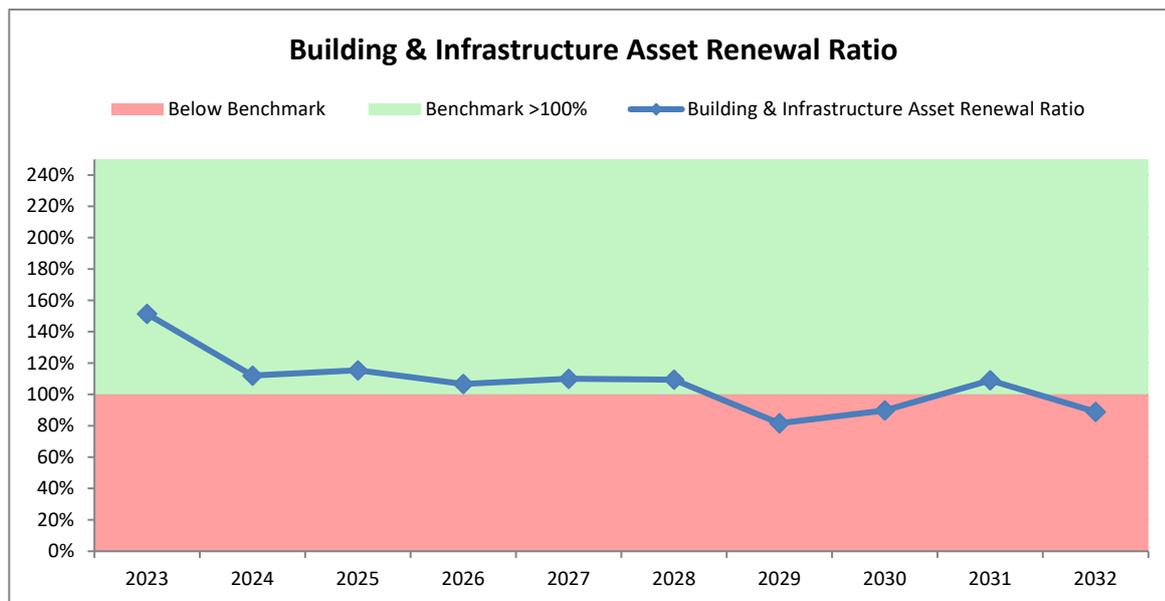
Renewal is the activities to refurbish or replace assets with assets of equivalent or sometimes greater service capacity. Usually this involves restoring assets to top condition. Renewal works are included in Council's Capital Works Program. The table below displays the asset renewal expenditure projected for the next decade in the Long Term Financial Plan.

Renewal Expenditure \$'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
									-	-
Buildings	1,918	1,641	1,538	1,751	5,124	9,171	3,468	3,560	6,097	2,765
Road & Transport	21,658	16,380	18,241	13,009	12,426	12,030	12,914	14,088	13,931	16,893
Stormwater	1,181	1,689	1,140	1,518	1,196	1,843	749	2,442	4,455	1,588
Parks & Recreation	4,379	2,386	2,850	5,804	5,612	1,861	1,751	1,548	2,974	1,595
Total Renewal	29,136	22,096	23,768	22,082	24,358	24,906	18,883	21,639	27,457	22,841

The asset renewal ratio assesses the rate at which these assets are being renewed against the rate at which they are depreciating. Performance on this ratio had declined since 2015/2016 and Council did not meet the Office of Local Government's benchmark ratio of >100% for asset renewal for the financial years 2015/2016 to 2019/2020.

Council has reviewed this situation which arose from a reduction in available funding for capital works. This shortfall was due in part to projected assets sales' not being realised and in part due to changes in the way Office of Local Government requires expenditures to be reported. Council has since developed alternative funding strategies to ensure a progressive move towards meeting the benchmark of >100%. In the 2020/2021 financial year Council achieved an asset renewal ratio of 111%.

The following chart demonstrates that Council is aiming to meet or exceed the asset renewal benchmark of >100% for seven out of the next ten years. This relies on funding from future asset sales as highlighted in the LTFP. It must be noted that in most years of the asset management plan, at a consolidated level Council is maintaining the level of renewal expenditure above the depreciation, however Council remains to have an annual shortfall of funding for asset renewals on a number of asset classes. The gap will widen further and have a significant impact on the state of assets if future asset sales will not eventuate.



Infrastructure Backlog

Cost to Satisfactory (CTS)

The estimated cost to bring assets to a satisfactory standard is 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 the Council and community, this is commonly referred to as the backlog. This indicator should not include any planned enhancements. However, it is noted that in practical terms, the asset will be renewed at the time of work.

In 2020/2021 Council reported a total cost of \$24.1 million to bring all infrastructure assets to a satisfactory standard being condition 3 (CTS).

Cost to Agreed level of Service (CTA)

In January 2017, the Office of Local Government (OLG) introduced an additional measure for reporting on the condition of Council's infrastructure assets being the estimated cost to bring assets to agreed level of service set by council.

The cost to bring to the agreed level of service is an estimate of the cost to renew or rehabilitate existing assets that have reached the condition-based intervention level adopted by Council. In other words, the cost to bring all assets that are in an unsatisfactory condition up to condition 1. This amount is a snapshot at a point in time, being the end of the financial year. To provide flexibility to adequately manage external changes in condition (such as the impacts of varying climatic conditions) and allow good project planning, it is anticipated that Council will have works outstanding to bring to this level of service as a normal part of managing infrastructure assets on behalf of the community.

The table below shows the estimates of backlog infrastructure renewal reported for the last seven years based on the costs to satisfactory. Council has been successful in maintaining the backlog estimate at the reduced level despite the addition of new assets and an increase in the total written down value of infrastructure assets in the period. The table below shows the backlog infrastructure renewal reported since 2014/2015 in Council's annual reports²:

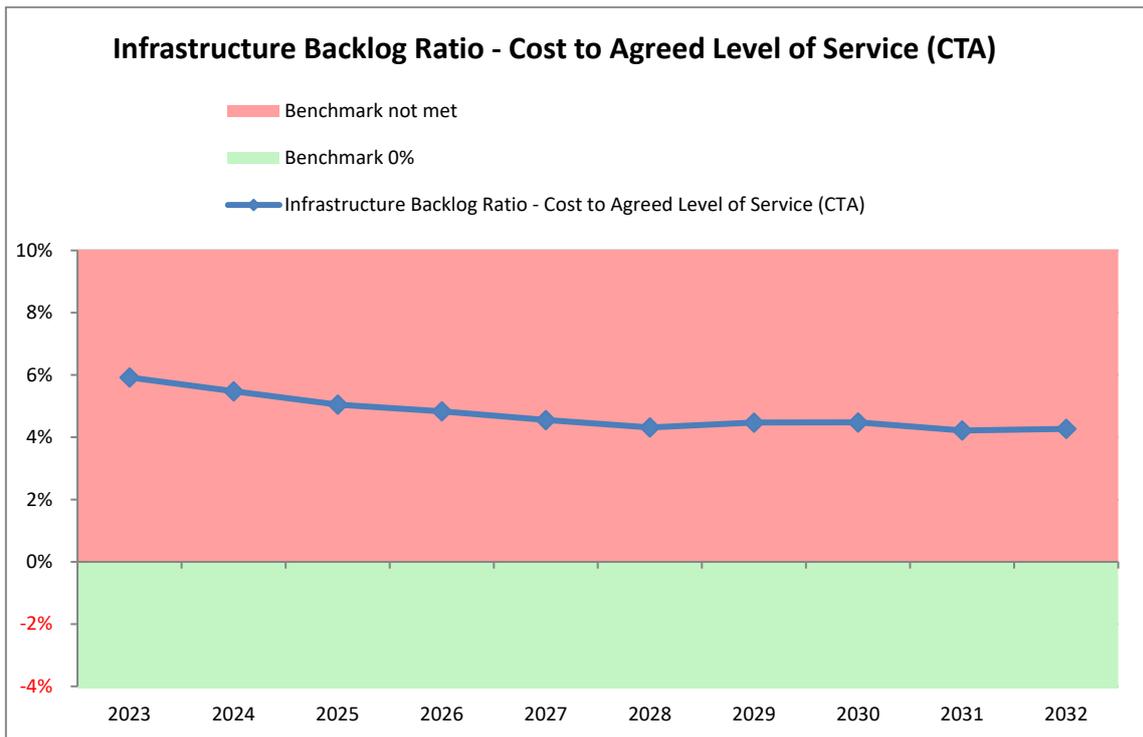
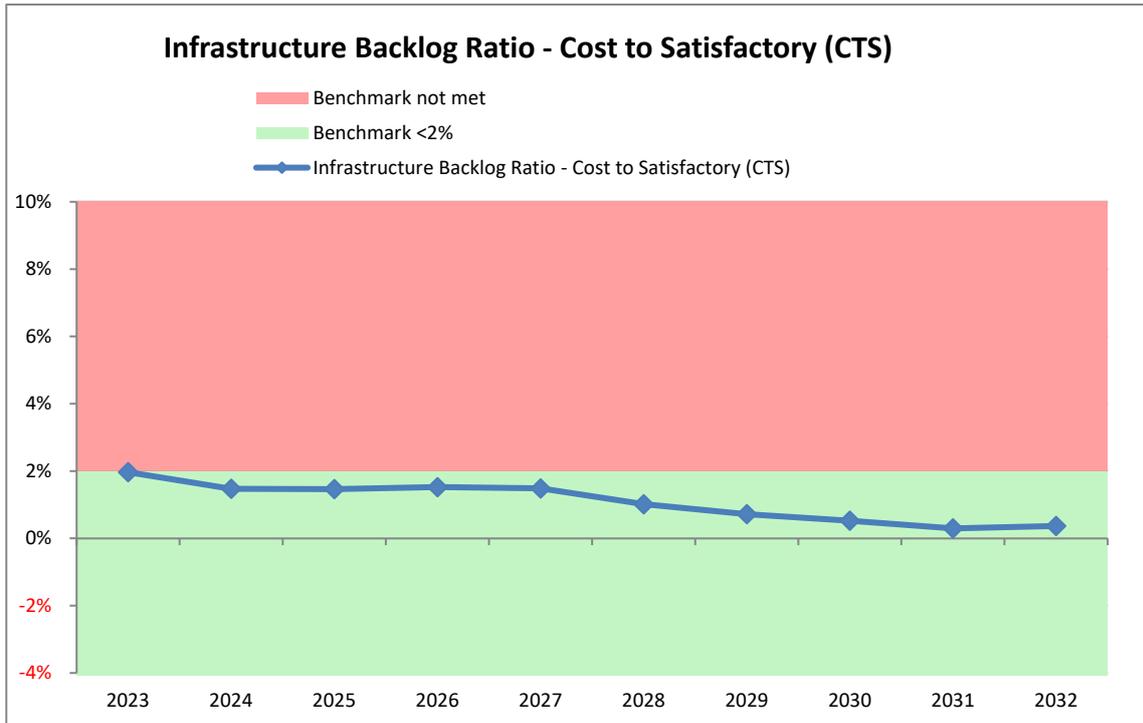
CTS Infrastructure Asset Reported Backlog Cost \$'000	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total	26,990	33,943	27,565	20,017	17,379	24,716	24,127

To help ensure that Council is able to complete all required backlog infrastructure works, a new funding strategy for infrastructure assets renewal was adopted in 2015/16 which prioritised asset maintenance and renewal expenditure over new and upgraded assets expenditure. This was based on the principle that all available surplus funds be diverted towards asset renewal as a priority. It was also assumed that additional funding would be generated from sales of surplus assets and reinvestment of these proceeds into infrastructure asset renewals. Adequate funding also needs to be directed towards maintenance. Council has been successful in allocating all required funds for annual asset maintenance.

To date, however, due to delays in sales of assets, this new funding policy has not allowed Council to meet the Office of Local Government's Infrastructure Backlog Ratio benchmark of <2% by the expected date which was 2019/2020.

In preparation of this new Asset Management Strategy and Long Term Financial Plan, Council has reconsidered its funding strategies for asset renewal and has now adjusted its projection for when the infrastructure backlog benchmark ratio of <2% will be reached based on CTS and CTA, as shown in the following charts below.

² Ku-ring-gai Council Annual Reports 2014/2015 to 2020/2021, Special Schedule Report on Infrastructure Assets.



The following tables show the estimated cost of eliminating the infrastructure backlog for each asset class over a ten-year period for both CTS and CTA. The projections each year are based on the previous year's backlog, adding depreciating and deducting renewal expenditure.

The renewal expenditure is adopted in the Long Term Financial Plan and will be revised each year to ensure that we reallocate renewal to asset groups with a higher backlog figure.

INFRASTRUCTURE BACKLOG - COST TO BRING TO SATISFACTORY										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Buildings	1,296	3,375	5,627	7,360	6,598	1,922	198	-	-	-
Road & Transport	12,718	6,888	4,609	2,429	1,789	1,129	448	-	-	-
Stormwater	5,267	5,460	6,256	6,725	7,569	7,820	6,767	5,207	3,018	3,758
Parks & Recreation	-	-	-	-	-	-	-	-	-	-
Total	19,281	15,722	16,491	16,514	15,956	10,872	7,413	5,207	3,018	3,758

INFRASTRUCTURE BACKLOG - COST TO BRING TO AGREED LEVEL OF SERVICE										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Buildings	7,567	9,646	11,898	13,631	12,869	8,193	9,347	10,547	9,343	11,607
Roads & Transport	66,977	61,639	55,026	53,974	53,849	54,457	54,546	53,957	54,033	51,547
Stormwater	7,460	7,653	8,449	8,918	9,762	10,013	11,415	11,180	8,991	9,731
Parks & Recreation	-	1,409	2,503	766	-	2,481	5,263	8,423	10,339	13,819
Total	82,004	80,346	77,876	77,289	76,480	75,144	80,572	84,106	82,706	86,703

Funding Required to Meet Benchmark Ratios

The table below shows the ten-year renewal expenditure forecasts identified in Council's Long Term Financial Plan.

Asset Renewal Expenditure \$'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Buildings	1,918	1,641	1,538	1,751	5,124	9,171	3,468	3,560	6,097	2,765
Roads & Transport	21,658	16,380	18,241	13,009	12,426	12,030	12,914	14,088	13,931	16,893
Stormwater	1,181	1,689	1,140	1,518	1,196	1,843	749	2,442	4,455	1,588
Parks & Recreation	4,379	2,386	2,850	5,804	5,612	1,861	1,751	1,548	2,974	1,595
Total Renewal	29,136	22,096	23,768	22,082	24,358	24,906	18,883	21,639	27,457	22,841

New/Upgrade Expenditure

'Capital new' expenditure creates assets which will deliver a service to the community that didn't exist beforehand whilst 'capital upgrade' expenditure enhances an existing asset to provide a higher level of service to the community. New and upgrade works are included in Council's Capital Works Program and are mostly funded by Section 7.11.

The table below shows the ten-year capital new and upgrade expenditure forecasts identified in Council's Long Term Financial Plan.

NEW & UPGRADE										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Buildings	3,805	17,732	760	773	810	806	838	830	731	749
Roads & Transport	29,154	21,370	23,523	3,345	3,906	2,080	3,334	15,599	10,283	4,162
Stormwater	1,945	1,029	913	462	473	484	496	507	520	596
Parks & Recreation	8,537	4,546	2,664	1,173	2,970	352	4,024	2,991	3,152	3,006
Total	43,442	44,677	27,861	5,753	8,159	3,722	8,691	19,927	14,686	8,513

Risk Management

Council's previously developed Risk Management Framework required the identification of significant risks and appropriate actions to reduce the level of risk presented to Council and the community. Asset management was one area that was identified as presenting a significant risk to Council. In particular, the risk presented by the age of assets, condition and available resources for asset maintenance and renewal.

Council has continued to improve its risk management capability. This has included the development of a new Risk Management Policy, Enterprise Risk Management (ERM) Strategy and Risk Appetite Statement, which will set the overarching direction for Council's risk management approach and risk-taking boundaries. Actions to support this have included:

- a comprehensive review of Council's risk management methodology leading to a consolidation and reduction of defined risks;
- a review and further refinement of strategic and operational risk registers against the parameters contained within the risk matrix;
- upskilling and engaging the Leadership Team through a range of risk refresher training and one-on-one or group workshops;
- enhancing overall organisation risk culture and awareness;
- improving staff engagement through embedding a risk management mindset in business processes.

The Risk Management Policy sets out the principles and processes the organisation uses to identify, assess and manage risks in a broad context. Essentially, Council's asset management practices integrate risk management principles throughout both strategic and operational processes. However, it is important that the risk management practices are consistent and documented across all of these processes.

Those significant or critical risks with unacceptable levels of uncontrolled risk are monitored with a risk treatment plan to be completed for each significant risk to assist in bringing the risk to an acceptable level.

Business continuity management (BCM)

Council engaged risk consultants, InConsult in early 2020 to partner with and to develop a BCM Policy and Framework. The following progress has been made:

- development of the draft BCM Policy and Framework
- completion of a Business Impact Analysis (BIA) for the two major sites of the Council Chambers and Depot
- completion of Business Contingency Plans for Council Chambers and the Depot, and
- completion of Business Continuity Management training and scenario testing.

The BCM Policy and Framework and related Business Contingency Plans are currently in the stages of finalisation with senior management and related work groups.

Critical Assets

Critical assets are those assets where the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. The following buildings are essential for Council's operations and outcomes and are considered critical assets:

- Council's administration buildings located at 818 Pacific Highway Gordon and 31 Bridge Street Pymble.
- Council works depot located at 5 Suakin Street Pymble.

The risks associated with these assets include public health and safety, business continuity and emergencies. With the revision of the current suite of asset management plans further investigation of critical assets and the required maintenance strategies will be developed.

Community Levels of Service

In 2012, Council consulted with the community on improving our infrastructure assets. The 'Closing the Gap' survey, conducted by Micromex Research, asked the community to respond on the importance and satisfaction over a range of asset classes. The consultation identified that in addition to roads, the assets most important to our community are footpaths, drainage and community buildings.

In 2013/2014, Council engaged an independent research company, Woolcott Research, to complete a survey with ratepayers. The purpose of the community survey was twofold. Firstly, to measure the support for the continuation of the special rate variation (SRV) to fund the roads renewal program in Ku-ring-gai, and secondly to explore community opinions on expected levels of service and future funding options for priority assets. In regard to preferred service levels, the community response in both the Micromex and Woolcott Research projects clearly indicated the following priorities, from a community perspective, to maintain or improve the level of service for the assets as identified in the table below.

Identified Community Service Level Priority Assets³		
Independent community research		
Top priority	Secondary priority	Lowest priority
Roads Drainage Community buildings Parks and playgrounds Footpaths	Sportsfields and facilities Existing Council car parking facilities	Bushland assets Kerb and guttering

³ Ku-ring-gai Council Asset Management Community Survey – Micromex – June 2012

Importantly the research also found that:

- 97% of ratepayers surveyed stated that it is very or somewhat important to continue improving the condition of roads in Ku-ring-gai.
- 58% stipulated that the minimum acceptable standard for roads is 'good'.
- The minimum acceptable standard for most assets was thought to be 'good':
 - 64% believed that footpaths should be in 'good' condition
 - 52% believed that buildings should be in 'good' condition
 - 73% believed that drainage should be in 'good' condition
- 81% supported continuation of the SRV component of the Infrastructure Levy to fund the roads initiative.
- 64% were in favour of Council applying for the introduction of an increase or SRV for Infrastructure Assets, after other current levies have expired.

Determining how best to meet community service levels

In consideration of the above research, Council embarked on a process of reviewing what could be afforded in terms of asset maintenance and renewal in various funding scenarios and how a satisfactory level of service from priority assets may be described or confirmed. As various industry players define 'good' condition in different ways, and differences in these definitions can have substantial impacts on community costs, it was important to consider:

- What 'good' condition might mean in Ku-ring-gai.
- Whether it was affordable or necessary from a service level point of view to maintain all priority assets in 'good' condition all of the time or whether a satisfactory and cost-effective level of service could be delivered with less than 100% of priority assets being kept in 'good' condition as it might be defined in guidelines issued by industry players, such as the Office of Local Government or engineering institutions.

To assist in this process Council engaged Morrison Low consultants who undertook a review of Council's infrastructure backlog and asset management data in 2015.

After detailed assessment, Morrison Low recommended that Council determine that a satisfactory level of service, from a community point of view, could be considered to be delivered when an asset class as a whole is maintained, as a minimum, in a 'fair' condition – more specifically where deterioration may be evident but failure in the short term is unlikely, the asset still functions safely and only minor components need replacement or repair now.

Council accepted this policy suggestion after assessing that it provided a reasonable guideline for achieving a cost-effective planning methodology for management of assets that will be capable of delivering services in a manner satisfactory to the Ku-ring-gai community. Backlog infrastructure renewal estimates were then revised to identify the proportion of assets in each class which would not meet the desired condition rating of 'fair' or 'satisfactory' (ie., Condition 3 on a 5-point scale where Condition 1 is 'excellent' and Condition 5 is 'poor'⁴).

⁴ For further information on the asset condition rating scale now used by Council see the Chapter on Life Cycle Management below. In this scale Condition 1 = Excellent; Condition 2 = Good; Condition 3 = Satisfactory; Condition 4 = Worn; and Condition 5 = Poor. This condition rating scale is generally consistent with the International Infrastructure Management 2011.

This in turn enabled Council to revise cost-estimates for addressing backlog infrastructure renewal. The revision was founded on a high degree of confidence that a level of service satisfactory to the community could be delivered if:

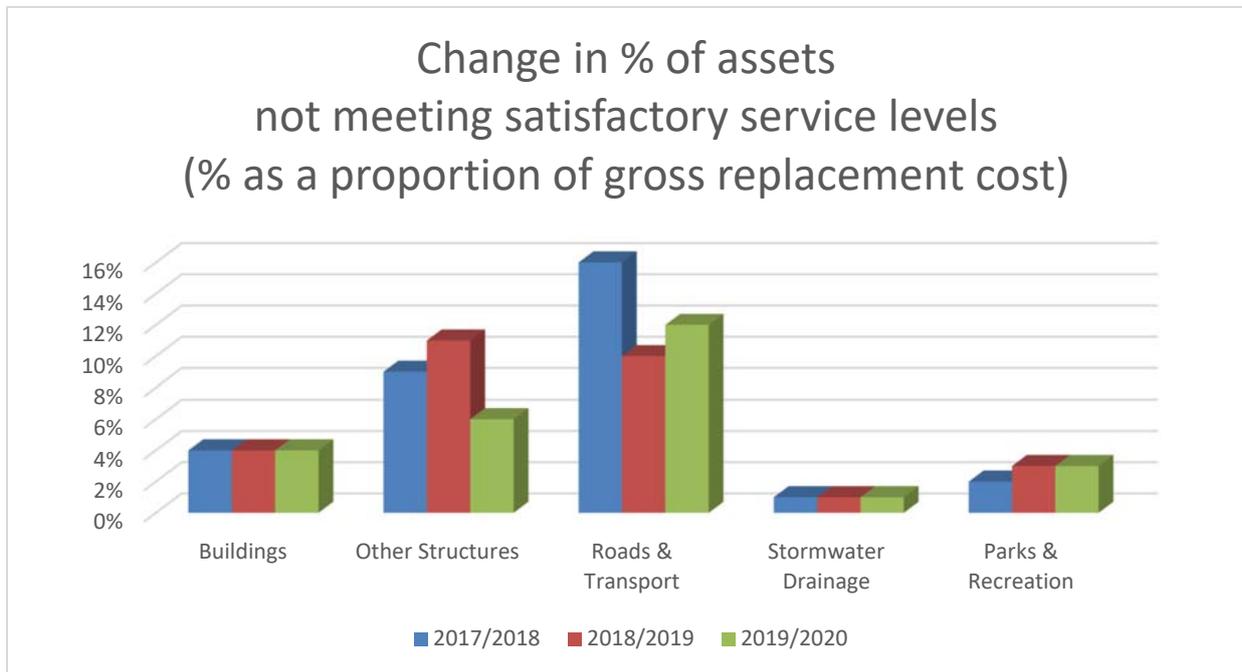
- The assessed backlog renewal was completed, and
- Ongoing expenditures were programmed to ensure that priority asset classes, at least, received the necessary funding in maintenance and renewals to ensure that they did not slip below the standard deemed satisfactory for service delivery as defined above (i.e. Condition 3).

Under this policy Council has been progressively revising and refining its estimates of the proportion of assets (in terms of their replacement value) that do and do not meet the condition rating considered necessary for satisfactory service delivery to the community. In 2020/2021 Council reported the condition of assets as per the table below:

Assets in Each Condition Rating as % of Gross Replacement Costs					
Ku-ring-gai Council Annual Financial Statements 2020/2021					
Special Schedule - Report on infrastructure assets as at 30 June 2021					
	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
Buildings	25.4%	25.5%	44.6%	4.5%	0.0%
Other Structures	28.6%	25.0%	40.1%	6.3%	0.0%
Roads & Transport	17.3%	30.6%	40.9%	9.0%	2.2%
Stormwater Drainage	11.7%	67.8%	19.4%	1.0%	0.2%
Parks & Recreation	9.3%	26.3%	62.7%	1.7%	0.0%
Total All Assets	16.6%	36.5%	39.5%	6.1%	1.3%

The condition ratings in the table above represents a general improvement in the condition of asset classes overall compared to the ratings reported in 2017/2018. Council's level of investment is required to be maintained in order to match continuously increasing demand for service, with adequate renewal of assets being undertaken.

The chart below shows the change in asset condition in each class from 2017/2018 to 2019/2020. The proportion of assets which do not meet the minimum condition ratings necessary to deliver satisfactory services has decreased for Council's roads assets – an asset class of high importance to the community.



During 2020/21 Council staff have continued to review and analyse asset management data. As a result, this Asset Management Strategy provides guidance to ensure that funding for asset management will deliver infrastructure assets that are capable of meeting the service levels required by the community in priority asset classes.

For further information on how funding will be provided to ensure priority assets are capable of delivering desired service levels, see Council's Long Term Financial Plan.

Performance against community satisfaction benchmarks

Council regularly commissions independent community research which examines the community's satisfaction with a range of Council services and facilities.

Research undertaken in 2014, 2017, 2019 and 2021 indicates that satisfaction levels are increasing or being generally maintained. There was a notable increase in the satisfaction level for provision and maintenance of playgrounds, provision and cleanliness of public toilets and providing adequate drainage from 2019 to 2021. The condition of existing built footpaths and provision of footpaths in Ku-ring-gai* has also significantly increased in 2021 from 2019 which is attributed to Council investment into the footpath program. Community satisfaction research results are included below for key asset categories. Full reports and results are available at www.krg.nsw.gov.au

Resident satisfaction (very satisfied, satisfied and somewhat satisfied)	Condition of community buildings 92% (2021) 90% 2019 94% 2017 No data 2014	Provision and operation of libraries 95% (2021) 92% 2019 95% 2017 98% 2014
	Provision and maintenance of sporting ovals, grounds and leisure facilities 91% (2021) 92% 2019 90% 2017 90% 2014	Provision and maintenance of playgrounds 95% (2021) 89% 2019 92% 2017 93% 2014
	Provision and maintenance of local parks and gardens 93% (2021) 90% 2019 91% 2017 92% 2014	Provision and cleanliness of public toilets 85% (2021) 80% 2019 84% 2017 98% 2014
	Condition of existing built footpaths in Ku-ring-gai* 74% (2021) 62% 2019 63% 2017 55% 2014	Provision of footpaths in Ku-ring-gai* 71% (2021) 62% 2019 63% 2017 55% 2014
	Condition of local roads 74% (2021) 76% 2019 68% 2017 54% 2014	Providing adequate drainage 83% (2021) 78% 2019 80% 2017 75% 2014
	Protection of natural areas and bushland 95% (2021) 92% 2019 94% 2017 89% 2014	

* In 2021, the question was changed from 'Quality of footpaths'. Statistics for 2014, 2017 and 2019 are provided for the original question.

Council's Vision, Goals and Objectives – Our Sustainable Future

This Asset Management Strategy is prepared to provide a road map to sustainable asset management and to ensure assets are capable of delivering the community's desired service levels in priority areas in the most cost-efficient manner. This is considered necessary if we are to achieve the vision, aspirations and long term objectives of our community as identified in our Community Strategic Plan.

The table below shows the link between the Community Strategic Plan and the Asset Management Strategy.

Theme	Community Aspiration	Long Term Objective	Integration With Asset Classes
Community, People and Culture	A healthy, safe, and diverse community that respects our history, and celebrates our differences in a vibrant culture of learning.	An equitable, inclusive and resilient community that cares and provides for its residents and embraces healthier lifestyles.	Buildings Recreational Facilities
Natural Environment	Working together as a community to protect and enhance our natural environment and resources.	Our natural waterways and riparian areas are enjoyed, enhanced and protected. A community transitioning to net zero emissions and responding to the impacts of climate change and extreme weather events.	Stormwater Drainage Recreational Facilities
Places, Spaces and Infrastructure	A range of well planned, clean and safe neighbourhoods and public spaces designed with a strong sense of identity and place.	Our centres offer a broad range of shops and services and contain lively and shaded urban village spaces and places where people can live, work, shop, meet and spend leisure time. Recreation, sporting and leisure facilities are available to meet the community's diverse and changing needs.	Recreational Facilities Buildings

Theme	Community Aspiration	Long Term Objective	Integration With Asset Classes
		<p>Multipurpose community buildings and facilities are available to meet the community's diverse and changing needs.</p> <p>An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.</p>	All asset classes
Access, Traffic and Transport	Access and connection to, from and within Ku-ring-gai provides safe, reliable and affordable public and private travel, transport and infrastructure.	<p>Local roads and parking operate safely and efficiently.</p> <p>An accessible public transport and regional road network.</p>	Roads and Transport
Leadership	Ku-ring-gai is well led, managed and supported by ethical organisations which deliver projects and services to the community by listening, advocating and responding to their needs.	Council rigorously manages its financial resources, to sustainably deliver assets and facilities to maximise delivery of services.	Roads and Transport Stormwater Drainage Buildings Recreational Facilities

Life Cycle Management

Competent and cost-efficient life cycle management for infrastructure assets commences with developing an accurate understanding of the actual condition of each asset. This requires a regular cycle of assessment of the physical condition of assets, for which funds are required for staff and training. However, this regular process results in more accurate and often lower estimates of real asset renewal costs.

In 2015, Council also undertook a major review of its infrastructure backlog and asset data with Morrison Low Consultants. This has helped to improve and standardise reporting on the actual condition of assets, which in turn is assisting staff to plan far more cost-effective programs for asset renewal and maintenance.

Continuous improvement in the integrity of asset data, particularly asset condition data, is vital to controlling costs for both backlog and future renewal programs. In this regard Council has undertaken a range of projects to improve the quality and accuracy of asset data and standardise records of asset condition.

Specific actions completed in 2016/2017 included:

- A review of procedures for new, renewal and upgraded assets
- Benchmarking of road and transport assets
- Implementation of new capital works system and targeted organisational training.

In 2019/2020, Council staff further interrogated its financial and technical asset management data, processes and systems as follows:

- Reviewed useful lives to establish uniform and accurate application for specific construction types, materials, geographical locations and utilisation
- Benchmarking useful lives against other councils and industry experts
- Implementation of the stormwater drainage asset class into the corporate asset management system
- Reviewed roads condition data based on recent inspection program and updated condition assessment information and indices
- Analysed financial impact due to changes in asset conditions, useful lives, depreciation and intervention strategies
- Interrogated recurrent budgets and project budgets to confirm accurate asset classification
- Investigated actual asset maintenance expenditure compared with required maintenance, and current asset renewal expenditure with required renewal.

In 2020/21 footpath assets and open space assets were inspected and revalued to ensure data was accurate and up to date.

In the 2022/23 building assets and drainage assets will be revalued.

This Asset Management Strategy is based on data acquired through physical assessments and other estimates where physical data are either not yet available or are not possible to obtain for various reasons (e.g. for drainage assets where the possibility of using CCTV for inspections is limited). All estimates are being continually refined to produce the best possible accurate assessment of asset condition and funding priorities.

Throughout this Strategy, Council is using a 5-point asset condition rating scale to steer decisions regarding priorities and funding requirements. This scale is consistent with best practice for asset condition assessment and reporting as described below.

Ku-ring-gai Council Asset Condition Matrix		
Level	Condition	Description
1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average/Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Roads and Transport

Council's road and transport network is comprised of:

- Roads
- Bridges
- Footpaths
- Kerbs and gutters
- Car parks
- Road furniture and structures
- Bulk earth works.

These assets are maintained by Council's Engineering Services section of the Operations Department. All asset information pertaining to each group is contained within Council's asset registers and further detailed information on our road and transport assets is held within Council's Pavement Management System (SMEC).

Community Objectives for Road and Transport Assets

The Roads and Transport asset class supports the long term objectives of our Community Strategic Plan through the following Themes:

- **Places, Spaces and Infrastructure** – (1) *Our centres offer a broad range of shops and services and contain lively and shaded urban village spaces and places where people can live, work, shop, meet and spend leisure time.* (2) *An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Access, Traffic and Transport** – (1) *Local roads and parking operate safely and efficiently.* (2) *An accessible public transport and regional road network.*
- **Leadership and Governance** – *Council rigorously manages its financial resources, to sustainably deliver assets and facilities to maximise delivery of services.*

Preferred Condition Rating for Road and Transport Assets

As noted above, the Ku-ring-gai community has stated that roads and footpaths, in particular are a priority area from a service delivery perspective. Based on this response, it will be a priority to maintain or improve the level of service that can be delivered from this asset class as a whole. In order to achieve that service level it has been assumed in this strategy that it is desirable, from a community service level point of view, to ensure that 100% of road and transport assets, particularly roads and footpaths, are kept in Condition 3 or better.

It is worth noting that community research would indicate that kerb and gutter assets need not be kept in Condition 3 or better as the community has deemed them to be lower in priority for service provision. This is perhaps based on a view that kerb and gutter assets are more cosmetic than they are important for service delivery.

However, the community has rated drainage assets as a top priority asset class. Kerb and gutter assets are quite critical to the effective service delivery capacity of drainage and road safety as well as durability of the pavement beside, as such it is advisable to maximise the proportion of kerb and gutter assets in Condition 3 or better, if funds are available. Bearing in mind that the significant expenditures that are required on roads may be made far less effective in service delivery terms if the roads are not properly drained with adequate guttering (the life span and safety of a road can be significantly diminished by poor drainage), it makes financial and service sense to ensure that kerb and gutter works are given the same or similar priority as roads when allocating funds for asset renewal.

The objective should be to ensure that 100% of kerb and gutter assets are maintained in Condition 3 or better if long term costs are to be properly controlled.

Current Performance of Road and Transport Assets

Over the last four years Council has provided detail on the condition of its road and transport assets in Special Schedule Report on Infrastructure Assets of the Annual Financial Statements. In this period there has been a change in the required accounting format with a shift away from reporting the condition of assets as a percentage of written down value towards reporting instead on the basis of gross replacement costs. Nevertheless, the accounting, while it implies some variability in reported performance, also indicates a moderate improvement over time in the proportion of road and transport assets overall which would meet the condition rating required to deliver satisfactory service to the community (eg, in the case of roads, Condition 3 or better).

Roads

Available data and funding

The roads data reported in Note C1-6 of Council's Financial Statements 2020/2021, is based on the revaluation completed in 2020.

Council's roads assets were revalued as part of the fair valuation requirements as at 30 June 2020 in line with revaluation requirements.

Infrastructure backlog and future funding allocation

The table below shows the projected backlog figures, capital and maintenance expenditure for roads over the next 10 years.

Roads \$'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Backlog - Cost to Satisfactory	10,319	4,255	1,578	-	-	-	-	-	-	-
Backlog - Cost to Agreed Level of Service	60,360	54,296	51,619	49,104	46,545	43,942	40,974	37,986	34,467	28,752
Renewal	10,980	13,207	10,158	10,182	10,427	10,677	11,274	11,545	12,435	14,878
New/Upgrade	4,204	10,300	8,776	-	482	546	1,677	2,351	8,171	1,308
Maintenance	1,567	1,621	1,678	1,737	1,798	1,861	1,926	1,993	2,063	2,135

Condition

Accounting for asset condition in Council's Annual Financial Statements over the past six years implies a moderate improvement in the proportion of roads which would meet the condition rating required to deliver satisfactory service to the community (i.e. in the case of roads, Condition 3 or better). The table below shows the change in condition ratings since 2015/2016.

Change in Condition of Roads 2015/2016 to 2019/2020					
	2015/2016*	2016/2017**	2017/2018**	2018/2019**	2019/2020**
% meeting required 'satisfactory' condition rating	85%	73%	84%	90.4%	88.4%
% not meeting required condition rating	15%	27%	16%	9.6%	11.6%
* Assets in each condition rating as % of written down value					
** Assets in each condition rating as % of gross replacement costs					

Service level expectations

The community consultation identified our roads as a high priority and residents support reducing any funding gaps to improve the condition of our footpaths. The community's high expectation of our roads influences our investment in renewal funding which is strengthened by a Special Rate Variation (SRV) for local roads.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

The condition of the roads will continue to be assessed and updated on a regular basis.

Footpaths

Available data and funding

The footpath data reported in Note C1-6 of Council's Financial Statements 2020/2021, is based on the revaluation completed in 2020. The data has been reviewed by a consultant who determined that the asset register was well established and recommended that condition assessments continue on an ongoing basis.

Council's footpath assets were revalued as part of the fair valuation requirements and imported into the corporate asset system 30 June 2020 in line with revaluation requirements.

Infrastructure backlog and future funding allocation

The table below shows the projected capital and maintenance expenditure and the backlog figures for footpaths over the next ten years. Where there is no projected backlog for these assets adequate levels of capital and maintenance investment is proposed over the next ten years. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Net Carrying Amount of the asset class and the percentage of those assets in various conditions⁵.

Footpaths \$'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Backlog - Cost to Satisfactory	2,400	2,632	3,031	2,429	1,789	1,129	448			
Backlog - Cost to Agreed Level of Service	2,977	2,744	2,345	2,948	3,587	4,247	4,928	5,630	6,355	7,170
Renewal	1,994	1,512	1,755	809	825	859	893	930	965	934
New/Upgrade	3,322	4,729	3,240	1,590	1,363	1,381	1,401	1,420	1,441	1,917
Maintenance	949	970	993	1,016	1,040	1,065	1,090	1,116	1,143	1,170

⁵ Ku-ring-gai Council Annual Report 2020/2021 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2021.

Service level expectations

The community consultation identified our footpaths as a medium to high priority and residents support reducing any funding gaps to improve the condition of our footpaths. The community's high expectation of our footpaths influences our investment in renewal funding.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

The condition of the footpaths will continue to be assessed and updated on a regular basis.

Kerb and Gutter, Car Parks, Road Structures and Bridges

Available data

Council's kerb and gutter assets was revalued as part of the fair valuation requirements and imported into the corporate asset system 30 June 2020 in line with revaluation requirements.

Council's car park, road structures and bridges assets are revalued as part of the fair valuation requirements. The register was imported into the corporate asset system by 30 June 2020 in line with revaluation requirements.

Infrastructure backlog and future funding Allocation

The table below shows the projected capital and maintenance expenditure and the backlog figures for kerb and gutter, car parks, road structures and bridges. Where there is no projected backlog for these assets adequate levels of capital and maintenance investment is proposed over the next ten years. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Nett Carrying Amount of the asset class and the percentage of those assets in various conditions⁶.

⁶ Ku-ring-gai Council Annual Report 2020/2021 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2021.

Kerb and gutter, car parks, structures and bridges \$'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Backlog - Cost to Satisfactory	-	-	-	-	-	-	-	-	-	-
Backlog	3,640	4,599	1,062	1,923	3,717	6,267	8,644	10,341	13,211	15,624
Renewal	8,684	1,661	6,328	2,017	1,174	494	747	1,614	531	1,081
New/Upgrade	21,628	6,341	11,507	1,755	2,061	153	256	11,828	671	937
Maintenance	1,744	1,805	1,868	1,934	2,001	2,071	2,144	2,219	2,297	2,377

Service level expectations

The community consultation identified kerb and gutter as a low priority and it is the community's low expectation of our kerb and gutter that influences the investment in renewal funding. It should be noted that kerb and gutter renewal is carried out in line with Council's roads renewal program. The community consultation identified car parks as a moderate priority and to date there has been no community consultation for bridges and road structures.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations.

A condition assessment program will be developed for these asset groups and the asset register is updated on a regular basis. The tables above show the projected capital and maintenance expenditure and the backlog figures for these assets.

It is important to note that the substantial amount of the capital new/upgrade funding is partially funded through Section 7.11 and will be spent on upgrading our local centre structures over the next ten years.

Buildings

Council's building asset class is separated into operational, community and commercial asset groups. Operational buildings include Council offices and depot while commercial assets consist of council owned and leased residential properties and retail services. Community buildings comprise of public toilet amenities, libraries, child care centres, halls, community centres, clubhouses and shelters. All asset information pertaining to each group is contained within Council's fair valuation register.

Community Objective

The building asset class supports the long term objectives of our Community Strategic Plan through the following Themes;

- **Community, People and Culture** - *An equitable, inclusive and resilient community that cares and provides for its residents and embraces healthier lifestyles.*
- **Places, Spaces and Infrastructure** - *(1) Our centres offer a broad range of shops and services and contain lively and shaded urban village spaces and places where people can live, work, shop, meet and spend leisure time. (2) Multipurpose community buildings and facilities are available to meet the community's diverse and changing needs. (3) An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Leadership and Governance** - *Council rigorously manages its financial resources, to sustainably deliver assets and facilities to maximise delivery of services.*

Available data

Council's building asset data is based on the revaluation completed by a registered valuer. Previously only buildings over \$750,000 were valued at a component level whilst buildings below \$750,000 were given an overall value and an average condition rating. The Building Register was reviewed by an independent consultant who recommended a reassessment of condition ratings and the useful lives of heritage buildings.

Infrastructure Backlog and Future funding allocation

The table below shows the projected capital and maintenance expenditure and the backlog figures for buildings. Where there is no projected backlog for these assets adequate levels of capital and maintenance investment is proposed over the next ten years. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Nett Carrying Amount of the asset class and the percentage of those assets in various conditions⁷.

Buildings \$'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Backlog - Cost to Satisfactory	1,296	3,375	5,627	7,360	6,598	1,922	198	-	-	-
Backlog - Cost to Agreed Level of Service	7,567	9,646	11,898	13,631	12,869	8,193	9,347	10,547	9,343	11,607
									-	-
Renewal	1,918	1,641	1,538	1,751	5,124	9,171	3,468	3,560	6,097	2,765
New/Upgrade	3,805	17,732	760	773	810	806	838	830	731	749
Maintenance	3,427	3,547	3,671	3,800	3,933	4,070	4,213	4,360	4,513	4,671

Service level expectations

The community consultation identified our buildings as an asset priority and support reducing any funding gaps to improve the condition of the buildings. The community's high expectation of our buildings influences the investment in renewal funding for this asset class.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

Council has completed an internal condition assessment of all buildings at a component level. The current building asset register is a standalone NAMS Plus asset management system which does not integrate with Council's corporate asset management system. The transfer of the NAMS Plus asset management data into the corporate asset management system was completed in 2021/2022. This allows for more accurate data collection with regards to works undertaken and planned within the building assets.

⁷ Ku-ring-gai Council Annual Report 2020/2021 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2021.

Stormwater Drainage

Council's stormwater drainage network includes underground assets such as pits and pipes and surface drainage assets including detention basins and open channels. The stormwater drainage asset components are maintained by Council Engineering Services section within the Operations Department.

Council levies a stormwater management levy, and this funding source is used to improve the drainage system and the maintenance of Council's drainage systems.

Community Objective

The Stormwater Drainage asset class supports the long term objectives of our Community Strategic Plan through the following Themes;

- **Natural Environment** - *Our natural waterways and riparian areas are enjoyed, enhanced and protected.*
- **Places, Spaces and Infrastructure** - *An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Leadership and Governance** - *Council rigorously manages its financial resources, to sustainably deliver assets and facilities to maximise delivery of services.*

Available data

Council's stormwater drainage data reported in Note C1-6 of Council's Financial Statements 2020/2021, is based on the revaluation completed in 2018. In 2017/2018 Council transferred this asset class data into the corporate asset management system. The transfer of data included a review of useful lives and unit rates.

Council conducted CCTV inspections on a small percentage of the drainage network as a representative sample to determine the overall condition of our stormwater drainage infrastructure. In 2019/2020, Council commenced a proactive CCTV inspection program of its drainage network in addition to undertaking inspections on a reactive basis or through customer requests.

Infrastructure backlog and future funding Allocation

The following table shows the projected capital and maintenance expenditure and the backlog figures for this asset class. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Nett Carrying Amount of the asset class and the percentage of those assets in various conditions⁸.

⁸ Ku-ring-gai Council Annual Report 2020/2021 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2021.

Stormwater \$'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Backlog - Cost to Satisfactory	5,267	5,460	6,256	6,725	7,569	7,820	6,767	5,207	3,018	3,758
Backlog - Cost to Agreed Level of Service	7,460	7,653	8,449	8,918	9,762	10,013	11,415	11,180	8,991	9,731
Renewal	1,181	1,689	1,140	1,518	1,196	1,843	749	2,442	4,455	1,588
New/Upgrade	1,945	1,029	913	462	473	484	496	507	520	596
Maintenance	1,795	1,858	1,923	1,990	2,060	2,132	2,207	2,284	2,364	2,446

Service level expectations

The community consultation identified our stormwater drainage assets as a priority and supported reducing funding gaps to improve the condition of these assets. The community's high expectation of our stormwater drainage influences the investment in capital and operational funding.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

Council will also continue to monitor asset condition utilising cost effective measures where possible.

Recreational Facilities

The recreational facilities asset class comprises of all assets within our sportsfields, parks and bushland locations. Asset groups within these areas include ovals, golf courses, playgrounds, playing courts, walking tracks and fire trails. The assets are maintained by the Infrastructure Services Section within the Operations Department.

The recreational facilities asset register is contained within a corporate assets system and technical and financial asset information is integrated in this system.

Community Objective

The recreational facilities asset class supports the long term objectives of our Community Strategic Plan through the following Themes;

- **Community, People and Culture** - *An equitable, inclusive and resilient community that cares and provides for its residents and embraces healthier lifestyles.*
- **Natural Environment** - *A community transitioning to net zero emissions and responding to the impacts of climate change and extreme weather events.*
- **Places, Spaces and Infrastructure** - *(1) Our centres offer a broad range of shops and services and contain lively and shaded urban village spaces and places where people can live, work, shop, meet and spend leisure time. (2) Recreation, sporting and leisure facilities are available to meet the community's diverse and changing needs. (3) An improved standard of infrastructure that meets the community's service level standards and Council's obligations as the custodian of our community assets.*
- **Leadership and Governance** - *Council rigorously manages its financial resources, to sustainably deliver assets and facilities to maximise delivery of services.*

Available data

The recreational facilities asset data reported in Note C1-6 of Council's Financial Statements 2020/2021, is based on the revaluation completed in 2016 as part of the import into the new corporate system.

Future infrastructure backlog and Future funding allocations

The table below shows the projected capital and maintenance expenditure and the backlog figures for this asset class. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS). The reported CTS is based on the Nett Carrying Amount of the asset class and the percentage of those assets in various conditions⁹.

⁹ Ku-ring-gai Council Annual Report 2020/2021 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2021.

Recreational facilities \$'000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Backlog - Cost to Satisfactory	-	-	-	-	-	-	-	-	-	-
Backlog - Cost to Agreed Level of Service	-	1,409	2,503	766	-	2,481	5,263	8,423	10,339	13,819
Renewal	4,379	2,386	2,850	5,804	5,612	1,861	1,751	1,548	2,974	1,595
New/Upgrade	8,537	4,546	2,664	1,173	2,970	352	4,024	2,991	3,152	3,006
Maintenance	9,186	9,507	9,840	10,184	10,541	10,910	11,292	11,687	12,096	12,519

Service level expectations

Community consultation identified sportsfield and playground assets as having moderate importance to our community. The level of support to reduce the funding gap was also moderate. The community considered bushland infrastructure to be of low priority.

The community's high expectation of our sportsfields, playgrounds and golf courses influences the investment in capital and operational funding.

Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

Council will continue to undertake condition assessments and review asset data to ensure that the asset register is updated on a regular basis.

How will we get there?

The Asset Management Strategy proposes the following strategies to enable the objectives of the Community Strategic Plan to be achieved.

No	Strategy	Desired Outcome
1	Long Term Financial Planning.	The long term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Update Long Term Financial Plan to incorporate Asset Management Strategy expenditure projections.	Funding model to provide Council services.
4	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
5	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
6	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
7	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Service delivery is matched to available resources and operational capabilities.
8	Ensure responsibilities for asset management are identified.	Responsibility for asset management is defined.
9	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
10	Report to Council on development and implementation of Asset Management Strategy, Asset Management Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

Asset Management Improvement Plan

To ensure the Asset Management Strategy is implemented effectively and efficiently, an Asset Management Improvement Plan has been prepared.

The actions required to undertake improvement of Council's asset management capabilities are impacted by both internal and external influences and require resources or enablers. These enablers can be in the areas of people, processes, technology and information and data.

The Asset Management Improvement Plan prioritises specific capability areas which were identified through a gap analysis process, and where action is required to raise Council's asset management capacity to the desired level of maturity. Implementation of these improvements requires resourcing and monitoring. The actions have been integrated into Council's Delivery Program and Operational Plans to ensure ongoing resourcing, implementation and performance monitoring.

Roads and Transport				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Assets and procedures for cost and risk assessment documented Continual maintenance of procedures	Review of processes and practices	Ongoing	Director Operations Team Leader Risk Advisory Manager Technical Services
Data and Knowledge	Improve data knowledge	Continue to develop data collection procedure and program for all assets Consultant to assess the condition of all road surface and pavement assets Inspect all road structures and street furniture assets and update in register Inspect all other assets on an ongoing basis	Ongoing Completed for current revaluation. Ongoing assessment for maintenance. Ongoing	Director Operations Manager Technical Services Civil Works Coordinator Pavement Engineer Engineering Assets Coordinator Team Leader Design and Projects
Asset Management Plans	Better asset planning and management	Review and update asset management plans and associated processes	Regular updates undertaken as needed.	Director Operations Manager Technical Services Civil Works Coordinator Pavement Engineer

Roads and Transport (Cont.)				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Asset Information Systems	Corporate-wide integrated asset management system	Incorporating road asset data into Enterprise Asset Management (EAM) Provide training to asset custodians	EAM regularly updated. Ongoing	Director Operations Manager Technical Services Coordinator Business Systems
People and Organisational Issues	Understanding of road asset management	Provide staff training for all facets of road asset management	Ongoing	Director Operations Manager Technical Services
Implementation Tactics	Outline of required road asset management activities	Review core and non-core activities	Ongoing	Director Operations
Strategy and Planning	Advanced maintenance and renewal plans Life cycle cost analysis Service level review	Develop robust asset renewal, maintenance and operational plans Improve life cycle cost data knowledge Review and update service levels for each asset category within transport asset class	Ongoing updates Ongoing	Director Operations Manager Technical Services Civil Works Coordinator Pavement Engineer

Buildings				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Improved management processes	Implement and/or improve building asset management processes	Ongoing	Director Operations Team Leader Risk Advisory
		Assets and procedures for cost and risk documented	Ongoing	Manager Technical Services
		Continual maintenance of procedures	Ongoing	
Data and Knowledge	Complete database of assets	Develop an asset register that captures all building components	Phase 1 - completed Phase 2 - ongoing	Building Assets Coordinator
Asset Management Plans	Better asset planning and management	Review and update asset management plans and associated processes	All plans monitored and updated as needed	Director Operations Building Assets Coordinator
Asset Information Systems	Asset register	Update all asset components and assign	Completed	Director Operations
	Transfer data to works and assets	Values, useful lives and conditions Include buildings data into corporate system EAM	2022/2023 Phase 2 - 2022/2023	Manager Technical Services Building Assets Coordinator Coordinator Business Systems
People and Organisational Issues	Understanding of building asset management	Provide staff training for all facets of building asset management	Ongoing	Director Operations Manager Technical Services
	Asset performance register	Review and measure asset performance	Ongoing	Building Assets Coordinator

Buildings (Cont.)				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Implementation Tactics	Outline of required building asset management activities	Review core and non-core activities	Annually	Director Operations
Strategy and Planning	Advanced maintenance and renewal plans	Develop advanced asset renewal and maintenance plans	Ongoing	Director Operations Manager Technical Services
	Life cycle costs analysis	Improve required life cycle costs	Ongoing annually	Manager Technical Services
	Service level review	Review and update all service levels	Ongoing annually	Building Assets Coordinator

Drainage				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Improved management processes	Implement and/or improve drainage asset management processes	Ongoing	Director Operations Manager Technical Services Drainage Assets Engineer
		Continual maintenance of procedures	Ongoing	
Data and Knowledge	Complete database of assets	Ongoing development of data collection procedure and program Review useful lives, condition and capacity	Ongoing	Drainage Engineer Director Operations
Asset Management Plans	Advanced Drainage Asset Management Plan	Update Asset Management Plan	Update as needed	Director Operations Drainage Assets Engineer
Asset Information Systems	Corporate asset management system	Update data into corporate system. Include camera investigation of pipelines.	(regularly updated)	Manager Technical Services Drainage Assets Engineer Coordinator Business Systems
People and Organisational Issues	Understanding of drainage asset management	Provide staff training for all facets of drainage asset management	Ongoing	Director Operations Manager Technical Services
	Asset performance register	Review and measure asset performance	Annually	Drainage Engineer

Drainage (Cont.)				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Implementation Tactics	Outline of required drainage asset management activities	Review core and non-core activities	Annually	Director Operations
Strategy and Planning	Advanced maintenance and renewal plans	Develop advanced asset renewal and maintenance plans	2022/2023	Director Operations Manager Technical Services
	Life cycle cost analysis	Update required life cycle costs	Annually	Manager Technical Services
	Service levels	Update service levels	Annually	Drainage Assets Engineer

Recreation Facilities				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Improved management processes	Implement and/or improve recreational asset management processes	Ongoing	Director Operations
		Continual maintenance of procedures	Ongoing	Manager Infrastructure Services
Asset Management Plans	Advanced Recreation Facilities Asset Management Plan	Update Asset Management Plan	Ongoing	Manager Infrastructure Services Open Space Asset Supervisor
People and Organisational Issues	Asset performance register	Review and measure asset performance	Annually	Manager Infrastructure Services
	Training	Ongoing support and training for asset procedures		
Implementation Tactics	Outline of required parks and recreation asset management activities	Review core and non-core activities	Annually	Manager Infrastructure Services
Strategy and Planning	Advanced maintenance and renewal plans	Develop advanced asset renewal and maintenance plans	2022/2023	Director Operations
	Life cycle cost analysis	Improve life cycle costs	Ongoing	Manager Infrastructure Services
	Service levels	Update service levels	Ongoing	Open Space Asset Supervisors

Reporting and Assessment - Measuring Our Performance

The approach to assessing performance in relation to asset planning and measurement will be both quantitative and qualitative.

Council's Integrated Planning and Reporting processes form the core of our continuous improvement programs and are embedded within the organisation.

The development of term achievements, tasks and performance measures relating to the delivery of infrastructure asset programs are contained in the Delivery Program and annual Operational Plan, and subsequent reporting is conducted bi-annually and annually to ensure progress and/or achievements are measured and reported.

Reporting on these indicators is the responsibility of all asset managers who are custodians and have control of specific asset classes.

Regular periodic surveys with the community, gauging perceptions between satisfaction of built asset classes and services being provided are conducted. The ongoing use of community surveys will be tailored to include specific asset management issues to ensure relevance of the programs at the required levels of service continue.

Conclusion

Whilst significant work has been undertaken in providing more consistent asset management planning, continued diligence is required to facilitate ongoing improvements for all infrastructure assets under the Council's control and management.

This strategy, together with asset managers, custodians, staff and the community will allow a continued progression toward service excellence.

Management techniques drawing on the financial, risk, environmental and social drivers will assist in providing an improved asset management performance by enabling Council to work with the community to ensure operations are better understood.

Although adopted as a 10 year Asset Management Strategy, annual revisions are carried out to ensure relevance in responding to government and our community. Specifically, with the review of the Community Strategic Plan, the development of each new Delivery Program and Resourcing Strategy every four years we need to ensure what we provide aligns with community objectives and priorities, and that the community understands the implications of these directions.

Appendix A - Asset Management Policy 2018

Ku-ring-gai Council

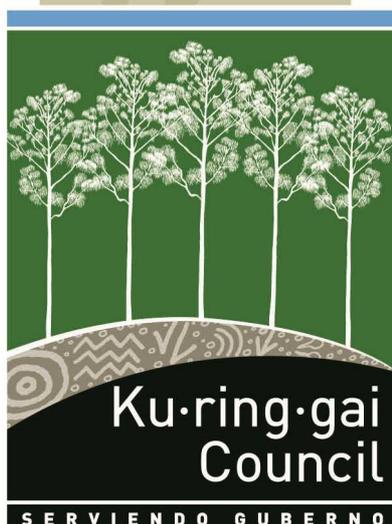
Policy

Asset Management Policy

Version Number 3

Adopted: 26/06/2018

Effective: 27/06/2018



Asset Management Policy

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Controlled Document Information

Authorisation Details

This is a Controlled Document. Before using this document check it is the latest version by referring to Council's Controlled Document Register. Unless otherwise indicated, printed or downloaded versions of this document are uncontrolled.			
Controlled Document Number:	77	TRIM Record No:	2018/112988
Controlled Document Type:	Policy		
Controlled Document Name:	Asset Management Policy		
Version Number:	3		
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Document Status:	Approved		
Approval Type:	Adopted by Council		
Version Start Date:	27/06/2018	Version End Date:	(if applicable enter the date that this version was superseded or cancelled)

Related Document Information, Standards & References

Related Legislation	Local Government Act 1993	Provides the legal framework for an effective, efficient, environmentally responsible and open system of local government in NSW. To regulate the relationships between the people and bodies comprising the system, and to encourage and assist the effective participation of local communities in the affairs of local government. Includes the preparation of strategic plans and a long term financial plan supported by Asset Management Plans for sustainable service delivery.
	Environmental Planning and Assessment Act 1979	Sets out to encourage the proper management, development and conservation of natural and artificial resources for the purpose of promoting the social and economic welfare of the community and a better environment and the protection of the environment, including the protection and conservation of native animals and plants, including threatened species, populations and ecological communities, and their habitats.
	Heritage Act 1977	To promote understanding of heritage issues and conservation of items of heritage significance.
	Occupational Health and Safety Act 2000	Sets out the responsibilities of Council to secure and promote the health, safety and welfare of people at work.
	Disability Discrimination legislation including - Commonwealth Disability Discrimination Act 1992 (DDA)	Sets out the responsibilities of Council and staff in dealing with access and use of public infrastructure.

This is a Controlled Document. Before using this document check it is the latest version by referring to Council's Controlled Document Register. Unless otherwise indicated, printed or downloaded versions of this document are uncontrolled.

	- NSW Anti- Discrimination Act 1997	
Related Documents	<p>Our Ku-ring-gai- Community Strategic Plan 2038</p> <p>Resourcing Strategy 2018-2028</p> <p>Delivery Program 2018-2021 and Operational Plan 2018-2019</p> <p>Asset Management Strategy 2018 – 2028</p> <p>Asset Management Plans</p> <p>Procedures for New, Upgraded, Renewed and Disposed assets</p>	<p>The policy integrates with Council's Integrated Planning and Reporting documents.</p> <p>The Asset Management Policy guides the asset management strategy, plans and procedures</p>
Other References	<p>Integrated Planning and Reporting Guidelines for Local Government in NSW March 2013</p> <p>Integrated Planning and Reporting Manual for Local Government in NSW-March 2013</p> <p>Local Government Code of Accounting Practice and Financial Reporting</p> <p>Australian Accounting Standards</p> <p>IPWEA International Infrastructure Management Manual (IIMM) 2015</p> <p>Australian Infrastructure Audit Report May 2015</p>	<p>The Policy was developed in line with the IP&R guidelines and manual.</p> <p>The accounting standards and code define how our assets are accounted for.</p> <p>The development of the Policy considered the IPWEA IIMM manual and Infrastructure Australia Strategic Policies & Plans.</p>

Version History

Version Number	Version Start Date	Version End Date	Author	Details and Comments
1	04/02/2009	26/08/2014	Deborah Silva	Original
2	26/08/2014	26/06/2018	Vanessa Young	First review
3	27/06/2018	30/06/2021	Parissa Ghanem	Policy revised in line with Integrated Planning & Reporting processes.

Policy

Background

Asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve our strategic service delivery objectives.

Sustainable service delivery ensures that services are delivered in a socially, economically and environmentally responsible manner that does not compromise the ability of future generations to make their own choices.

Purpose and Objectives

The purpose of this policy is to demonstrate Ku-ring-gai Council's commitment to the responsible management of its assets. The policy sets out principles, requirements and responsibilities for implementing consistent asset management processes throughout Council. It also ensures that Council as the custodian of public infrastructure, has mechanisms in place to deliver infrastructure services in the most effective manner.

Objective

To ensure that adequate provision is made for the long-term management of Council's assets by:

- ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- safeguarding infrastructure assets, physical assets and employees by implementing appropriate asset management strategies and financial resources for those assets.
- implementing appropriate asset management strategies, plans and financial resources for the preservation of assets.
- creating an environment where all employees play an integral part in the overall management of infrastructure assets by creating and sustaining a culture of asset management awareness through training and development.
- meeting legislative requirements for asset management.
- ensuring resources and operational capabilities are identified and allocated for asset management.
- demonstrating transparent and responsible asset management processes that align with best practice.

Scope

This policy applies to all asset classes owned by Council. Council's asset classes identified in the asset hierarchy are:

- Buildings and Land
- Roads and Transport
- Stormwater Drainage
- Recreational Facilities
- Fleet and Plant
- Information Technology

Other assets accounted for include library books, furniture and fittings, and office equipment.

Responsibilities

The following key roles and responsibilities are identified in the management of this policy:

Mayor and Councillors

Are responsible for adopting the completed policy objectives and ensuring sufficient resources are applied to manage the assets.

Council

Council is responsible for:

- providing stewardship
- adopting a corporate asset management policy and strategy
- considering the impact of financial and service level decisions on Council's assets
- ensuring that organisational resources are allocated to safeguard sustainable service delivery.

Asset Management Steering Group

The Asset Management Steering Group is responsible for:

- reviewing the Asset Management Policy and Asset Management Strategy and ensuring integration with the Long Term Financial Plan and other Integrated Planning & Reporting documents
- monitoring the implementation of Asset Management Policy, Strategy and Plans
- developing and reviewing processes and practices to ensure assets are managed effectively
- ensuring that asset information is captured and updated into asset registers
- operating within an agreed 'Terms of Reference'

Directors/Managers

Directors and Managers are responsible for:

- allocating resources to the implementation of the Asset Management Strategy and Plans
- ensuring that actions identified in the Asset Management Strategy and Improvement Plan are completed within timeframes
- integrating asset management principles and practices into the organisation's business processes
- developing and implementing maintenance and capital works programs in accordance with the Integrated Planning and Reporting documents
- delivering Levels of Service to agreed risk and cost standards
- managing infrastructure assets in consideration of long term sustainability
- presenting information to Council on lifecycle risks and costs

- ensuring that individual asset management responsibilities are identified in relevant staff position descriptions

Asset Management Framework

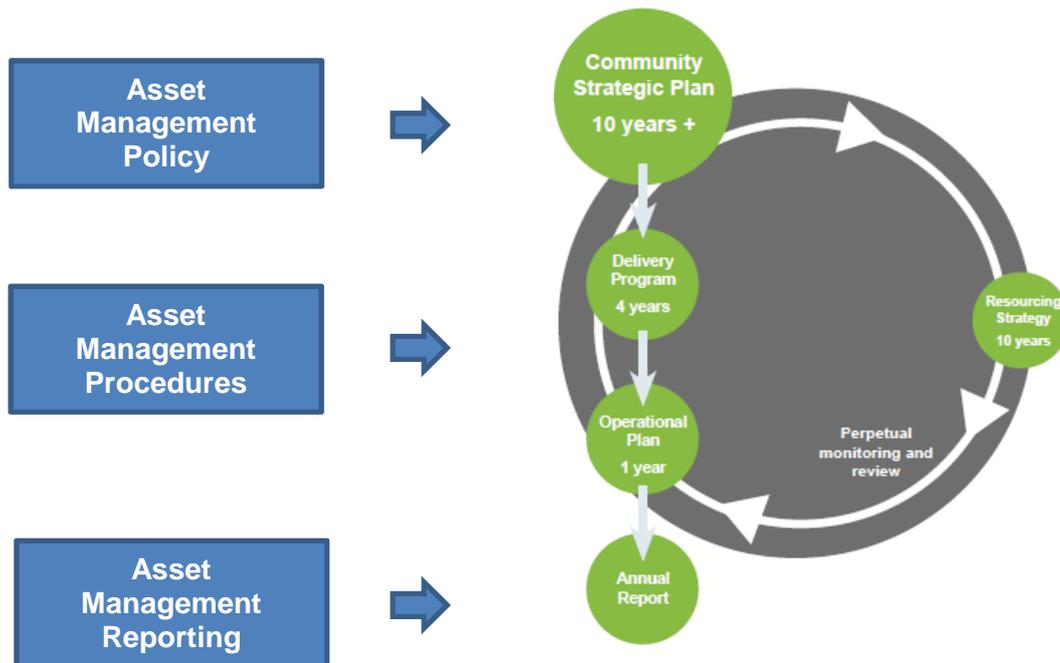


Figure 1 Councils Asset Management aligns with the Integrated Planning and Reporting Framework

Policy Statement

Asset Management Principles

The organisation's sustainable service delivery requirements will be met by adequately providing for the long-term planning, financing, operation, maintenance, renewal, upgrade, and disposal of assets. This is accomplished by ensuring that:

- All relevant legislative requirements together with social, political and economic environments are taken into account in asset management
- The Asset Management Strategy outlines the implementation of systematic asset management and appropriate best practice throughout Council
- The Asset Management Plans are revised to align with the Resourcing Strategy. The Plans are informed by community consultation, technical and financial planning and reporting
- Service levels are developed and defined in each asset management plan. The Service Levels will form the basis of annual budget estimates
- Inspection programs are developed for each asset class and regular inspections are carried out to maintain the agreed service levels and to identify asset renewal priorities
- Assets are managed, valued, and accounted for in accordance with appropriate best practice
- Future service levels are determined in consultation with the community
- Renewal plans are developed based on service levels, conditions and risk
- Future life cycle costs are reported and considered in all decisions relating to new services and assets and upgrading existing services and assets
- An organisational culture is promoted whereby all employees with asset management responsibilities are provided the necessary training and professional development
- The required operation capabilities and resources are provided and asset management responsibilities are effectively allocated

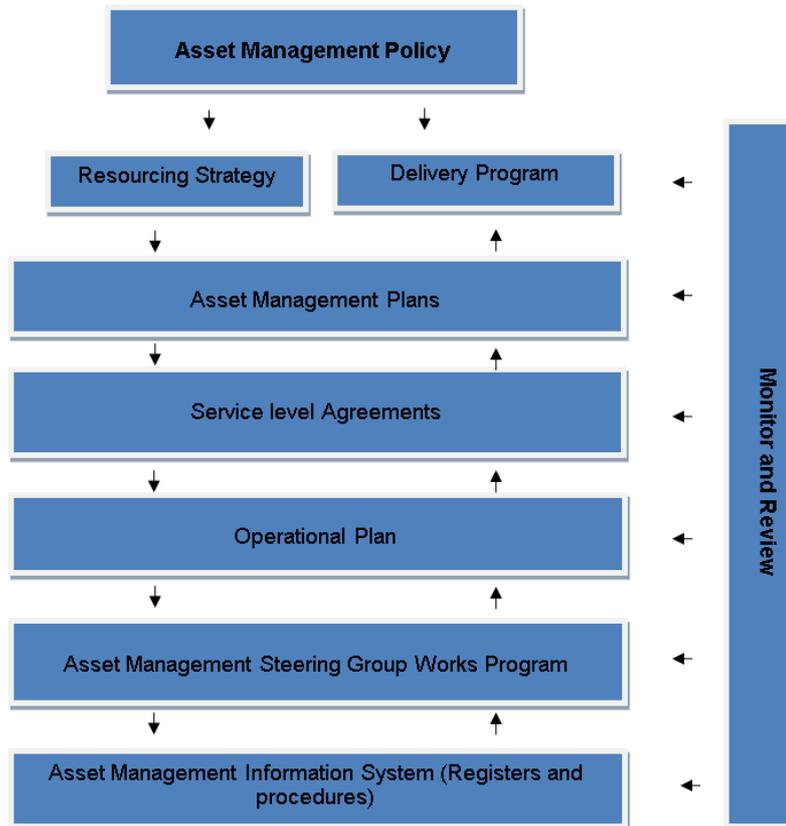
Policy implementation

Council's assets will be managed in the most cost effective manner, driven by defined service levels and performance standards. This will require ongoing assessment of the following key issues:

- Customer and community expectations;
- Strategic and corporate goals;
- Long term financial model; and
- Legislative requirements

This should be achieved through strategic planning, service level review, output review, and development/implementation of the asset management framework.

The Asset Management Steering Group will oversee the implementation of the asset management reporting framework as identified in Figure 2.



Definitions

Term	Definition
Asset	A physical item owned by council that has economic value and enables services to be provided.
Asset life cycle	The life of an asset; from its acquisition to disposal.
Asset Management Information System	An asset management information system is a combination of processes, data and software applied to provide the essential outputs for effective asset management such as reduced risk and optimum infrastructure investment.
Asset management	Asset management (AM) is a systematic process to guide the planning, acquisition, creation, operation and maintenance, renewal and disposal of assets.
Asset Management Plan	A plan developed for the management of an asset class that combines multi-disciplinary management techniques (including technical and financial) over the life cycle of the asset, in the most cost effective manner to provide a specified level of service.
Asset Management Strategy	The Asset Management Strategy is a component of the Resourcing Strategy. It demonstrates how our assets support service delivery in consultation with the community and within available funding.
Asset register	A record of asset information including inventory, historical, financial, condition, construction, technical, and financial details.
Infrastructure asset	Infrastructure assets are typically large, interconnected networks or portfolios of composite assets, comprising components and sub-components
Level of service	The defined service quality for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
Life cycle cost	The total cost of an asset throughout its useful life.
Operational Plan	The Operational plan comprises detailed implementation plans and information with a 1-year outlook (short-term). The plans typically cover operational control to ensure delivery of asset management policy, strategies and plans. The plans also detail structure, authority, responsibilities, defined levels of service and emergency responses.
Useful life of an asset	The period over which a depreciable asset is expected to be used



Workforce Management Strategy

2022–2026

April 2022

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Introduction

Ku-ring-gai Council's Workforce Management Strategy outlines our commitment to ensuring Council has both the capacity and capability within its workforce to deliver positive outcomes for the organisation and ultimately the community.

The Workforce Management Strategy together with the Asset Management Strategy and Long Term Financial Plan, provide the resources necessary to achieve Council's Delivery Program and Operational Plan that support our Community Strategic Plan. It aligns with and supports our key planning and strategy documents to ensure that we have a capable, skilled, engaged and sustainable workforce in order to deliver on our commitments.

This strategy meets the Office of Local Government's Integrated Planning and Reporting (IP&R) requirements where assets, finances and the workforce are planned in an integrated framework. It identifies high level themes and focus areas and provides a strategic framework to guide our people management strategies over the next 4 years.

It is anticipated that the local government industry and our workforce will experience moderate changes during the period and as such the Workforce Management Strategy 2022-2026 will be reviewed extensively in line with the annual IR&P annual cycle.

Workforce Planning and Development

Standards Australia defines Workforce Planning as a management technique which is used to effectively manage workforce demand and supply.

It is the process used to align the needs of a business with those of its workforce by identifying current and future staffing needs.

Workforce Planning focuses on retaining existing staff as well as attracting new employees to ensure an organisation has the right number of people, with the right skills in the right jobs at the right time.

The Workforce Management Strategy details Council's strategic approach to workforce development, whilst the outcomes of our workforce planning are detailed in the Long Term Financial Plan.



Organisational Context

The External Environment

NSW Labour Market & Economy

In January 2022, the unemployment rate for New South Wales was 4.2% (down from 5.3% in 2021), with the Sydney North and West region having an unemployment rate of 4.1%. Employment participation in the Sydney North and West region was sitting at 65.3% compared to the State at 64.8%.

Ku-ring-gai Local Government Area

The population estimate for the Ku-ring-gai Council area as of June 2021 is 126,554. Since the previous year, the population has declined by 0.82%. Population growth in Greater Sydney was also in decline for the same period (-0.1%). Population growth in New South Wales was 0.26%. (profile.id).

Ku-ring-gai has a vibrant and increasingly diverse population spanning all generations. It is a popular area for families with school aged children attracted to the area for its open spaces, range of sporting facilities, access to schools and health services and close proximity to major employment areas.

Our residents are generally employed as professionals in the health, social assistance, education and finance sectors.

About 40 per cent of residents were born overseas, mainly in the United Kingdom, South Africa, Hong Kong, New Zealand, China or South Korea. Aside from English, the most commonly spoken languages at home are Cantonese, Mandarin and Korean. Remains unchanged until census released in June 2022.

We face many challenges in catering for our population growth and meeting the ever changing needs of our diverse community.

NSW Local Government Sector

Approximately 45,000 FTE (full time equivalent) staff work in local government in NSW. NSW councils are diverse in geographical size, population and cultural mix, rates of growth and functions performed. Many are significant local employers, offering jobs in a wide range of occupations. Yet most councils face similar workforce challenges as they compete for labour drawn from within and outside their local areas.

Within the local government industry there continues to be strong competition for key professional appointments such as Building Surveyors, Town Planners, Engineers and Early Childhood Teachers.

Research undertaken by NSW Local Government in 2015 indicates that the greatest future workforce challenges facing NSW Councils are as follows:

1. Ageing workforce
2. Uncertainty surrounding local government reform
3. Skill shortages across a number of professional areas
4. Limitations in leadership capability
5. Gender imbalance in senior roles
6. Lack of skills and experience in workforce planning
7. Lack of workforce trend data
8. Difficulty in recruiting staff
9. Resistance to more flexible work practices
10. Lack of cultural diversity.

(NSW Local Government Workforce Strategy 2016-2020)

There are two key strategic documents that have been designed to support the Local Government workforce at a State and National level. A brief overview of each is provided below.

National Local Government Workforce Strategy 2013-2020

The National Local Government Workforce Strategy 2013-2020 is designed to futureproof the challenges faced by local government, and to move the sector towards a more sustainable workforce through retention, attraction and development at a time when Australia is confronted by decreasing supply and an increasing demand for skilled workers.

It recognises that local governments are often significant local employers and require a diverse workforce that encompasses a wide range of occupations. Without effective local governments, local economies and communities struggle to operate, especially in regional Australia. In addition, as the functions of local government increase and expand, workforce capacity, capability and innovation become even more critical.

The following 8 key themes identified within this strategy are designed to provide a consistent national methodology for workforce development in order to encourage a strategic approach to meeting current and emerging challenges.

1. ***Improving Workforce Planning and Development*** - The first strategy explores workforce demands and skill shortages and identifies the extent to which planning for these exists in councils, and what barriers exist. Data gathered through the Australian Local Government Workforce and Employment Census informs where demands and shortages lie, as does information from the Environmental Scans of the various Industry Skills Councils. The identification of demands and skills shortages is an essential first step in developing an informed and appropriate workforce.
2. ***Promoting Local Government as a Place-Based Employer of Choice*** - Local government is uniquely placed as a local employer with national reach to position its employment offerings to retain and attract workers. This is explored in the second strategy. The focus is on place-based Employment Value Propositions (EVPs) and removing barriers to workforce mobility.

3. **Retaining and Attracting a Diverse Workforce** - The third strategy is about workplace diversity and equity. A flexible and multi-skilled workforce is informed by the multifaceted community which it serves. The diversity of the workforce encapsulates the tapping of underemployed talent, the reengagement of former employees, a focus on women in leadership, increasing the participation of Indigenous Australians and those from a culturally and linguistically diverse (CALD) background, and the recruitment of skilled migrants.
4. **Creating a Contemporary Workplace** - Flexibility and sustainability are the key issues of the fourth strategy. By being responsive to the needs and desires of the current and potential workforce, local government is better equipped to combat skill shortages and better retain and attract workers. New ways of working flexibly and sustainably can include job sharing, flexible working hours, compressed working weeks, part-time work, and working from home.
5. **Investing in Skills** - Combating skill shortages and ensuring the sector has the skills it requires to deal with current and future service needs is the focus of the fifth strategy. There are opportunities to increase skills by taking advantage of government training programs, and by using good people management to create and increase skills.
6. **Improving Productivity and Leveraging Technology** - Embracing and investing in technology to increase workplace productivity are the key themes of strategy six. Broadband rollout and the potential benefits it provides is a critical contributor to the National Productivity Agenda, along with other investments in technology to allow the sector to be more productive.
7. **Maximising Management and Leadership** - Strategy seven is focused on enabling staff to realise their potential through effective leadership and good people management. Retention is about cultivating staff to perform at their best through the maximisation of leadership and by building capacity for good management.
8. **Implementation and Collaboration** - The final strategy is about implementation and integration so that all of the strategies and their actions can be properly aligned and realised. It is about tailoring actions to particular circumstances in a changing political and operating environment at national, state and local levels.

NSW Local Government Workforce Strategy 2016–2020

The NSW Local Government Workforce Strategy 2016-2020 was prepared by Local Government NSW in collaboration with the NSW Office of Local Government, Local Government Professionals Australia, Institute of Public Works Engineering (IPWEA) (NSW Division), the NSW Public Sector Industry Training Advisory Body (ITAB), the Institute for Public Policy and Governance and the University of Technology Sydney (formerly a partner in the Australian Centre of Excellence for Local Government, ACELG).

Two key drivers underpin the Strategy:

1. The development of a national workforce strategy, Future-Proofing Local Government: National Workforce Strategy 2013-2020.
2. Recommendations emerging from the local government reform process, particularly actions from Destination 2036 and recommendations of the Independent Local Government Review Panel and the NSW Government.

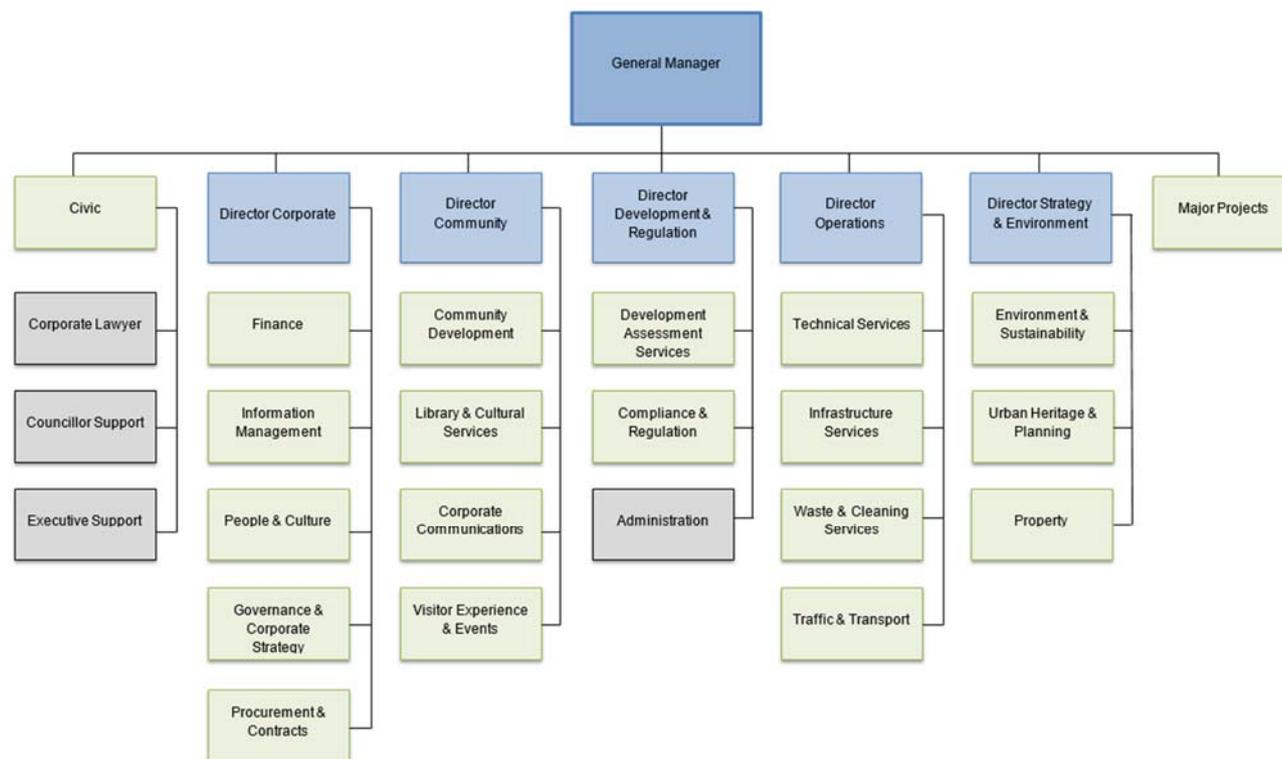
The Strategy adopts the eight strategic themes of the National Workforce Strategy 2013-2020 and sets direction for a range of initiatives to address the workforce challenges facing local government in NSW over its term.

The Internal Environment

Organisational structure

At Ku-ring-gai Council services are delivered to the community via five departments together with the General Managers unit (Civic) and Major Projects.

Each discrete service is provided by one of the twenty business units that operate across these departments.



Corporate Values

In 2014 it was identified that a new set of Corporate Values were needed for our organisation.

At Ku-ring-gai Council we recognise the importance of having a set of shared common values that everyone has helped establish to leverage a stronger culture for our organisation and help lead us to a more positive outlook on our environment, the people we work with, and the work we produce.

In light of this, we facilitated a number of values workshops and invited all permanent and fixed term staff to attend. During these workshops, staff were asked to complete a series of exercises aimed at promoting the importance of personal values and identifying how they align with the principles, beliefs or philosophies of other individuals and groups across the organisation. A set of common values were identified from each of the sessions, which were then categorised into common themes by the leadership team, and a set of common values were identified.

The four values, Do What Is right, Show Respect, Own Our Actions and Strive For Excellence were identified as the most common values from across all workshops. These were then defined and described using the words staff contributed during the feedback sessions.

	We Will...	We Won't...
 <ul style="list-style-type: none"> We act with integrity in everything that we do and say We make transparent, ethical and consistent decisions that support the vision of Council 	<ul style="list-style-type: none"> Act with honesty and transparency Be fair and unbiased Be trustworthy and sincere 	<ul style="list-style-type: none"> Be dishonest, corrupt and/or deceptive Take the soft option and avoid hard conversations Serve individual interests above those of Council
 <ul style="list-style-type: none"> We are considerate towards others ensuring fairness, dignity and equality We practice and encourage transparent communication 	<ul style="list-style-type: none"> Be open and have honest interactions Treat people fairly and equally Be open to all points of view 	<ul style="list-style-type: none"> Disregard the views of others Disrespect others through gossip and innuendo Bully, harass and/or discriminate
 <ul style="list-style-type: none"> We are accountable for our decisions We take responsibility for the outcomes of our choices, behaviours and actions 	<ul style="list-style-type: none"> Be responsive, available and inclusive Be receptive to constructive feedback Hold ourselves and others accountable 	<ul style="list-style-type: none"> Hide mistakes and shift blame Fail to meet our commitments Be white-anting and /or undermine colleagues or decisions
 <ul style="list-style-type: none"> We work together as a team to achieve our full potential We have the insight and passion to lead Council into the future 	<ul style="list-style-type: none"> Have a 'can do' attitude Make courageous decisions Encourage new ideas 	<ul style="list-style-type: none"> Be closed-off to new ideas Be complacent, lazy and/or negative Settle for the status quo

Our values are critical in driving our organisation forward in the right direction, building our culture and energising our people.

Culture

Employee Engagement

The Employee Opinion Survey provides an open platform for staff to give honest and transparent responses to questions that aim to measure staff engagement levels and organisational performance.

Whilst we had endeavoured to roll-out the Employee Opinion Survey in 2021 a decision was made to defer the rollout until 2022 due to the COVID-19 pandemic.

The 2022 survey will remain heavily focused on measuring staff engagement and organisational performance, with proposed additional questions designed to measure the overall effectiveness of the organisation's approach to diversity and inclusion.

Work/Life Balance

Council recognises the need to create and support a healthy work/life balance for our employees.

Initiatives such as the Transition to Retirement Scheme and Self-funded Leave Program together with our flexible working arrangements are key in fostering this approach.

At the end of 2020 we introduced a new Working from Home Policy which builds upon the options for flexibility available to staff and increases access to these arrangements across the broader workforce. The underlying philosophy of this framework stems from the notion that work used to be somewhere you went; now it is something you do. This initiative aims at empowering and entrusting our staff and sets the foundation for an outcome driven organisation.

Equal Employment Opportunity (EEO)

Following the successful delivery of the 2016-2020 EEO Management Plan, a 2021-2025 EEO Management Plan has been created.

The purpose of Ku-ring-gai Council's Equal Employment Opportunity (EEO) Management Plan is to promote diversity and respect. It contains a statement of objectives, actions and target dates that have been established to ensure achievement of Council's overall strategy for equal employment in the workplace.

The 2021-2025 plan continues to address the legislative framework established to ensure Council takes appropriate action to eliminate discrimination and promote equal opportunity.

Council is committed to ensuring all people are treated equally and are not disadvantaged by prejudices or bias.

The 2021-2025 EEO Management Plan paves way for a more progressive approach to further improving communication and building awareness of EEO principles and programs, ensuring non-discrimination across all human services and associated practices, and collection and recording of information complies with EEO principles.

Safe Working Environment

Council is dedicated to the ongoing improvement of our health and safety performance and is committed to providing a safe and healthy workplace for all staff.

In accordance with these commitments, we continue to review our work, health and safety management system in line with the Work Health and Safety Act/Regulations, Australian Standards, codes of practice and best practice initiatives, have a Work Health and Safety (WHS) Strategic Plan in place and report on tailored WHS indicators and dashboards.

We have recently reviewed and updated our:

- WHS Policy together with the new Health & Safety Committee Charter and the new Consultation Cooperation and Coordination Procedure to ensure they are reflective of current practice and compliant with the key requirements.
- Business Continuity Framework to facilitate improved awareness and preparedness to weather through current and future uncertainties.
- Emergency Control Organisation and site-based Emergency Management Plans.
- First Aid Procedure and First Aid guidance materials.

As part of our Wellness Program, we continue to offer annual flu vaccinations, skin cancer screening, hearing tests, and an Employee Assistance Program (EAP) which yield an excellent take up by staff. In addition to the many events and programs that are delivered annually Council also provides a financial benefit for a wide range of activities that contribute to individual wellbeing. Council will contribute up to a maximum value of \$100 for eligible employees.

Due to restrictions associated with the COVID-19 pandemic only essential/mandatory WHS training took place in 2021 which included: Chainsaw Basic and Intermediate training, Initial and Refresher Confined Spaces training, Safe Work Near Power Lines refresher training, Manual Handling, Sharps

Awareness training, Chemicals Handling (AQF3 training), Provide First Aid training and CPR refresher, Emergency Management training and Health and Safety Representatives (HSR) training.

In 2022, we plan to deliver a range of WHS initiatives and strategies including:

- Development of an integrated WHS system to automate reporting of WHS events and interaction with other related functions such as enterprise risk management, worker's compensation and public liability.
- Providing ongoing training to staff to improve their awareness of the overall WHS event management process.
- Continuing to review and update our COVID-19 WHS Standards & Protocols and COVID-19 Safety Plans to ensure they are current and consistent with the restrictions and Public Health Orders.
- Continuing to provide ongoing support to management and staff during the pandemic.
- Continuing to review first aid arrangements and update business unit risk assessments.
- Continuing to deliver on committed initiatives under the WHS program and overarching Enterprise Risk Management Framework.
- Implementing the Automated External Defibrillator (AED) program.
- Undertaking a further review of our WHS Committee structure.
- Increased mental health awareness and support through regular staff communications, ongoing support for managers and team leaders to manage difficult situations and continuous delivery of online webinars programs.

Response to the COVID-19 Pandemic

At the onset of the pandemic in February 2020, Council enacted its existing Crisis Management and Business Continuity Plan (CMBCP) and Pandemic Plan as an immediate response.

Since this time Council's Crisis Management Team (CMT) comprising the General Manager, Directors and executive managers has meet regularly to review and respond to advice from the Federal and State Government and address the ongoing challenges emerging from the pandemic.

From March 2020 to January 2021 and then again from June 2021 to March 2022 many staff were working remotely to facilitate social distancing by reducing the number of people in the workplace and in response to public health orders and government advice.

Council continues to align with advice from the State and Federal government and regulatory requirements including ensuring physical distancing, cleaning, safe hygiene practices, personal protective equipment and controls are in place.

We have maintained our support of management and staff via a range of COVID-19 specific WHS Program initiatives including:

- Closely monitoring the ongoing development of the COVID-19 pandemic to appropriately respond to emerging situations and proactively develop strategies for the future.
- Responding to the COVID-19 pandemic in a positive, proactive, and confident manner under the leadership of the Crisis Management Team, in particular:
 - Distributing risk and WHS alerts and notices on a regular basis to provide updates on the latest developments from the state and federal government perspective, as well as useful links to relevant reputable sources of information.

- Advising staff on the updates of Public Health Orders and related requirements and their implications to ensure our business can respond accordingly.
- Ongoing review and refinement of our COVID-19 WHS Standards & Protocols.
- Establishment of QR codes and adoption of the NSW Health approved COVID-19 Safety Plan template which provides clear and current directions on how business units can fulfil their obligations under revised Public Health Orders to minimise risk of transmission of COVID-19 on their premises.
- Development and updates on Workgroup Safety Plan Template and Work Area Capacity Tool.
- Reviewing the site Emergency Management Plans and First Aiders to ensure adequate coverage.
- Facilitation of Employee Assistance Program (EAP) through our provider AccessEAP to support staff and their family members through situations and challenges.
- Implementation of additional flexible working arrangements, including a review of our Emergency Management and First Aid to ensure adequate and ongoing coverage.
- Development of Business Continuity Management (BCM) Policy and Framework and Business Continuity Plans (BCP) for Council Chambers and Depot to replace the Crisis Management and Business Continuity Plan (CMBCP). The new BCM/ BCP documents are to further enhance Council's ability in preventing and recovering from major events of disruptions including pandemics so operational downtime is minimised.

From an industrial perspective, Local Government NSW and the relevant Unions agreed to a unified approach to staffing matters during the pandemic, which have been documented in a 'Joint Statement' and a new temporary Award titled 'Local Government (COVID-19) Splinter Award'. Council is supporting staff and acting in accordance with the relevant provisions of these agreements.

We are committed to ensuring that staff continue to have meaningful and productive work during this challenging time. To date, our departments that have been directly affected by the pandemic have been able to effectively respond by redirecting and refocusing their resources in order to manage fluctuating demands.

Workforce Demographics

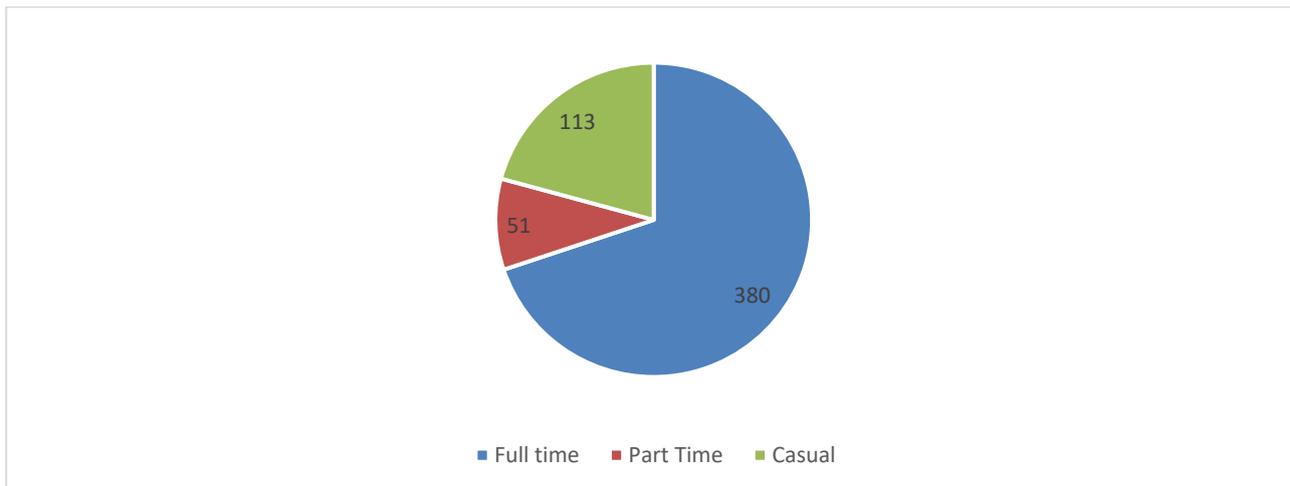
Council employees work across a number of locations within the Ku-ring-gai area and in a diverse range of occupations. The majority of staff (82%) commute from outside of the local government area (LGA) with only 18% of staff living locally.

The following workforce demographics are provided as at 30 June 2021.

Employment Type

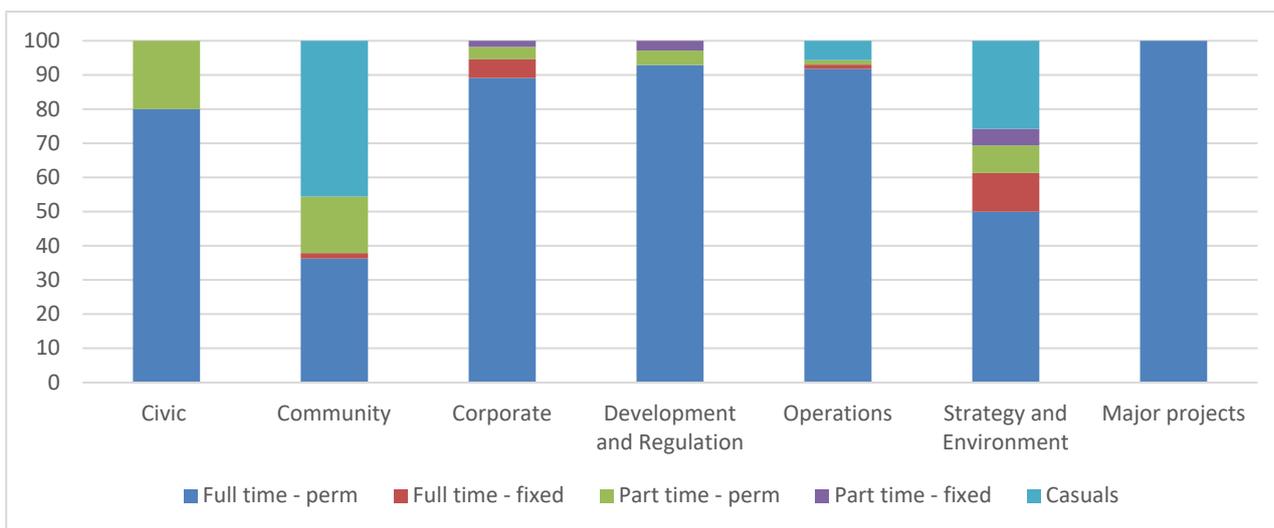
Council employs a total of 431 employees in both a full time and part time capacity. A total of 88% of these positions are full time providing significant employment opportunities for local residents. In addition to this we employ 113 casual employees.

Workforce Total Headcount by Employment Type



Departments meet their service delivery requirements by employing a mixture of labour to support operational imperatives and fluctuating resource requirements.

% Workforce by Employment Type and Department



Council also engages non-permanent staff, including casuals and labour hire staff in a range of seasonal and vacation care roles.

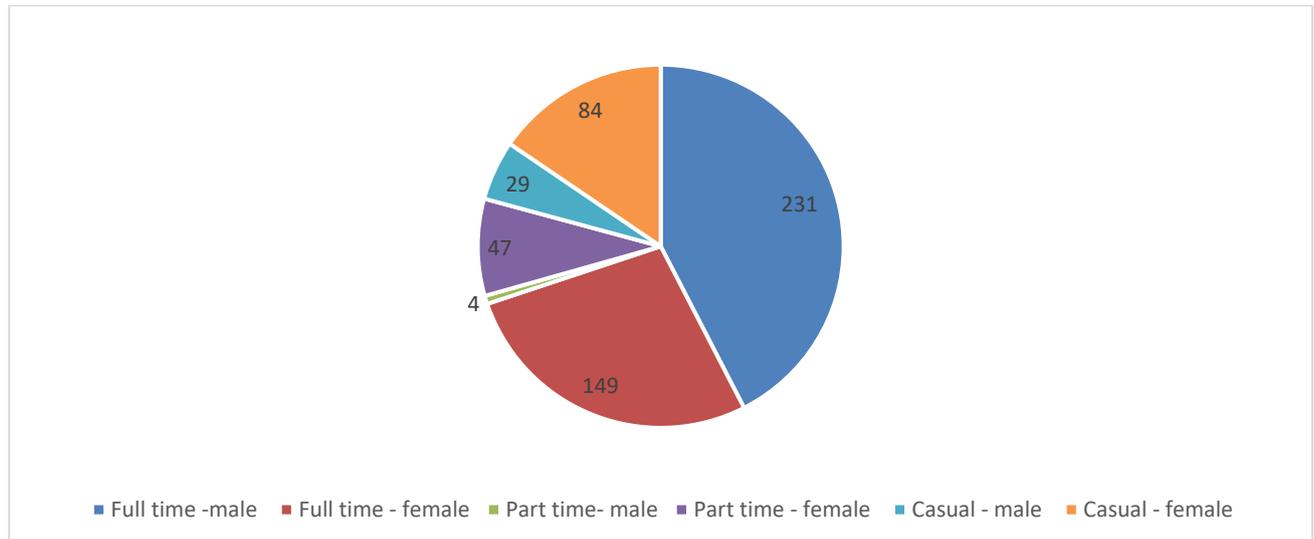
Gender

Council is an equal opportunity employer and is committed to ensuring gender equity in employment.

Employee profile - snapshot	
Number employees (FT and PT)	431
Median age range (years)	45 - 54
Turnover rate	8.55%
Percentage of females	45.5%
Percentage of males	54.5%
% Females in Band 6 and above	11.1%
% Males in Band 6 and above	17.1%

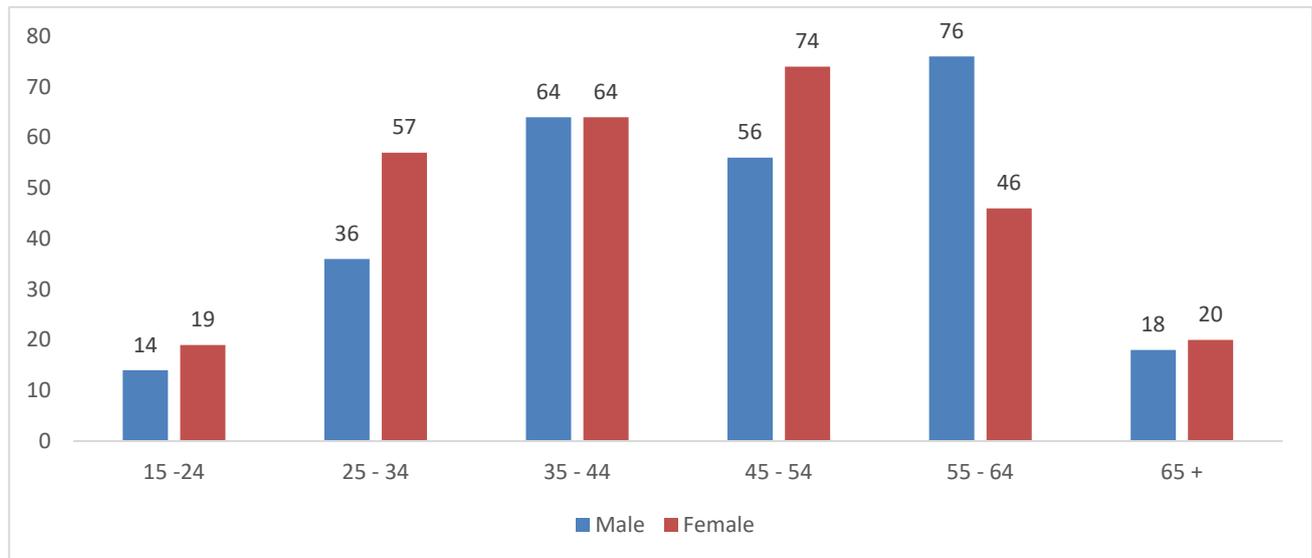
The current workforce gender balance is split approximately 45.5:54.5 female to male, with the disparity appearing to result from the high percentage of outdoor operational roles (20% of the workforce) which are traditionally undertaken by males.

Workforce by Employment Type and Gender



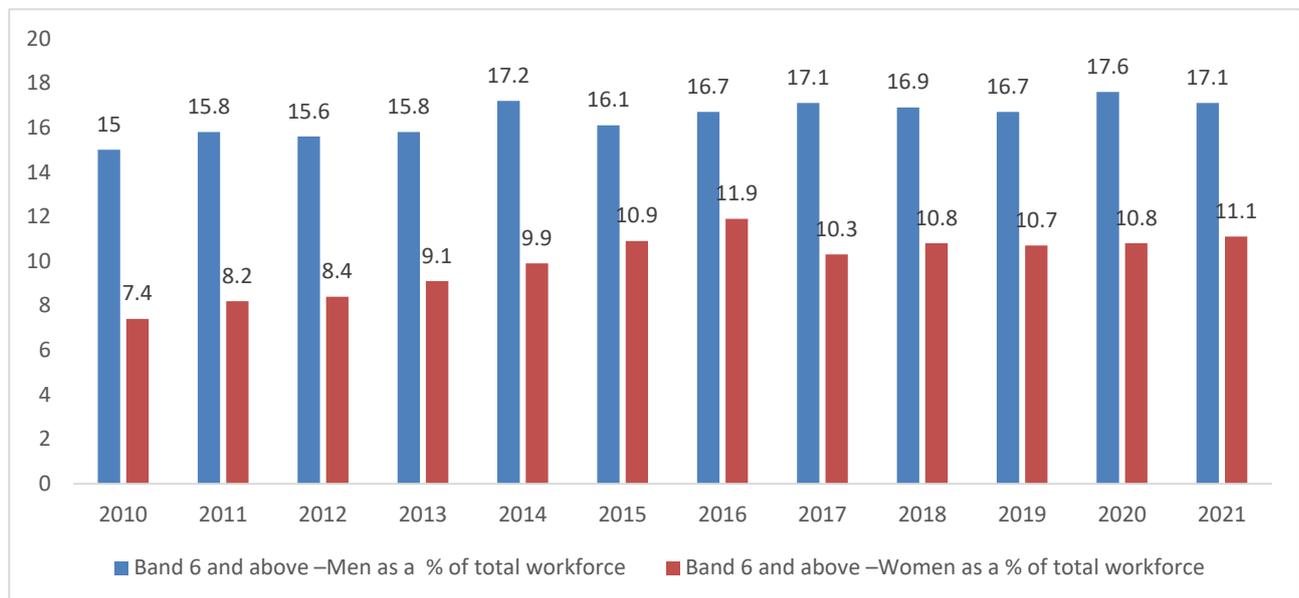
Males and females are proportionally represented in all age demographics.

Workforce by Age and Gender (including casuals)



It must be noted that women are under-represented in higher level and senior roles (categorised as roles sized at band 6 or higher) which has been a trend over the past five-year period. Strategies are currently being considered in order to address this deficiency.

% of Employees in Senior Roles (Band 6 and above) by Gender (excluding casuals)



There was a slight decrease in the percentage for males in senior roles (Technical Band 6 and above), with men comprising 17.1% (down from 17.6% in 2019/20) and women increasing to 11.1% (up from 10.8% in 2019/20) in this category.

Age

Overall, 58% of Council's non casual workforce is aged 45 years or over with an average age of 49.1 and a median age of 48.5. There are 16.54% of employees aged under 35 and 31.78% of employees aged over 55.

When the casual workforce is included in this analysis there are 53.31% of the total workforce aged 45 years and over and both the average and median age decrease to 43.6 and 43 respectively which is primarily influenced by employees in our Community department where the majority of casuals are employed. There are 23.16% of employees aged under 35 and 29.41% of employees aged over 55.

Both sets of figures vary across each department which may be a result of several variables, most notably the nature of the work performed.

By comparison, the median age of NSW public sector non-casual employees in 2021 was 44 (unchanged since 2018), with only a minor difference between genders (44 for men and 43 for women). The median age of the NSW public sector non-casual workforce remained higher than the median age of the NSW working population.

By Comparison, the median age ranged from 40 to 49 across NSW Government services in 2021. The NSW Police Force had the lowest median age in the sector of 40, which is unchanged from 2020. It had the highest proportion of employees aged under 35 (33.0%, compared to 27.3% across the sector) and the lowest proportion of employees aged 55 or over (10.1%, compared to 23.3% across the sector).

In contrast, NSW public sector crown services had the highest median age in the sector of 49. Within Other Crown services, 72.9% of Clerical and Administrative Workers were 45 or older, with a median age of 52. Among Managers, 69.5% were aged 45 or older, with a median age of 50.

In the NSW public sector workforce, 68.2% of employees were in the 35 to 64 age group in 2021, with 23.8% over 55 years. In comparison, 56.9% of the NSW working population were in the 35 to 64 age bracket while 19.5% of the workforce is over 55 years.

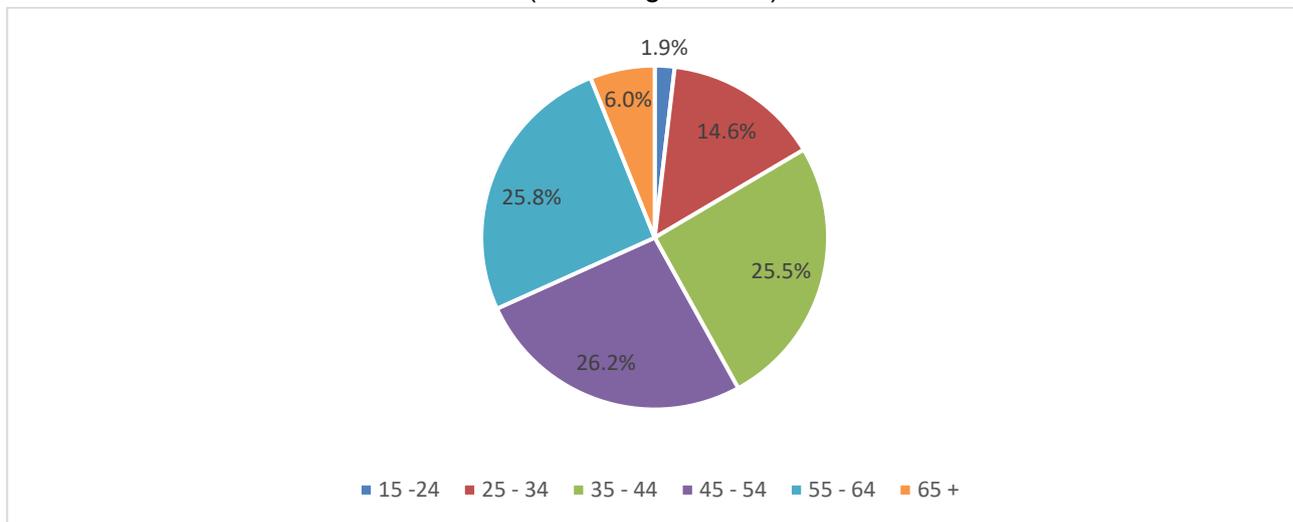
In addition, fewer NSW public sector employees were aged under 35 or over 65. Those aged under 35 accounted for 27.3% of public sector employees, compared to 37.9% of the entire NSW workforce. Those aged 65 and over accounted for 4.4% of public sector employees and 5.2% of the total workforce in NSW. Council has 6.03% of its workforce 65 and over.

While Council was broadly comparable in employment percentages across the 35 – 54 year age brackets, Council employs significantly more people in the 55 to 64 year age group than both the NSW Public Sector and the wider NSW employed persons group.

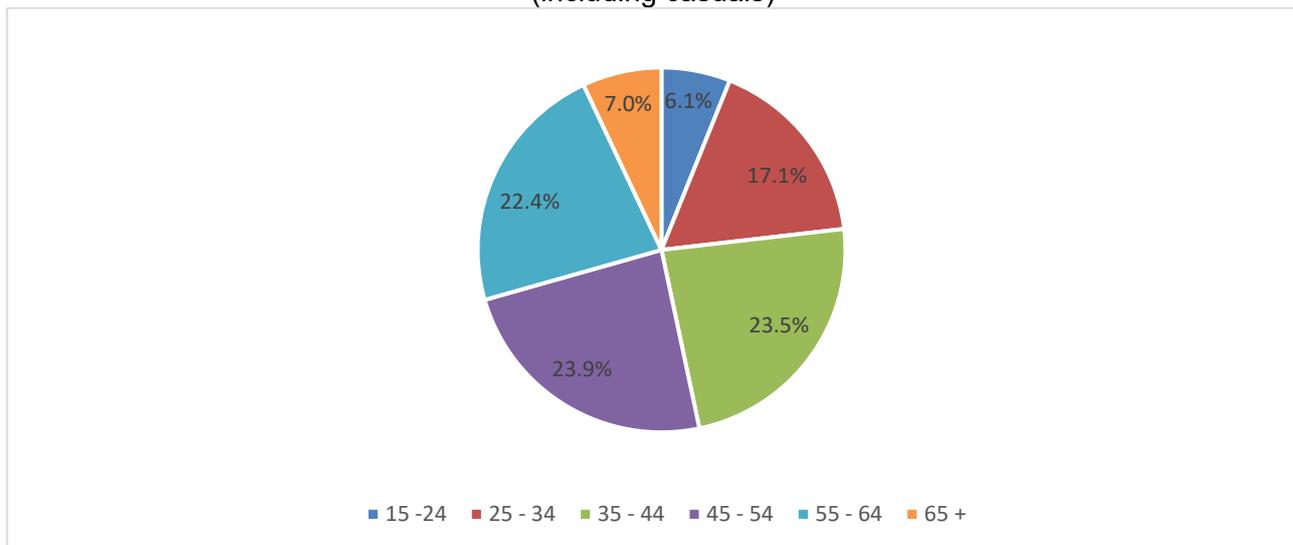
Council's age profile provides an indication of the number of employees likely to retire in the next five to ten years, which will inform the development of strategies for attracting younger workers, (e.g. graduate recruitment and career path development) and retaining older workers (e.g. flexible work options, reducing physical demands). Job redesign and technological innovation will also assist in ensuring the ongoing delivery of services to the community within the constraints of an ageing workforce.

Council continues to monitor and devise strategies to meet the challenges of an ageing workforce. Initial indications are that we remain an employer of choice for many staff and Council continues to offer opportunities for continued employment for all age groups.

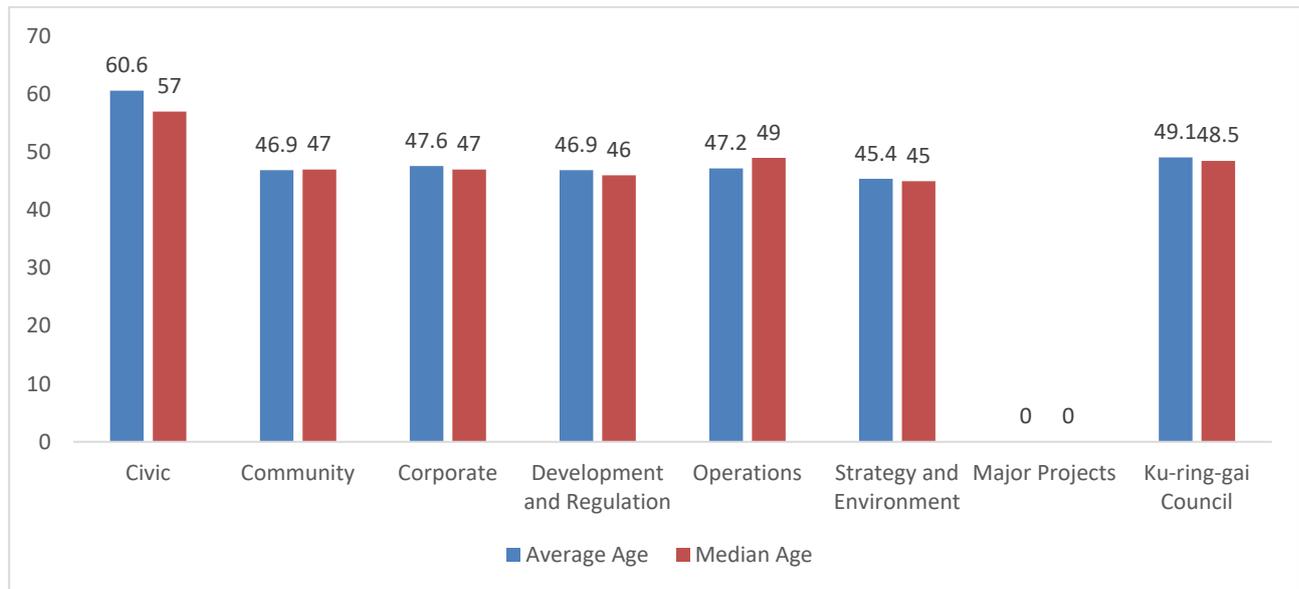
% Workforce by Age
(excluding casuals)



% Workforce by Age
(including casuals)



Average and Median Age by Department
(excluding casuals)



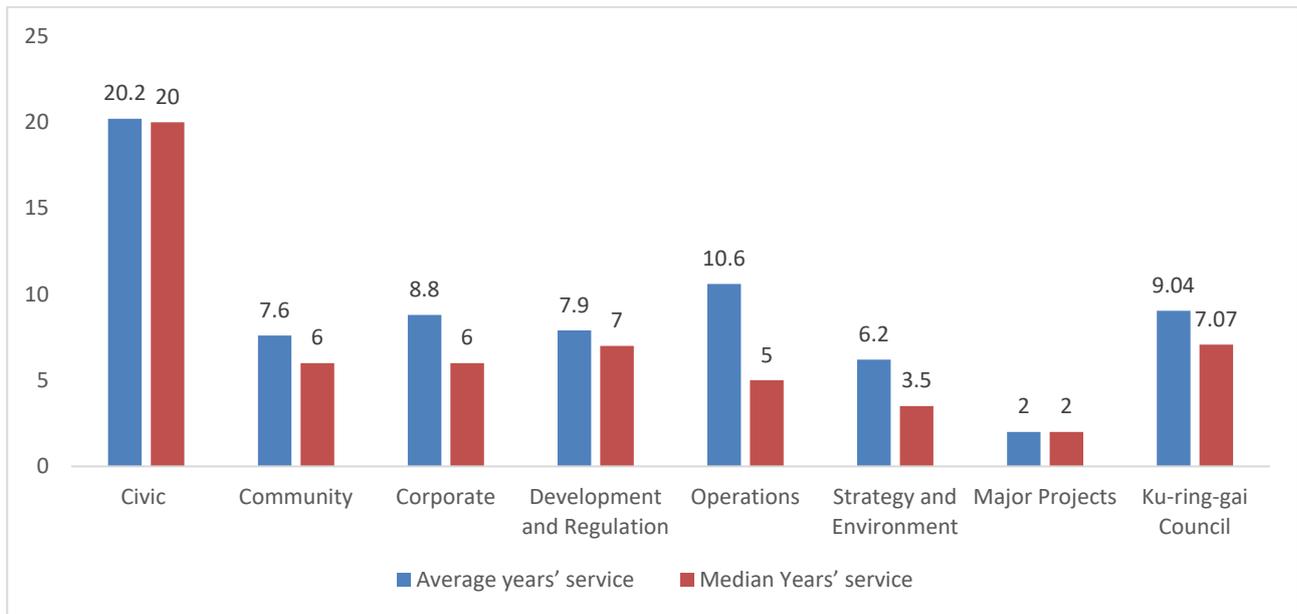
Length of Service

Council's turnover rate is 8.55% per annum which is reflective of the relatively high average years of service across all departments at 9.4 average years of service. 49.7% of staff have tenure of between one and five years with 43% having from six to twenty five years of service. Council is typically a stable employer and length of tenure can reflect the constant and ongoing requirement for employment in a particular area.

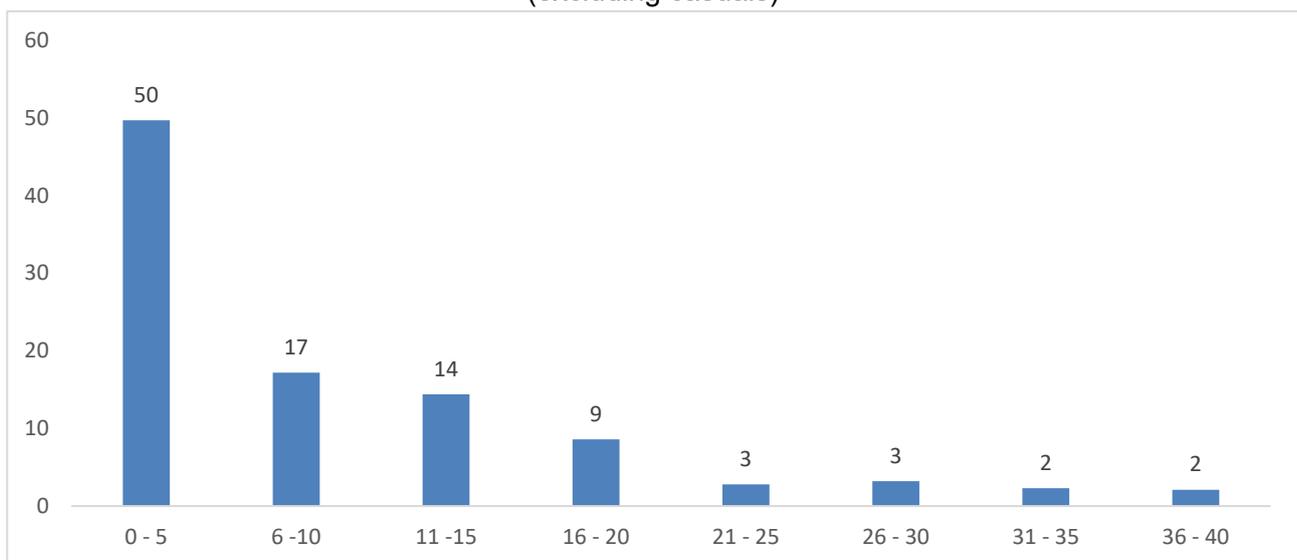
Turnover rates across the last five year period are within Council's targets and reflect the ability of Council to renew and refresh its corporate skills and knowledge while retaining its historic skills and knowledge base. Lower turnover in 2020-2021 reflects the continued impact of the pandemic. With the uncertainty in the marketplace resignations significantly declined in the final quarter of the financial year in 2021.

The workforce reflects a mix of new and old knowledge and the smooth transition of ideas and practices as Council continues with ongoing organisational renewal.

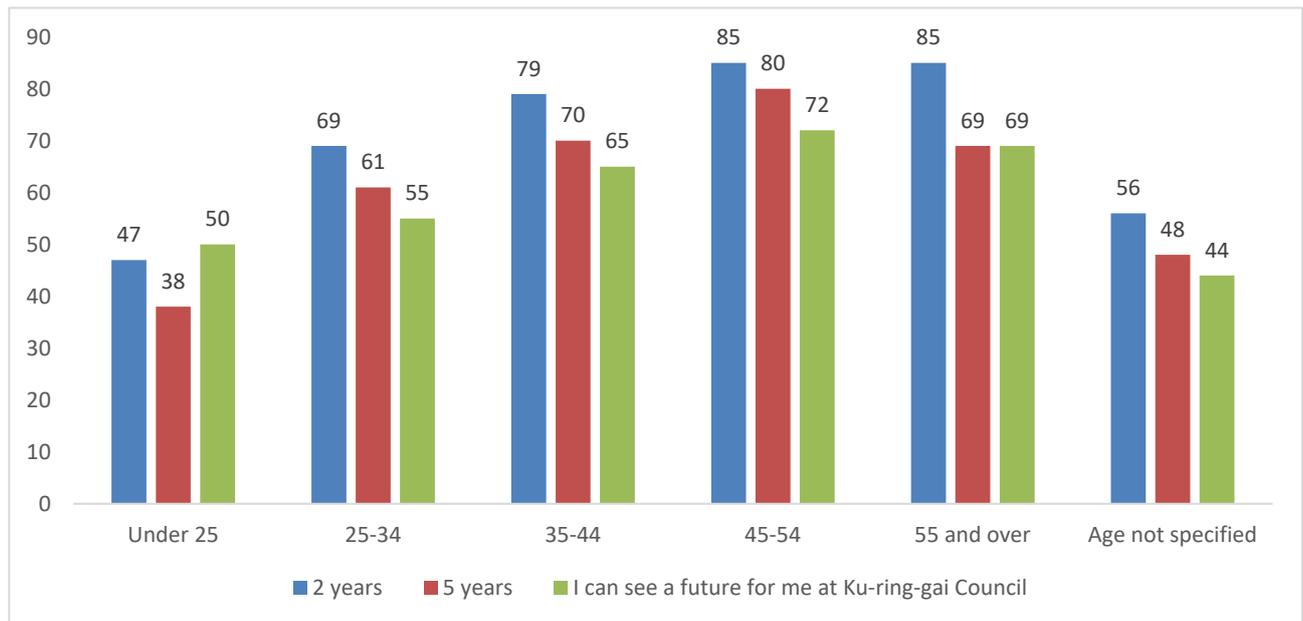
Average and Median Years of Service by Department
(excluding casuals)



% Employees by Years of Service
(excluding casuals)



% Workforce Intention to Continue Employment by Age
(excluding casuals)



Influences

In developing an effective Workforce Management Strategy it is crucial to identify and understand current and future internal and external factors that may have an impact on the workforce.

The 'influences' identified below will be monitored as part of the annual review of this strategy to ensure our response to workforce planning remains effective.

External

- COVID-19 pandemic
- Current and future labour market
- Current and future economic environment
- Operational and strategic workings of the Local Government environment
- Local Government reform
- The demographics within the Local Government Area
- Legislation and regulatory requirements
- National Local Government Workforce Strategy 2013-2020
- NSW Local Government Workforce Strategy 2016-2020
- Community expectations.

Internal

- Community Strategic Plan, Delivery Program & Operational Plans
- Resourcing Strategy
- Major Projects portfolio
- Equal Employment Opportunity Management Plan
- Ageing Workforce Strategy
- WHS Management System
- Enterprise Risk Management System
- Corporate Sustainability Action Plan
- Employee Opinion Survey's
- Staff accommodation arrangements
- Workforce metrics
- Leave liability.

Key Challenges

Ku-ring-gai Council is facing a number of challenges, both now and into the future. These are predominantly related to the nature of Local Government, the diversity of our organisation and expectations of the community.

Many of these challenges will have an impact on this Strategy with the current key issues identified below:

1. **COVID-19 Pandemic** – The COVID-19 pandemic emerged in 2020 and presented an unexpected challenge to many aspects of what we consider to be ‘normal life’ across the world. From an organisational perspective Council has had to manage and mitigate the risks presented whilst adapting to new ways of working in order to ensure the continuity of our business operations and sustain the viability of our workforce.
2. **Ageing workforce** – As identified by an analysis of Council’s current workforce approximately one half of our staff are aged 45 years or over with more than 40% indicating their intention to leave Council within the next 5 year period. The biggest risk to Council of this ageing workforce is therefore associated with the underutilisation or loss of knowledge critical to organisational performance. Knowledge loss impairs performance and results, achievement of plans and objectives. It is therefore imperative that we are vigilant in addressing issues associated with our ageing workforce in order to minimise its impact on our business and operational imperatives.
3. **Leadership** – Councils most recent Employee Opinion Survey identified, among other areas, leadership as an opportunity for improvement particularly in regard to communication, consistency in decision making and accountability. Whether it be a matter of perception or reality, in order to achieve and maintain an engaged workforce it is imperative that appropriate strategies are implemented in order to further develop our leaders and alleviate these concerns. In addition to this it must be acknowledged that there is a notable gender imbalance within staff occupying key leadership roles.
4. **Skill shortages** – The ageing workforce continues to expand, especially in areas that are already significantly impacted. Existing areas of skills shortages and tight labour supply in jobs such as civil engineering, early childhood, trades (plumbing, mechanic) are likely to become even more constricted.
5. **Multigenerational workforce** – Council’s workforce is currently made up of four distinct and unique generations requiring a thorough understanding of intergenerational differences to ensure effective staff attraction, retention and management whilst being mindful that generational workgroup cohorts create the culture of an organisation.
6. **Workforce sustainability** – A highly skilled and sustainable workforce is critical to the delivery of Council services. The current and future limitations on Councils financial resources together with issues surrounding ageing assets and infrastructure create a significant challenge with respect to the development and maintenance of our workforce in order to ensure that the needs of the community continue to be met. As recruitment and retention is forecast to become more competitive in areas vital to our business, Council needs to ensure it is primarily positioned in the employment market. This requires innovating in key areas to bring the right people into the business and keep critical talent. As the labour market tightens, we need a greater focus on how we value, lead and develop the workforce.
7. **Continuous Improvement** – Increasing community expectations and the complexity of community needs result in an added emphasis on strategy and management of resources. Council’s workforce faces increasing demands to deliver results and the need to make sound decisions based on guiding priorities.

Our Future Workforce

The Ku-ring-gai local government area has a growing residential population which provides Council with the opportunity to offer employment to a greater number of locally based residents together with job seekers in the broader Sydney metropolitan area.

Council seeks to provide employment that offers flexibility and values work/life balance in exchange for retention and development of high potential employees to support its service delivery to the community.

Our long term objective is be recognised as an employer of choice and to a focus on developing Council's ability to foster and maintain a productive, flexible and adaptable workforce. Ongoing and effective management will ensure that Council remains capable of maintaining a sustainable workforce.

In support of this objective the four key focus areas reflected in this strategy are: Workforce Planning, Attraction and Retention, Learning & Development, Organisational Development.

STRATEGY	ACTIONS
OBJECTIVE 1: INCREASE OUR WORKFORCE PLANNING CAPABILITY	
<i>Link to NSW Workforce Strategy: Improving Workforce Planning and Development</i>	
Maximise workforce sustainability through effective workforce planning	<ul style="list-style-type: none"> Develop criteria in order to identify critical positions based on current and future needs Create a register of critical positions, skills and qualifications Monitor turnover of critical positions and create customised retention and attraction strategies as required Monitor turnover of critical positions to identify and address current/emerging skill gaps Develop, implement and monitor a succession planning strategy
Enable effective identification of key resourcing issues using workforce metrics	<ul style="list-style-type: none"> Continue to monitor, analyse and report workforce demographics to the Executive team on a quarterly basis Continue to review existing business processes to improve the capture and reporting of workforce metrics Continue to develop strategies to address workforce sustainability issues as required

STRATEGY	ACTIONS
OBJECTIVE 2: ATTRACT AND RETAIN THE RIGHT PEOPLE	
<i>Link to NSW Workforce Strategy: Attracting and Retaining a Diverse Workforce, Promoting Local Government as a Place Based Employer of Choice</i>	
Appropriately respond to the impacts of an ageing workforce	<p>Engage with the Leadership team and staff to review Councils' Ageing Workforce Strategy</p> <p>Continue to implement the Ageing Workforce Strategy action plan in accordance with planned timeframes</p> <p>Monitor and report progress on a quarterly basis</p>
Address staff attraction issues	<p>Identify 'hard to fill' positions based on occupational groups and job families</p> <p>Develop, implement and monitor targeted staff attraction programs to address significant workforce issues (where required)</p> <p>Undertake a periodic industry-based review of remuneration and benefits and recommend adjustments where required</p> <p>Continue to subscribe to at least two Local Government Remuneration surveys</p> <p>Integrate the Employee Value Proposition into the Recruitment & Selection process</p> <p>Participate in career related events with higher education institutions to build relationships and promote Council as an employer of choice</p> <p>Continually review and streamline recruitment processes</p> <p>Continue to provide options for flexible work arrangements that enable mutually beneficial arrangements that meet business, team, employee and community service needs</p> <p>Create and implement a Market and Retention Allowance Policy as a mechanism to address ad hoc salary gaps</p>
Address staff retention issues	<p>Continue to identify and monitor areas of high turnover</p> <p>Develop, implement and monitor targeted staff retention programs to address significant workforce issues (where required)</p> <p>Continue to implement and monitor the Rewards & Recognition program</p> <p>Develop, implement and monitor a Talent Management Strategy</p> <p>Continue to engage with staff in undertaking the annual review of the Performance Appraisal System</p> <p>Develop, implement and monitor an Employee Engagement Strategy</p> <p>Continually review and evaluate-workplace policies to ensure Council is a fair workplace whose policies are modern, reasonable and easy to understand</p> <p>Continue to provide flexible work arrangements that enable mutually beneficial arrangements that meet business, team, employee and community service needs</p> <p>Create a Market and Retention Allowance Policy as a mechanism to address ad hoc salary gaps and further incentivise staff retention where appropriate</p>

STRATEGY	ACTIONS
OBJECTIVE 3: LEVERAGE THE CAPABILITY OF OUR WORKFORCE	
<i>Link to NSW Workforce Strategy: Investing in Skills, Maximising Management and Leadership</i>	
Quantify employee capabilities	Review the NSW Local Government Capability Framework and articulate a 'best fit' framework that aligns with Council's requirements
	Integrate the capability framework with Councils Job Evaluation and Salary Systems
	Undertake a gap analysis of staff capabilities against position requirements and develop individual training plans
	Integrate capabilities into Councils Recruitment & Selection process
	Integrate capabilities into Councils Performance Appraisal process
Maximise leadership capabilities at all levels of the organisation	Continue to roll out the planned suite of leadership programs at all levels across the organisation
	Maintain internal accreditation to support ongoing delivery of the leadership development program to new staff, and refresher sessions for existing staff
	Identify and implement new mechanisms for measuring leadership effectiveness
	Develop, implement and monitor targeted leadership programs to support and promote women in leadership and aspiring leaders
	Promote participation in and leadership of cross functional projects by emerging and developing leaders
Optimise the on-boarding of new starters	Continue to undertake an annual review of the current employee induction program and implement required changes
	Continue to undertake an annual review of the online induction program and implement required changes
	Continually review and develop on-boarding processes and programs
Promote consistent and effective staff supervision	Provide training for Managers and Supervisors in performance management and coaching
	Provide training for Managers and Supervisors on intergenerational staff management
	Engage with Managers and Supervisors to identify other areas of upskilling required and develop relevant training programs
Expand our capacity for e-learning	Continue to review and develop e-learning resources
	Continue to engage with Managers in relation to their e-learning requirements and develop programs as required
	Continue to regularly communicate with staff regarding e-learning resources and opportunities

Strategy continued following page

STRATEGY	ACTIONS
OBJECTIVE 3: LEVERAGE THE CAPABILITY OF OUR WORKFORCE (continued)	
<i>Link to NSW Workforce Strategy: Investing in Skills, Maximising Management and Leadership</i>	
Improve accessibility to and awareness of learning and development opportunities	Review the training application process and implement required changes
	Regularly communicate with staff regarding learning and development opportunities
Create succession pathways	Investigate opportunities to offer traineeships, apprenticeships and graduate programs
	Partner with local educational institutions to develop formal work experience programs
	Develop and implement and monitor a succession planning strategy
	Continue to investigate opportunities for resource sharing across departments to enhance career pathways for staff
	Investigate the viability of implementing Job Rotation programs in targeted workplaces
	Investigate the development of a formal mentoring program to assist in the transfer of knowledge skills and behaviours across the organisation.
	Create an Additional Duties Policy
Enhance our knowledge management capabilities	Define and identify subject matter experts
	Develop a Knowledge Management Strategy
	Develop and implement a formal mentoring program to assist in the transfer of knowledge and skills between staff
Improve workplace facilities	Review staff accommodation arrangements and implement improvements as required

STRATEGY	ACTIONS
OBJECTIVE 4: CONTINUE OUR FOCUS ON ORGANISATIONAL DEVELOPMENT	
<i>Link to NSW Workforce Strategy: Creating a contemporary Workplace, Attracting and Retaining a Diverse Workforce</i>	
Continually enhance our organisational culture	<p>Undertake an Employee Opinion Survey on a biennial basis</p> <p>Communicate the results of each survey to staff</p> <p>Engage with the Leadership team to develop Organisational Action Plans to address the feedback received in each Employee Opinion Survey</p> <p>Engage with Directors, Managers and staff to develop Departmental Action Plans to address the feedback received in each Employee Opinion Survey</p> <p>Engage with Managers and staff to develop Business Unit Action Plans to address the feedback received in each Employee Opinion Survey</p> <p>Continue to integrate Councils' Vision and Values into the Recruitment & Selection process</p> <p>Continue to design, develop and implement programs that reinforce Councils Vision and Values</p>
Celebrate the diversity of our workforce	<p>Continue to implement Councils EEO Management Plan</p> <p>Continue to design, develop and implement programs and initiatives that promote diversity and inclusiveness</p> <p>Communicate with staff in relation to the generational differences</p>
Promote staff wellbeing	<p>Continually review the Wellbeing Program and implement changes as required</p> <p>Continually review flexible working arrangements policies and practices and implement changes as required</p> <p>Continually review the Employee Assistance Provider arrangements and implement changes as required</p> <p>Design and implement a Mental Health First Aid program</p> <p>Continue to investigate cost effective options to provide additional services to staff that enhance their overall wellbeing</p> <p>Continue to review and improve the Work Health Safety Management System and injury management processes.</p>
Foster a culture of continuous improvement and innovation	<p>Develop and implement a continuous improvement program</p> <p>Investigate opportunities to encourage and support innovation</p>

Monitoring and review

Detailed project plans identifying key milestones and completion timeframes are being developed for each Strategy contained within this document. These plans will be closely monitored and progress reports will be provided to the Leadership team on a quarterly basis.

The Workforce Management Strategy will be reviewed on an annual basis.

Contact us

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