

8.3. Resourcing Strategy - Post Exhibition

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ATTACHMENTS:

1. Attachment 1 - Resourcing Strategy 2022-2032 [8.3.1 - 92 pages]

PURPOSE:

This report presents the feedback received during the public exhibition of the draft *Resourcing Strategy 2022-2032* and seeks adoption of the final plan.

EXECUTIVE SUMMARY:

The *Resourcing Strategy 2022-2032* identifies Council's responsibilities in delivering the *Community Strategic Plan* (Item 8.2) and *Delivery Program* (Item 8.5). The plan includes three components - long term financial planning, asset management planning and workforce management planning.

Public exhibition of the draft plan occurred from 25 May to 21 June 2022 (28 days) during which time effort was made to ensure widespread stakeholder awareness of the opportunity to provide feedback on the plan. No submissions were received.

During the exhibition period some amendments were made to the Long Term Financial Plan. The major amendment arose from the need to transfer \$36.7 million of funding allocated to the redevelopment of North Sydney Olympic Pool from the 2021/22 budget to the 2022/23 budget to reflect the revised cash outflow forecasts for the project.

Other amendments resulted from:

- confirmation of the actual amount to be received for some grants;
- information received from the Local Government Remuneration Tribunal regarding the actual amount of annual fees to be paid to Councillors and the Mayor;
- a review of revenue forecasts for 2023/24 onwards for parking meter fees, Construction Zone fees and Hoarding Permit fees after an up-to-date analysis of cashflows over the first eleven months of 2021/22;
- a review of revenue and operating cost forecasts for North Sydney Olympic Pool from 2023/24 onwards;
- the reclassification of the NSW Planning Portal Integration project from a capital project to a non-capital project; and

- the need to delay (at this stage) the reconfiguration of Primrose Park to add an additional full-size playing field from 2023/24 to 2025/26 due a forecast lack of funding.

In accordance with statutory requirements:

- a) the plan must include financial scenarios - in adopting the draft plan for public exhibition, on 23 May 2022, Council endorsed the '*Planned Scenario*' as its preferred financial scenario, upon which the financial estimates in the *Delivery Program 2022-2026* and *Operational Plan & Budget 2022/23* have been prepared inclusive of the approved, one-off, additional special rate variation (ASV) in Year 1);
- b) the plan must include an *Asset Management Policy*. In adopting the final *Resourcing Strategy* the Council is readopting this Policy (Appendix 2 to Attachment 1); and
- c) Council must adopt its *Resourcing Strategy* by 30 June 2022

The Long Term Financial Plan component will be reviewed and updated annually in conjunction with preparation of the annual *Operational Plan & Budget*. The next full review of the plan will occur in 2024.

FINANCIAL IMPLICATIONS:

The plan's objective is to ensure that Council remains financially viable and sustainable whilst maintaining and delivering services to the community. Council has long operated from a position of financial sustainability and has, over many years, consistently achieved operating surpluses. The COVID pandemic has caused two operating deficits (2019/20 and 2020/21). It is forecast that the further effect of COVID on revenue will result in an operating deficit in 2021/22.

Council will need to carefully manage its income and investments to sustain its operations over the coming years in the event of unforeseen challenges e.g. unexpected changes in asset conditions resulting from severe weather events or shift in demand for services.

The plan details the assumptions used when compiling each scenario, which includes asset management and maintenance and workforce structure projections, as well as the financial outcomes over a 10-year period. All three scenarios include borrowings, as previously committed to by the Council, to provide funds for the Alexander Street Carpark redevelopment, upgrade of parking meter network, and the North Sydney Olympic Pool redevelopment.

The '*Planned Scenario*' is the preferred scenario upon which the Financial Estimates within the *Delivery Program 2022-2026* and *Operational Plan & Budget 2022/23* have been prepared. Inclusive of a one-off additional special rate variation (ASV) in 2022/23 (Year 1) and the introduction of councillor superannuation payments, as recently endorsed by the Council.

RECOMMENDATION:

1. THAT Council adopt the Resourcing Strategy 2022-2032, inclusive of the amendments to the Long Term Financial Plan identified during the public exhibition period.

LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

5. Our Civic Leadership

5.1 Council leads the strategic direction of North Sydney

BACKGROUND

The *Resourcing Strategy 2018-2028* was first adopted by Council on 25 June 2018. The Long Term Financial Plan component was updated annually until 2021 as part of the preparation of the Operational Plan & Budget, in accordance with legislative requirements.

The draft *Resourcing Strategy 2022-2032* was reported to the Council on 23 May 2022. Council resolved:

- 1. THAT the attached Draft Resourcing Strategy 2022-2032 be endorsed for public exhibition for a minimum of 28 days, inclusive of the 'Planned Scenario' as its preferred financial scenario.*
- 2. THAT a further report be prepared for Council's consideration at the end of the submission period to facilitate adoption of the Resourcing Strategy 2022-2032 by 30 June 2022 as required under the Integrated Planning and Reporting requirements, in accordance with section 403 of the Local Government Act 1993.*

CONSULTATION REQUIREMENTS

Community engagement has occurred in accordance with Council's *Community Engagement Protocol*. This report details the outcomes from the engagement for Council to consider prior to adoption.

DETAIL

Attachment 1 is presented to Council for adoption; this is the final *Resourcing Strategy 2022-2032* incorporating amendments made in response to submissions received during the public exhibition period.

1. Overview

The plan has been prepared as one document consisting of the three statutory components - *Long Term Financial Plan, Asset Management Strategy and Policy, and Workforce Plan*. The combined approach enables enhanced integration between the components as well as improved readability.

1.1 Long Term Financial Plan 2022-2032

The *Long Term Financial Plan* (LTFP) includes the projected income statement, balance sheet, cash flow statement and equity statement (as Appendix), planning assumptions, sensitivity analysis, financial modelling for three scenarios, as summarised in the following table and methods of monitoring financial performance.

Scenario	Key Differences
Pessimistic	<ul style="list-style-type: none">• CPI increase by 4% for the life of the plan• rate-peg will be 1% below the CPI from 2023/24• employee costs rise in line with CPI• revenue streams will not return to pre-COVID levels• decline in operating results with deficits before capital grants and contributions from 2023/24 onwards
Optimistic	<ul style="list-style-type: none">• CPI increase by 2.5%• rate-peg will be equivalent to CPI from 2023/24• employee costs rise in line with CPI• revenue streams will return to pre-COVID levels• income from advertising on Council infrastructure maximised• greater net operating surpluses over the life of the plan than forecast under the planned scenario
Planned	<ul style="list-style-type: none">• CPI will increase by 2.5%• rate-peg will be equivalent to CPI from 2023/24• employee costs rise in line with CPI• conservative revenue forecasts in recognition of likely delays in a return to pre-COVID levels• modest net operating surpluses over the life of the plan

In adopting the draft Resolution Strategy for public exhibition, Council endorsed the 'Planned Scenario' as its preferred financial scenario, upon which the financial estimates in the Delivery Program 2022-2026 and Operational Plan & Budget 2022/23 have been prepared. These estimates include the IPART approved, one-off, additional special rate variation (ASV) in 2022/23 and the introduction councillor superannuation payments.

Council will need to carefully manage its income and investments to sustain its operations over the coming years in the event of unforeseen challenges, e.g. unexpected changes in asset conditions resulting from severe weather events or shift in demand for services.

The LTFP will be reviewed and updated annually in conjunction with the development of each Operational Plan & Budget.

1.2 Asset Management Strategy 2022-2032

Council's *Asset Management Strategy* (AMS) assists Council in improving its infrastructure and services planning and management, including open space and recreation facilities, road facilities and streetscapes, road pavement, seawalls and marine structures, stormwater drainage and property. Council's infrastructure assets have a replacement value of approximately \$1.2 billion as at 30 June 2021.

The AMS enables Council to show how its asset portfolio will meet the service delivery needs of its community into the future, that its asset management policies are being achieved; and that existing asset management practices integrate with the *Community Strategic Plan*.

The AMS informs and is informed by the LTFP. It has been prepared following condition audits per asset class, financial sustainability indicators, asset management maturity and fit with the community's aspirational vision as outlined in the *Community Strategic Plan*. It includes an Improvement Plan.

In accordance with legislative requirements, the AMS also includes the *Asset Management Policy*, as Appendix 2. In adopting the final *Resourcing Strategy* the Council is readopting this Policy.

1.2.1 Asset Management Plans

The accompanying suite of 10-year Asset Management Plans (per asset class) are reported to Council under separate cover (Item 4).

1.3 Workforce Plan 2022-2026

Council's *Workforce Plan* helps guide organisational development, while providing a safe, supportive, and stimulating work environment for all employees. There are human resource challenges ahead including an ageing workforce, the need for work-life balance and retaining quality employees, while there are also many opportunities to improve and grow as an organisation.

The plan considers the short, medium and long term needs of the organisation. It sets a strategic human resources framework within other activities such as training, health and safety and diversity and fairness. It includes an Improvement Plan centred around three objectives - attracting, developing and retaining the right people, leveraging the capacity of our workforce, and organisational development and sustainability.

2. Public Exhibition Period

Public exhibition of the draft plan, concurrent with other draft IP&R components, was conducted in accordance with the following Essential Elements prescribed in the *IP&R Guidelines* (2021):

- *3.10 The Long-Term Financial Plan must be publicly exhibited for at least 28 days and submissions received by the council in that period must be accepted and considered before the final Long-Term Financial Plan is adopted by the council.*

Whilst only the LTFP component requires public exhibition prior to adoption, all Resourcing Strategy components were exhibited in the interest of transparency.

2.1 Inform Reach

Promotion of the public exhibition period occurred jointly with the draft *Delivery Program/Operational Plan*. This included a dedicated web page for the *Resourcing Strategy*, of which there were 19 page views, including: 4 downloads of the draft plan, as well as advertising in local media etc. Refer to the *Delivery Program - Post Exhibition report* (Item 8.5), also reported to this meeting, for the inform reach statistics.

Staff consultation also occurred, including on the *Workforce Plan* via presentation to Directors and Managers (Extended MANEX) and the Staff Consultative Committee.

2.2 Submissions

No submissions were during the exhibition period, excluding staff feedback.

3. Amendments

The following table summarises the substantial/material amendments that have been made to the final plan:

No.	Section reference	Amendment	Rational/Justification
1.	Community Engagement (p14-16)	New section added - where previously this information was presented within the Asset Management Section	The engagement to inform the plan as well as service levels applies across all components of the Resourcing Strategy. Reformatting of the <i>Customer Satisfaction Survey 20202</i> to improve readability - no content changes; consistent with updates to same section in the other IP&R plans.
2.	Asset Management Plan (p38)	Table inserted listing the Asset Management Plans	To improve connection/relationship to the Asset Management Plans.
3.	LTFP - Appendix 1	\$36,690,647 Increase in funding for the redevelopment of North Sydney Olympic pool (transferred from 2021/22)	More accurately reflect forecast cost outflows
4.	LTFP - Appendix 1	\$28,650 increase in Catchment Study grant income and expenditure	Confirmation of actual amount of grant funds to be received in 2022/23
5.	LTFP - Appendix 1	\$75,000 increase Faster Regionally Significant Development Applications Pilot Program grant income and expenditure	Confirmation of actual amount of grant funds to be received in 2022/23
6.	LTFP - Appendix 1	\$62,500 increase in NSW Public Spaces Legacy Program Grant (funding Quarantine Boat Depot site and access improvements and St Leonards Park Playground improvements	Confirmation of actual amount of grant funds to be received in 2022/23
7.	LTFP - Appendix 1	\$3,631 reduction to Councillor fees and Mayoral Allowance in 2022/23 and forecast annual reductions of \$3,500 to \$5,200 from 2023/24 to 2031/32	Confirmation from NSW Local Government Remuneration Tribunal of actual amounts to be paid in 2022/23

No.	Section reference	Amendment	Rational/Justification
8.	LTFP - Appendix 1	Annual increases of between \$500,000 and \$610,000 in parking meter fee revenue from 2023/24 to 2031/32	Up-to-date analysis of actual cash inflows over the first eleven months of 2021/22
9.	LTFP - Appendix 1	Annual increases of between \$200,000 and \$245,000 in Construction Zone fee revenue from 2023/24 to 2031/32	Up-to-date analysis of actual cash inflows over the first eleven months of 2021/22
10.	LTFP - Appendix 1	Annual increases of between \$200,000 and \$243,000 in Hoarding Permit fee revenue from 2023/24 to 2031/32	Up-to-date analysis of actual cash inflows over the first eleven months of 2021/22
11.	LTFP - Appendix 1	Annual increases of between \$572,000 and \$696,000 in North Sydney Olympic Pool revenue from 2023/24 to 2031/32	Rental income derived from the lease of the café and restaurant not included in the draft budget
12.	LTFP - Appendix 1	Annual increases of between \$2.6 million and \$3.2 million for North Sydney Olympic Pool operating costs from 2023/24 to 2031/32	Forecast operating costs associated with redeveloped facility underestimated in the draft budget
13.	LTFP - Appendix 1	Reclassification of NSW Planning Portal Integration project from a capital expense to an operating expense	Project cost to be expensed in 2022/23 rather than capitalised as portal integration not deemed to capital in nature
14.	LTFP - Appendix 1	Delay in the reconfiguration of Primrose Park to add an additional full-size playing field from 2023/24 to 2025/26 (\$1.12 million)	Forecast lack of funding in 2023/24. Should the 2022/23 net operating result be better than currently forecast, funding could be restored for this project in 2023/24

4. Periodic Progress Reporting

In accordance with the following Essential Element prescribed in the IP&R Guidelines (2021):

- *3.23 Councils must report on their assets in the annual financial statements, in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including condition assessment, renewal and maintenance expenditure.*

5. Amending the Plan (post adoption)

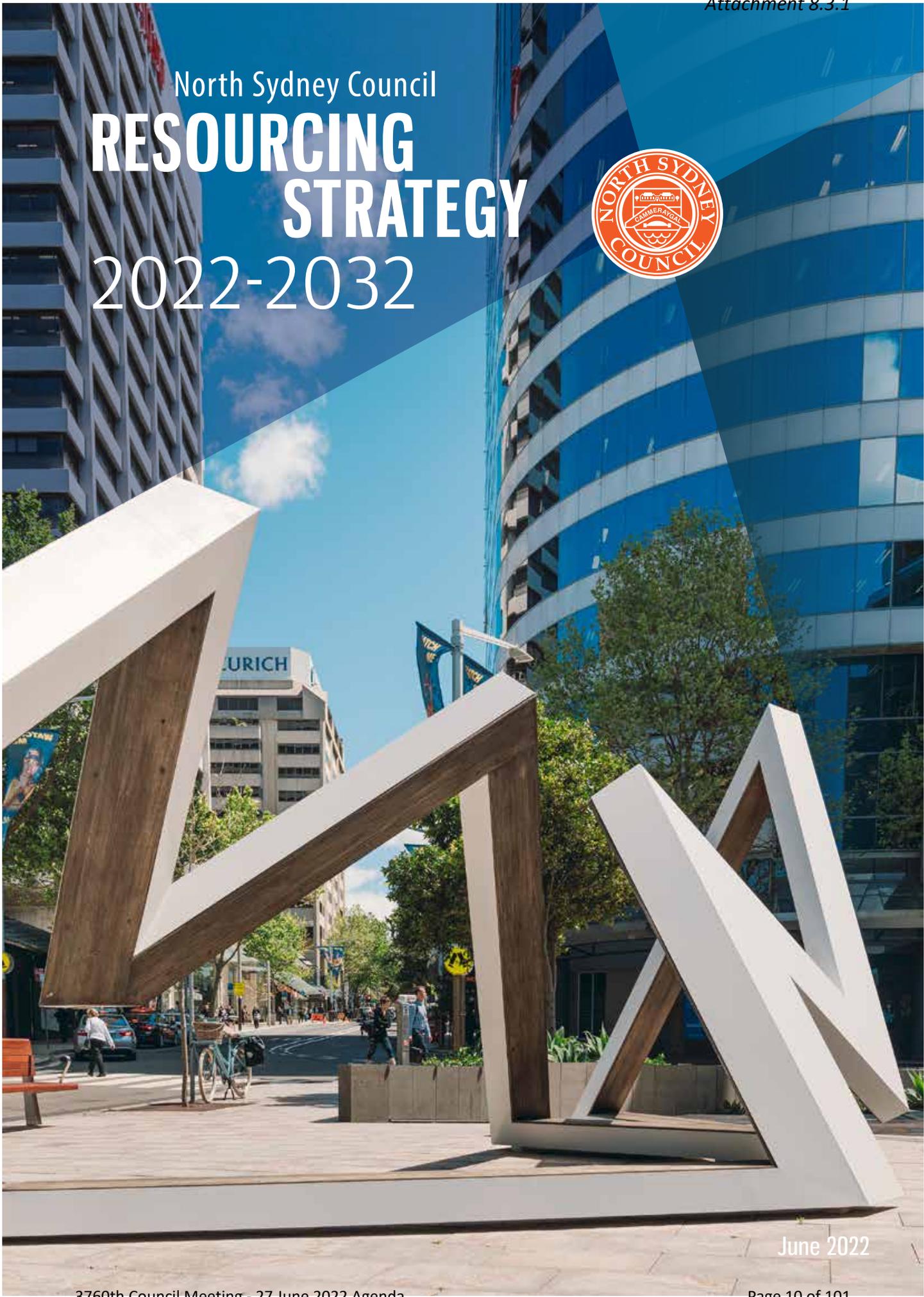
Following adoption, amendments the Resourcing Strategy must occur in accordance with the following Essential Elements prescribed in the IP&R Guidelines (2021):

- *3.7 The key underlying assumptions on which the Long-Term Financial Plan is based, and the projected income and expenditure, balance sheet and cash flow statement contained in the Long-Term Financial Plan, must be reviewed and updated at least annually as part of the development of the Operational Plan.*
- *3.8 The Long-Term Financial Plan must be reviewed in detail as part of the 4-yearly review of the Community Strategic Plan.*

6. Recommendation

It is recommended that final *Resourcing Strategy 2022-2032* be adopted, inclusive of the amendments summarised above.

North Sydney Council
**RESOURCING
STRATEGY**
2022-2032



June 2022

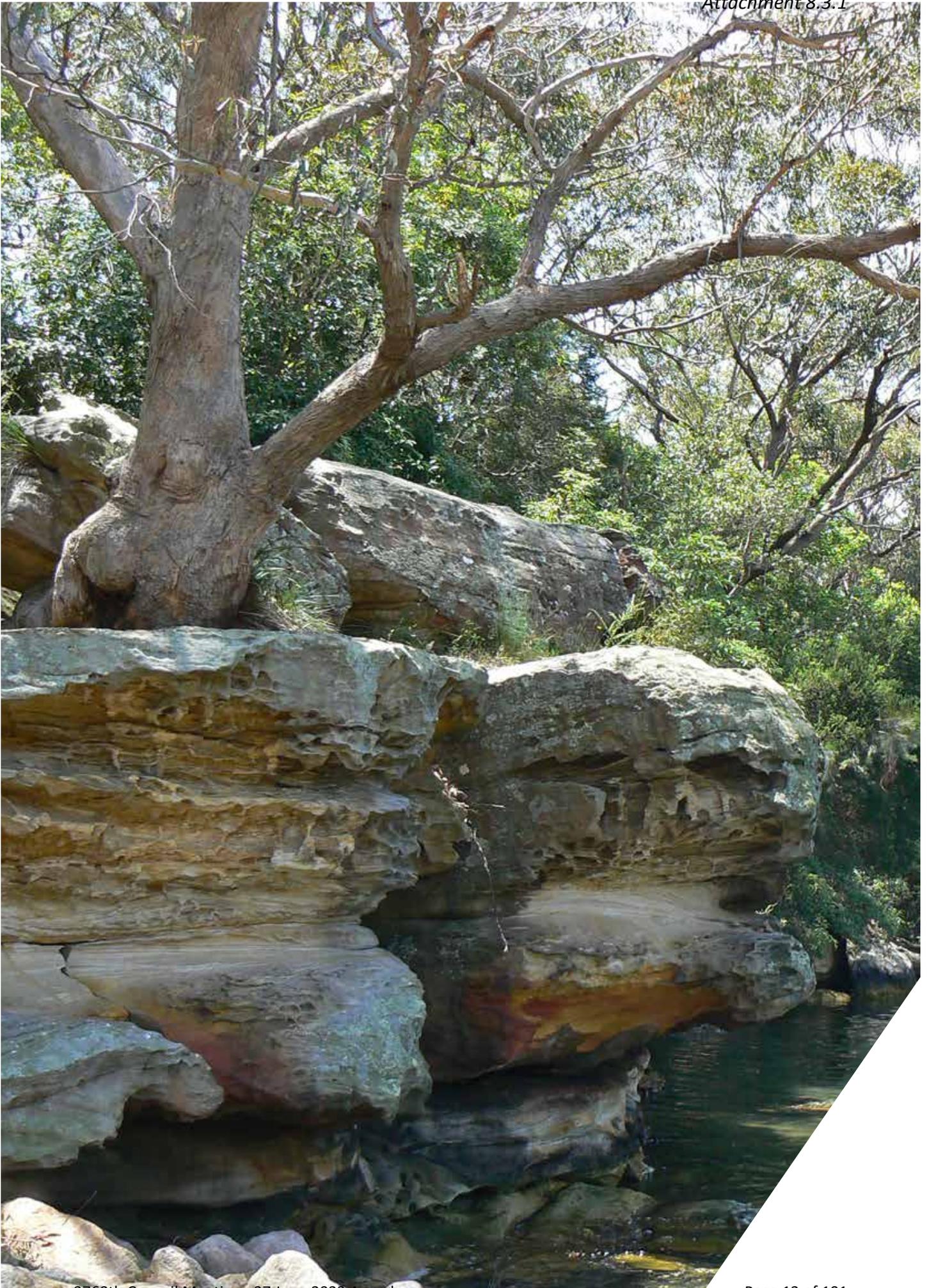
Council's Resourcing Strategy has been prepared in-house in accordance with statutory Integrated Planning & Reporting Framework requirements.

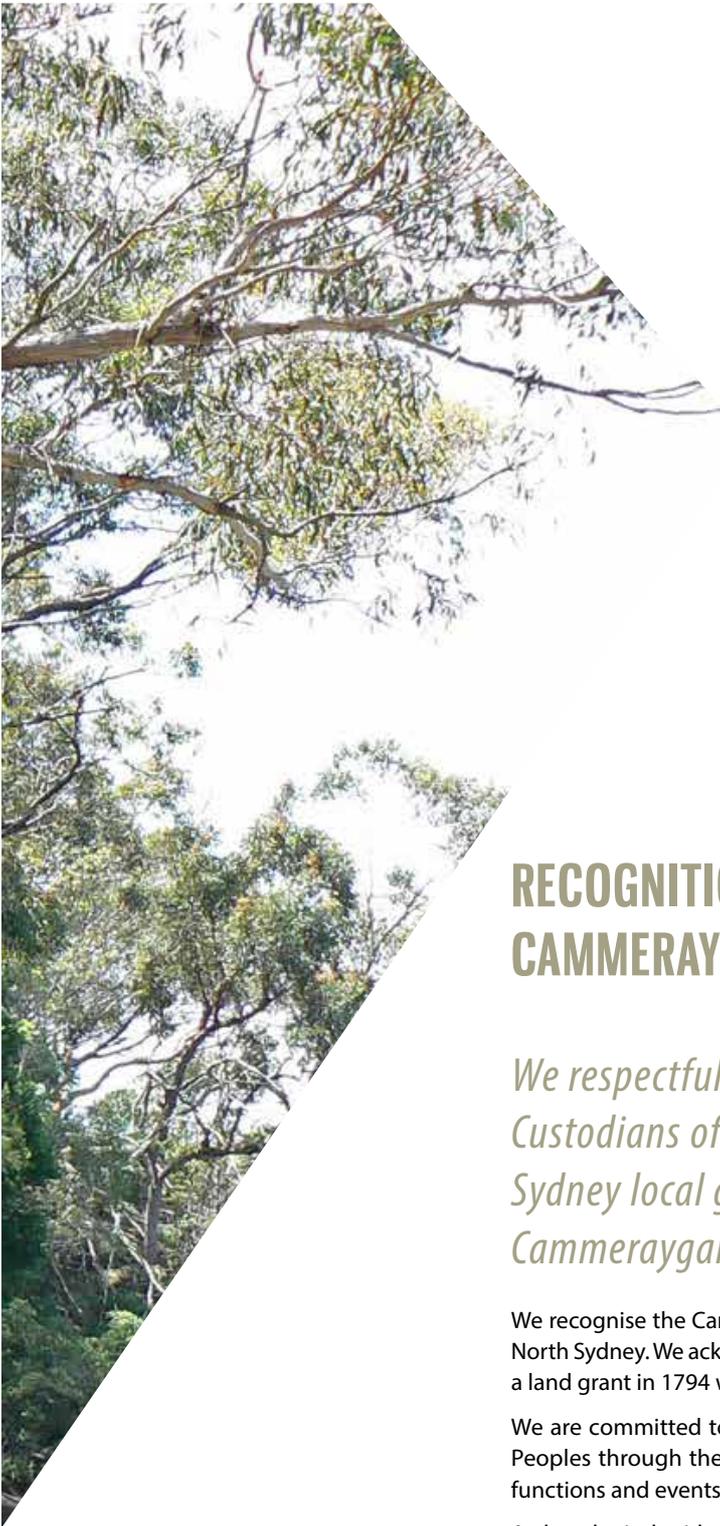
This plan reflects our intentions at the time of publication. As with any plan or budget, the actual results may vary from that forecast.

Adopted June 2022

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RECOGNITION OF THE CAMMERAYGAL PEOPLE

We respectfully acknowledge the Traditional Custodians of the land and waters of North Sydney local government area (LGA), the Cammeraygal people

We recognise the Cammeraygal as the first owners of the area known today as North Sydney. We acknowledge that the alienation of their country occurred with a land grant in 1794 without consultation, treaty or compensation.

We are committed to showing respect for Cammeraygal and all First Nations Peoples through the acknowledgement of country at ceremonies, meetings, functions and events.

Archaeological evidence shows that Aboriginal people have been in North Sydney at least 5,800 years, probably for thousands more. We treasure and seek to preserve the evidence of their presence here.

In 1890, when North Sydney Council was formed through the merging of three boroughs, the word Cammeraygal was included on its coat of arms. Today it holds a central position in the Council's logo as a reminder of the long indigenous heritage of this place.

In recent years the spelling of Cammeraygal has varied to include Gammerraigal and Gai-maragal as our community has sought to more accurately reflect and honour the heritage of our First Nations people.



ACTING GENERAL MANAGER'S FOREWORD

This Resourcing Strategy is one of the most significant documents that North Sydney Council prepares. It is our statement of the assets, finance and people we need to achieve the desired outcomes of the *North Sydney Community Strategic Plan - North Sydney Vision 2040* and *Council's Delivery Program 2022-2026*.

The Resourcing Strategy consists of three inter-related parts:

- Long Term Financial Plan - reflects our financial capacity to deliver the strategies, initiatives and works identified in our Integrated Planning & Reporting plans as well as the suite of supporting plans and strategies such as Masterplans. It ensures that we have a financially sustainable long term plan in place to manage financial risks and optimise opportunities while delivering the community's aspirations.
- Asset Management Strategy - includes our *Asset Management Policy*, and outlines the framework we use to manage our infrastructure including a suite of comprehensive *Asset Management Plans* for each asset type, and
- Workforce Plan - analyses our workforce, forecasts future gaps and identifies the skills we need now and in the future.

The Long Term Financial Plan includes three financial scenarios; pessimistic, optimistic and planned. Council is operating under the 'Planned Scenario' as its preferred financial scenario, upon which the financial estimates in the *Delivery Program 2022-2026* and *Operational Plan & Budget 2022/23* have been prepared, including an IPART

approved, one-off, additional special variation in 2022/23, meaning that rates will increase by 2% in Year 1 and by the annual rate peg thereafter.

The plan's articulates our objective to ensure that Council remains financially viable and sustainable whilst maintaining and delivering services to the community. Council has long operated from a position of financial sustainability and over many years has consistently achieved operating surpluses. The COVID pandemic has resulted in two operating deficits (2019/20 and 2020/21), and it is forecast that the further effect of COVID on revenue will result in an operating deficit in 2021/22.

We will need to carefully manage our income and investments to sustain our operations over the coming years in the event of unforeseen challenges such as unexpected changes in asset conditions resulting from severe weather events or shifts in demand for services.

While the Resourcing Strategy is a fixed term plan, it is a living document that is reviewed annually in conjunction with preparation of the annual *Operational Plan & Budget*. Council operates in a dynamic environment and our activities are influenced, and sometimes constrained, by changes in the wider economic, political and cultural landscapes. To ensure financial sustainability, Council needs to retain the capacity to absorb or manage unexpected changes in the broader environment in which it operates.

Rob Emerson
Acting General Manager

EXECUTIVE SUMMARY

Authority for council functions in NSW comes from the *Local Government Act 1993* (the Act). The Act classifies council functions as services, regulatory, ancillary, revenue, administrative and enforcement. Councils have a broad discretion in the services they provide and the way they provide them. The Act makes councils directly accountable to their residents and ratepayers.

Specified within the Act, and the *Local Government (General) Regulation 2021*, is the requirement for each council to have in place an Integrated Planning and Reporting (IP&R) Framework. IP&R allows councils to bring plans and strategies together in a way that supports a clear vision for the future and provides an agreed roadmap for delivering community priorities and aspirations.

While councils lead the IP&R process it is a journey undertaken in consultation with the community and elected representatives.

The *North Sydney Community Strategic Plan* sits at the top of North Sydney Council's IP&R Framework. It outlines the community's shared vision for its future, by providing a vehicle for expressing the long-term community aspirations. However, these will not be achieved without sufficient resources - time, money, assets and people - to actually carry them out.

Council's *Delivery Program* is the point where Council explains to our community how it intends to perform all its functions, including implementing the strategies set out in the *Community Strategic Plan*. Some strategies are clearly the responsibility of Council, while some are the responsibility of other levels of government, and some will rely on input from, business and industry groups, community groups or individuals.

The *Resourcing Strategy* focuses in detail on matters that are the responsibility of the Council, and considers, in general terms, matters that are the responsibility of others. The *Resourcing Strategy* articulates how Council will allocate resources to deliver the objectives under its responsibility, to quantify Council's contribution to the achievement of the community's shared vision.

The *Resourcing Strategy* consists of three interrelated, and interdependent, medium to long term strategies:

- Long Term Financial Plan
- Asset Management Strategy
- Workforce Plan

All government organisations, especially local government, are faced with meeting the challenge of rising community expectations. The North Sydney community expects Council to be an efficient, effective and transparent organisation; one that is ethically committed to its employees and its community and to deliver a high level of discretionary services. Council is faced with the challenge of doing more with less in terms of financial resources and needs to ensure that the functions performed by Council are aligned with quality of life and sense of community of current and future generations.

Levels of Service

Identification of the community's desired levels of service is one of the most important aspects in the development of Council's IP&R plans. Our periodic *Customer Satisfaction Survey* is used to assist with this discussion in addition to project-specific consultations. Pages 14 to 16 detail the findings of the 2020 survey, detailing resident and business satisfaction with Council managed facilities and services. The survey heard from a random and statistically representative sample of 400 residents and 200 businesses, and the results are benchmarked against previous surveys, enabling Council to track improvement over time.

The *Community Strategic Plan* outlines the community's aspirations for North Sydney. Council consulted widely in developing the plan with residents, businesses, ratepayers, community groups and other stakeholders. At every stage of the consultation, the community made it clear that it has high expectations of Council services and infrastructure. The community indicated that they do not want a reduction in current service delivery levels.

Implementation

The responsibility for implementing Council's IP&R Framework, including all components of the *Resourcing Strategy*, rests with various internal stakeholders. The level of responsibility differs amongst the various stakeholders. The following outlines the key stakeholders' roles and responsibilities:

- the Mayor and Councillors delegate responsibilities to the General Manager and senior staff to develop and oversee the implementation of Council's IP&R suite of plans in accordance with the legislative guidelines as well as community, and periodic reporting progress
- the Senior Management Team is responsible for ensuring the key focus areas and related strategies are agreed and resourced
- Council's IP&R Working Group and Asset Management Working Group provide support to the Senior Management Team and are responsible for monitoring implementation and performance reporting
- managers and staff are responsible for supporting the Senior Management Team in implementing Council's IP&R suite of plans, and
- the Staff Consultative Committee is a key forum for consulting employees. This is essential to the change management process required to drive any significant changes and improve ownership of the Workforce Plan.

Council's internal IP&R Working Group oversees implementation of the *Resourcing Strategy*, and the internal Asset Management Working Group will oversee the implementation of the Improvement Plan within the *Asset Management Strategy*. Both groups will periodically review against progress the plans and publicly report progress via the Annual Report and Financial Statements.

LONG TERM FINANCIAL PLAN 2022-2032

Council's *Long Term Financial Plan* is a fixed term 10-year plan, which is reviewed and updated annually. It enables Council to better understand and plan its long-term financial requirements. The plan includes consideration of sustainability, service provision levels and the creation, upgrading and renewal of infrastructure.

Financial Sustainability

All levels of government face growing community expectations and demand for transparency. For this reason, Council has applied an 'open government' approach since the 1980s. To optimise service delivery an active and open dialogue is sought with the community. In this way expectations can be established and managed.

Council has a record of consistently delivering operating surpluses and therefore operating from a financially sustainable position. The COVID pandemic, however, has caused two operating deficits (Financial Years 2019/20 and 2020/21). It is forecast that the further effect of the COVID on revenue will result in an operating deficit in 2021/22. The overall objective of this plan is to ensure that Council remains a financially sustainable organisation.

Scenario Planning

Three financial scenarios were prepared:

- a) Pessimistic Scenario - the Consumer Price Index (CPI) will increase by 4% in 2023/24 and 3% for the remaining life of the plan. IPART's rate-peg will be 1% below the CPI from 2023/24. Employee costs will rise in line with CPI. Revenue streams will not return to pre-COVID levels. This Scenario results in a decline in operating results and deficits in the later years.

- b) Optimistic Scenario - CPI will increase by 2.5% for the life of the plan. IPART's rate-peg will be equivalent to CPI. Employee costs will rise in line with CPI. Revenue streams will return to pre-COVID levels. Advertising income will be maximised. This Scenario results in improvements in operating results for the life of the plan.
- c) Planned Scenario - CPI will increase by 2.5% for the life of the plan. IPART's rate-peg will be 2% in 2022/23 and 2.5% for the remaining life the plan. Employee costs will rise by the 2% Award increase in 2022/23 and in-line with inflation for the remaining life of the plan. This Scenario results modest surplus operating results for the life of the plan. On 23 May 2022, the Council endorsed this as the preferred scenario.

The Plan details assumptions for each scenario. These assumptions include asset management and maintenance, workforce structure projections and financial outcomes over a 10-year period.

Council must carefully manage its income and investments to sustain its operations into the future and manage unforeseen challenges such unexpected changes in asset conditions as result of severe weather events or shift in demand for services.

The assumptions used to prepare this plan will be reviewed frequently. This plan is a guidance tool, to identify financial issues in advance and enable planned approaches to deal with them.

Council will use the indicators in this plan to measure financial performance. These indicators have been developed by the NSW Office of Local Government (OLG) and are also used in its published comparative information for NSW councils. The measures are therefore transparent and comparable.

ASSET MANAGEMENT STRATEGY 2022-2032

Council's *Asset Management Strategy* has been prepared to assist Council in improving the way it delivers services from infrastructure. Council's infrastructure assets have a replacement value of approximately \$1.2 billion as at 30 June 2021¹. The purpose of this strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future
- that its asset management policies are being achieved
- that existing asset management practices integrate with the *Community Strategic Plan*

Council's Assets

The table provides an overview of Council's asset classes and current total replacement value as at 30 June 2021. Detailed information about each asset class is outlined within Council's *Asset Management Plans*, which are available from the Council's website.

Table 1: Council's asset classes and current total replacement value as at 30 June 2021

Asset Class	Replacement Cost 2020/21 (\$)
Buildings - non-specialised	1,457,625
Buildings - specialised	209,468,386
Other structures	1,146,200
Roads	357,396,885
Footpaths	123,242,686
Stormwater drainage	204,552,675
Swimming Pools ²	7,546,950
Other Open Space/Recreational assets	27,607,802
Other infrastructure	232,671,336
Investment Properties ³	12,635,102
TOTAL	1,177,725,647

Source: Notes C1-5 and C1-6 Annual Financial Statements for the year ended 30 June 2021

¹ Note C1-5 Audited Financial Statements 30 June 2021. Excludes land, non-depreciable and miscellaneous assets.

² As at 30 June 2021 the Olympic Pool redevelopment was not complete. Figures subject to change upon completion.

³ Replacement cost of improvements only, excludes land value of \$42,150,735

Asset Management Improvement

The Strategy has been prepared following a review of the Council's service delivery practices, financial sustainability indicators, asset management maturity and fit with the community's vision as outlined in the *Community Strategic Plan*. An Improvement Plan is outlined, detailing a program of tasks to be completed as well as the timeline that these tasks are expected to be completed by. The Improvement Plan will be periodically reviewed and re-prioritised to match the available resources within Council's *Delivery Program* and *Long Term Financial Plan*.

The *Asset Management Plans* are periodically reviewed as asset condition audits are undertaken and in context of annual budget preparation. While these plans produce information for a 10-year horizon, the identification of how renewals are to be funded can allow for considered community consultation regarding desired service levels, capacity to pay, risk consequences and links with the *Long Term Financial Plan*.

WORKFORCE PLAN 2022-2026

Council's *Workforce Plan* will help guide organisational development, while providing a safe, supportive and stimulating work environment for all employees. While there are human resource challenges ahead - including an ageing workforce, the need for work-life balance and retaining quality employees - there are also many opportunities to improve and grow as an organisation. A committed and engaged workforce will result in improved organisational outcome, ultimately better service delivery and facilities for the community.

Key Challenges

Australia as a nation is faced with challenge of an ageing workforce. North Sydney Council is no different; a significant number of employees across the organisation are reaching retirement age. Council must ensure it has succession plans in place to make sure it is able to adequately resource the organisation and have in place robust programs to ensure that transfer of corporate knowledge occurs. Council is also faced with the challenge of retaining and recruiting some core professions. Council needs to ensure it has effective programs and processes in place to retain and reward its employees in line with market trends as well as attract new generations of workers. Council also needs to ensure it has career development plans in place to allow up-skilling of existing employees.

Council must respond quickly and comprehensively to address these challenges, by ensuring we have strategies in place that account for the diversity of our workforce and are able to ensure the ongoing sustainability of our workforce into the future.

An Improvement Plan has been prepared. The actions are centred around three objectives, these include:

1. attracting, developing and retaining the right people
2. leveraging the capacity of our workforce
3. organisational development and sustainability

The plan will be periodically reviewed and re-prioritised to match the available resources.

INTRODUCTION

The *Resourcing Strategy* consists of three interrelated, and interdependent, medium to long term strategies:

- Long Term Financial Plan
- Asset Management Strategy
- Workforce Plan

In accordance with legislative requirements councils are required to draw together their various plans, to understand how they interact and to get the maximum leverage from their efforts by planning holistically for the future.

The *Resourcing Strategy* is the point in North Sydney Council's IP&R Framework, as demonstrated in the following diagram, where we explain to the community how the Council intends to perform all its functions, including implementing the strategies set out in the *North Sydney Community Strategic Plan*.

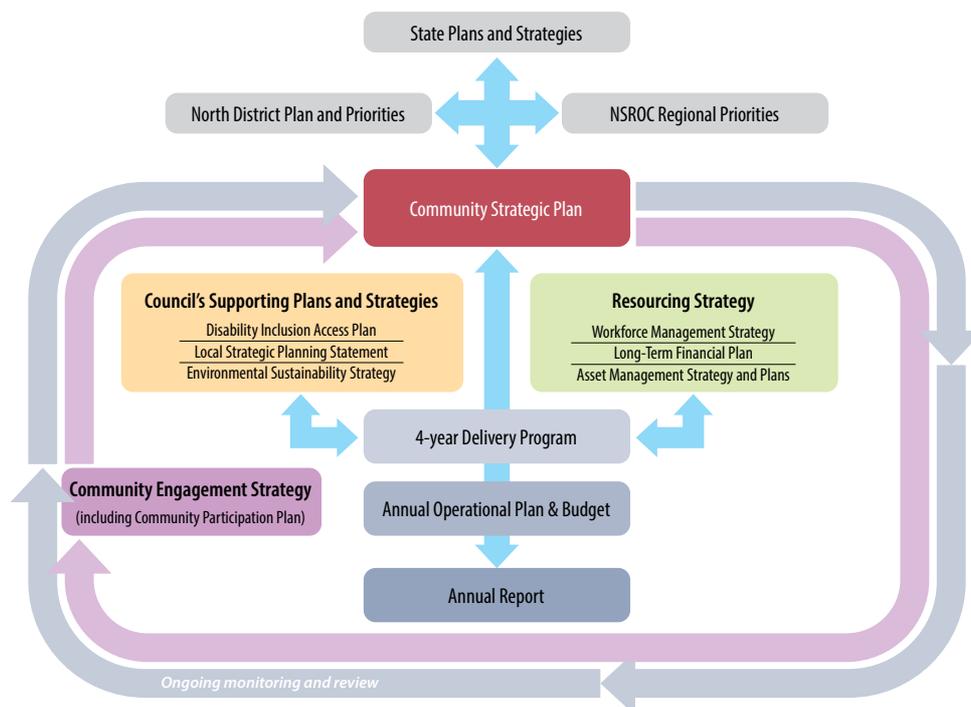
The *Community Strategic Plan* sits at the top of Council's IP&R Framework. It outlines the community's shared vision for its future, by providing a vehicle for expressing the long-term community aspirations. However, these will not be achieved without sufficient resources - time, money, assets and people - to carry them out.

Council's four-year *Delivery Program* is the point where Council explains to our community how it intends to perform all its functions, including implementing the strategies set out in the *Community Strategic Plan*. Some strategies are clearly the responsibility of Council, while some are the responsibility of other levels of government, and some will rely on input from, business and industry groups, community groups or individuals.

The *Resourcing Strategy* is the critical link between the *Community Strategic Plan* and the *Delivery Program*, detailing the provision of resources required to implement strategies established by the community's long-term vision. The *Resourcing Strategy* focuses on three areas - financial planning; asset management planning; and workforce management planning.

Council's internal IPR Working Group will oversee the implementation of this strategy. The Group will periodically report against progress and the Asset Management Committee Working Group will oversee the implementation of the *Improvement Plan* within the *Asset Management Strategy*.

Figure 1: IP&R Framework Diagram (OLG, 2021)



OUR NORTH SYDNEY

North Sydney Council is a local government area on the Lower North Shore of Sydney, established on 29 July 1890 through the amalgamation of three boroughs.

Today, the North Sydney LGA covers 10.49km² or 1,049 hectares. It is both urban and green in character, comprising two central business districts - North Sydney and St Leonards, smaller suburban centres, residential areas, parks and open spaces.

Overall, the North Sydney LGA is an established area. Much of the farmland within North Sydney was subdivided from around 1880 onwards. Further development and subdivisions increased significantly with the opening of the Sydney Harbour Bridge in 1932 and continued after World War II. It was during this period that much of the infrastructure in North Sydney LGA was originally built. Therefore, North Sydney faces the continual challenge of maintaining a large portfolio of ageing infrastructure.

North Sydney is very densely populated thanks largely to the medium and high-density apartments and dwellings which are forming a growing part of the landscape. 89% of the dwellings were medium or high density, compared to 44% in Greater Sydney.

North Sydney consists of 14 suburbs which include Cammeray, Cremorne, Cremorne Point, Crows Nest, Kirribilli, Kurraba Point, Lavender Bay, McMahons Point, Milsons Point, North Sydney, Neutral Bay, Waverton, Wollstonecraft and part of St Leonards.



OUR NORTH SYDNEY



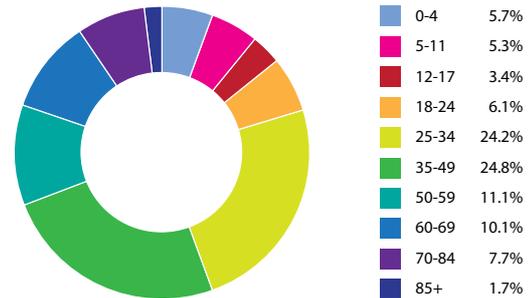
Population Growth (ERP)

2016	72,037
2021	79,094
2036	84,422
2041	89,900

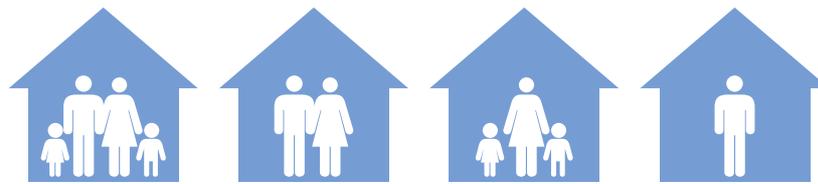
Population Density - People per hectare (PPH)

North Sydney LGA	64.50
NSROC	9.35
Greater Sydney	3.90

Age Range



Family Structure



North Sydney LGA	18%	28.5%	5.3%	32.4%
NSROC	36.7%	24.5%	7.8%	21.5%
Greater Sydney	35.3%	22.4%	10.4%	20.4%

Housing



North Sydney LGA	18%	89.2%	23.3%	19.9%	47.4%
NSROC	36.7%	49.5%	32%	30.7%	30.6%
Greater Sydney	35.3%	43.8%	27.7%	31.5%	32.6%

Source: Australian Bureau of Statistics, Census of Population and Housing 2016 and National Economics (NEIR) - compiled by .id (informed decisions). Correct as at 6 April 2021

Note: the 2021 ABS Census data is not available until late 2022

Transport to Work				
North Sydney LGA	32.6%	39.8%	12%	5.9%
NSROC	47.1%	30.5%	5.5%	6.2%
Greater Sydney	56.6%	22.7%	4.8%	4.4%

Median Household Income \$	
North Sydney LGA	2,356
NSROC	2,218
Greater Sydney	1,745

0.3% ATSI origin

411 Homeless Persons (No.)

115,376 Local Jobs (NEIR 2021)

Job Targets by 2036



Gross Regional Product (GRP) (NEIR 2021)

\$22.87 billion

15,382 Local Businesses (ABS 2021)

Top 5 Industries

27.3% Professional, Scientific and Technical Services

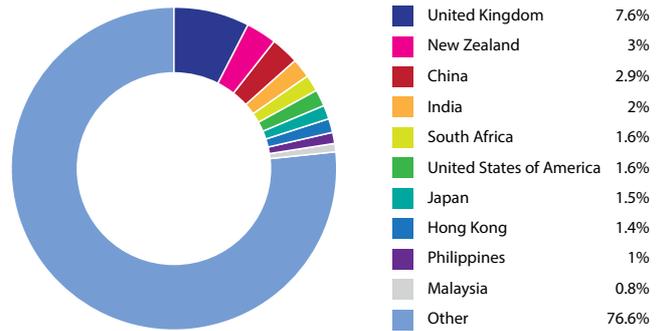
14.7% Rental, Hiring and Real Estate Services

13.9% Financial and Insurance Services

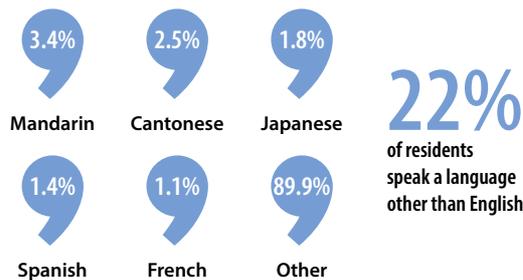
6.9% Construction

6.8% Health Care and Social Assistance

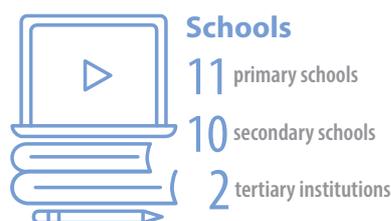
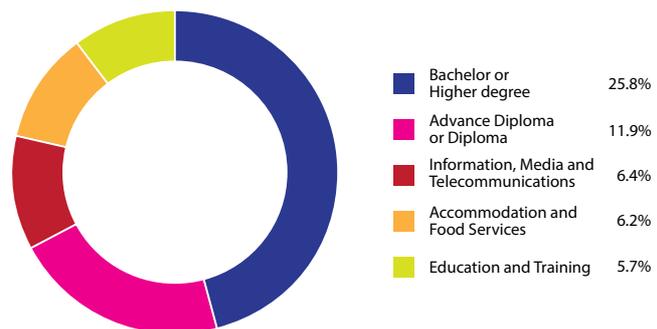
Born Overseas (Country of Origin)



Languages Spoken other than English



Qualifications



Volunteering
 21.5% of the North Sydney LGA population engage in some form of voluntary work



OUR VISION

North Sydney is a welcoming, connected and resourceful community which acknowledges its past, enjoys the present and plans for our future. We respect our beautiful harbourside locale, its unique villages and much valued bushland and open spaces. We lead the way in sustainability.

OUR MISSION

To be leading edge in serving the community of North Sydney by caring for its assets, improving its appearance and delivering services to people in a financially, socially and environmentally responsible manner.

OUR CORPORATE VALUES

Sustainability

equity, preservation, justice and precaution

Community service

efficiency, effectiveness and responsiveness

Open government

transparency and accountability

Community participation

consultation and involvement

Ethical conduct

honesty and integrity

Justice

fairness and equity

Quality

innovation and excellence

Teamwork

cooperation and respect

OUR ELECTED REPRESENTATIVES

We look forward to working alongside our community to bring this plan to fruition.

ST LEONARDS WARD



Mayor
Cr Zoë Baker



Deputy Mayor
Cr William Bourke



Cr Dr Alanya Drummond



Cr Godfrey Santer



Cr James Spenceley

CAMMERAYGAL WARD



Cr MaryAnn Beregi



Cr Jilly Gibson



Cr Georgia Lamb



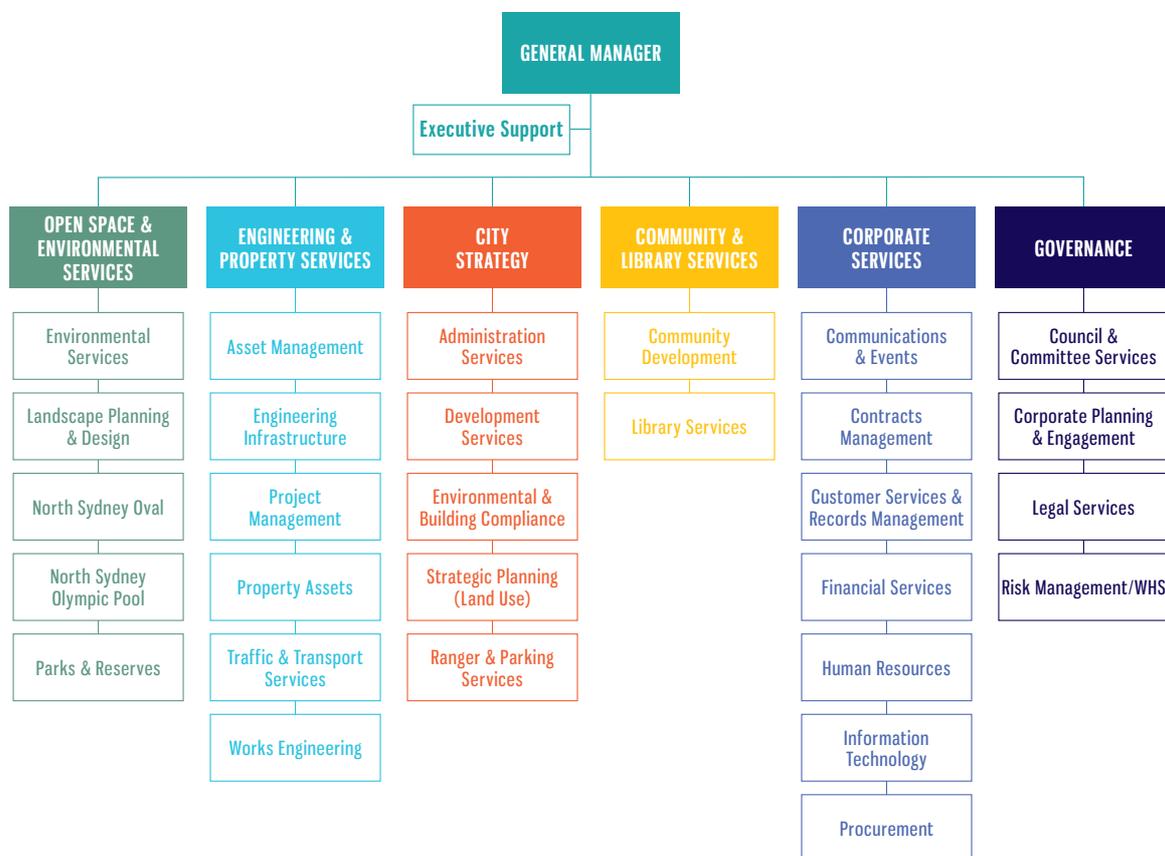
Cr Ian Mutton



Cr Shannon Welch

ORGANISATIONAL CHART

The organisational structure consists of six directorates (known as Divisions) and has seven senior staff including the General Manager.



COMMUNITY ENGAGEMENT

The key objective of asset management planning is to provide the required level of service for the community in accordance with the Community Strategic Plan and in the most cost-effective manner. Levels of service are key business drivers for asset and workforce planning.

The linking of service levels and the cost-of-service delivery is an essential component of strategic asset management. It is essential that Council knows the true costs of service delivery, priorities placed by the community on infrastructure, the service levels that are desired by the community and what level they are willing to pay for.

Council periodically undertakes a *Customer Satisfaction Survey* to determine community attitudes towards the services and facilities it provides. The survey is conducted on Council's behalf by an independent research company. The randomly selected representative sample consists of 400 residential and 200 business customers (both owners and renters). Full survey results are available from Council's website.

The *Customer Satisfaction Survey* provides Council with feedback about the appropriateness of each of its key services, and this information assists with prioritising funding of Council activities (services and projects) in the *Delivery Program* and *Asset Management Plans*, to ensure areas that are not meeting community expectation are reviewed and ultimately improved. It is clear from the most recent surveys that the North Sydney community expect the current level of service to be retained, and in some areas increased.

The 2020 survey, undertaken by Jetty Research, sought feedback from representative sample of 400 residents and 200 businesses. Key findings from the survey were:

75%	90%	87%	54%	68%
of residents agree North Sydney has a strong sense of community	of residents perceive their quality of life as very good to excellent	of businesses are satisfied with North Sydney as place to do business	of residents are satisfied with North Sydney's strategic direction	of businesses are satisfied with North Sydney's strategic direction

Residents

The following table details resident's satisfaction with key service areas:

Table 2: Residents Satisfaction for key service areas 2020 v 2016

Ranking	Service/Function	2020	2020 v 2016 (%)
1	Maintenance of parks, ovals and bushland areas	91%	1%
2	Feeling safe in North Sydney	90%	1%
3	Way North Sydney as a whole looks and feels	88%	68%
4	Cleanliness of local roads and footpaths	86%	5%
5	Waste and recycling collection services	84%	2%
6	Recreation facilities	82%	n/a
7	Appearance of local village centres	78%	2%
8	Appearance of public spaces in the North Sydney CBD	73%	-4%
9	Maintenance of malls and plazas in commercial areas	73%	2%
10	Maintenance of local roads and footpaths	73%	-2%
11	Stanton Library	69%	2%

Ranking	Service/Function	2020	2020 v 2016 (%)
12	Council run community events	69%	-5%
13	Customer service/information provided by Council staff	64%	-9%
14	Management of traffic flow on local roads	63%	17%
15	Quality of commercial and residential development	58%	-5%
16	Policing of parking	52%	-2%
17	Pedestrian and cycle paths	52%	-1%
18	Range of arts and cultural experiences in North Sydney	51%	-13%
19	Community centres and facilities	50%	-14%
20	North Sydney Olympic Pool	49%	-14%
21	Provision of parking	46%	11%
22	Range of public art in North Sydney	41%	-10%
23	Children's services	26%	-17%

Appearance of public spaces, maintenance of local roads and footpaths, pedestrian and cycle paths, community centres and facilities are key areas that are addressed in the Resourcing Strategy.

The following matrix indexes the importance residents' place on services, versus satisfaction their satisfaction:

Table 3: Prioritisation Matrix - Residents

High Importance - Low Satisfaction (Critical issues for attention)	High Importance - High Satisfaction (Issues requiring no additional attention)
Provision of parking	Maintenance of parks, ovals and bushland areas
Management of traffic flow on local roads	Cleanliness of local roads and footpaths
Maintenance of local roads and footpaths	Maintenance of plazas in commercial areas
Policing of parking	Community run community events
Quality of commercial and residential development	Feeling safe in North Sydney
Range of arts and cultural experiences in North Sydney	Customer service/info provided by Council staff
Range of public art in North Sydney	Satisfaction with the way North Sydney as a whole looks and feels
	Waste and Recycling
	Appearance of public spaces in the North Sydney CBD
	Appearance of local village centres
Low Importance - Low Satisfaction (Issues needing some attention)	Low Importance - High Satisfaction (Lower priority issues)
Children's services	Stanton Library
North Sydney Olympic Pool	Recreation Facilities
Community centres and halls	
Pedestrian and cycle paths	

This indicates of the 11 services or facilities measured, Council's business processes, the way North Sydney as a whole looks and feels, cleanliness of local roads and footpaths, maintenance of commercial areas and customer service/information provided by Council staff were perceived as being of highest satisfaction and highest importance.

Conversely, those services falling into the “higher importance/lower satisfaction” quadrant comprised, provision of parking, management of traffic flow on local roads, quality of commercial and residential development and policing of parking. This indicates businesses are seeking improvements in these areas, and class them as personally being of high importance.

Parking and traffic management and maintenance of roads and footpaths are therefore key focus areas for Council.

Businesses

The following matrix details business satisfaction with key service areas:

Table 4: Business Satisfaction for key service areas 2020 v 2016

Satisfaction with Key Service Areas - Businesses			
Ranking	Service/Function	2020 Result	Change Compared to 2016 (%)
1	Cleanliness of local roads and footpaths	82%	1%
2	Way North Sydney as a whole looks and feels	79%	-1%
3	Look and feel of commercial areas and villages	74%	-2%
4	Maintenance of local roads and footpaths	73%	-3%
5	Maintenance of commercial areas	70%	-5%
6	Quality of commercial and residential development	61%	-10%
7	Managing traffic flow on local roads	60%	-7%
8	Customer service/information provided by Council staff	55%	-2%
9	Policing of parking	45%	-7%
10	Council's business processes	37%	n/a
11	Provision of parking	35%	-2%

Since the last survey, satisfaction with the look and feel of North Sydney, maintenance of commercial areas, quality of commercial and residential development and policing of parking has decreased.

The following table indexes business' relevant importance for funding against satisfaction:

Table 5: Prioritisation Matrix - Businesses

High Importance - Low Satisfaction (Critical issues for attention)	High Importance - High Satisfaction (Issues requiring no additional attention)
Provision of parking	Council's business processes
Management of traffic flow on local roads	The way North Sydney as a whole looks and feels
Quality of commercial and residential development	Cleanliness of local roads and footpaths
Policing of parking	Maintenance of commercial areas
	Customer service/information provided by Council staff
Low Importance - Low Satisfaction (Issues needing some attention)	Low Importance - High Satisfaction (Lower priority issues)
n/a	Maintenance of commercial areas
	The look and feel of commercial villages and local centres

For businesses, parking, traffic flow and quality of commercial and residential development are key focus areas for Council.

LONG TERM FINANCIAL PLAN 2022-2032



OVERVIEW

The *Long Term Financial Plan 2022-2032* (LTFP) indicates Council’s financial capacity to deliver recurrent services, facilities and infrastructure to the community. It also indicates financial capacity to commence new initiatives and projects to achieve goals outlined in the Community Strategic Plan.

The LTFP does not specifically indicate what services/projects should be funded. It addresses Council’s ability to fund its services and capital works whilst maintaining financial sustainability. It establishes a framework for financial decision making and is the basis of preparation for the annual budget and forward estimates included in the Operational Plan and Delivery Program.

Principles and Objectives

Council’s LTFP is underpinned by its *Financial Management Policy* and *Asset Management Policy*. The Financial Management Policy outlines Council’s guiding principles in preparing the plan and maintaining financial sustainability. The *Asset Management Policy* sets the framework for consistent asset management processes throughout the North Sydney Local Government Area and to ensure adequate long-term provision for the renewal of assets.

Any plan for financial sustainability must address future provision of infrastructure and environmental sustainability. This plan seeks to avoid an excessive debt burden on future generations.

The plan seeks to answer four questions:

- can Council survive future pressures?
- what are the future opportunities for income and economic growth?
- are community expectations affordable?
- how can Council achieve the agreed outcomes?

The plan includes:

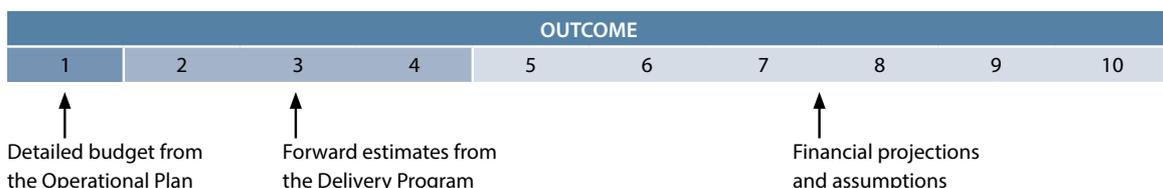
- planning assumptions
- projected income statement, balance sheet and cash flow statement
- sensitivity analysis (factors/assumptions most likely to affect the plan)
- methods of monitoring financial performance

The plan intends to achieve the following objectives over a 10-year time frame:

- maintain existing service levels
- maintain a strong cash position
- maintain a net operating surplus before grants and contributions provided for capital purposes
- maintain a balanced budget position after allowing for transfers to/from reserves
- maintain a sufficient employee leave entitlement cash reserve based on the age and entitlements of all employees, in accordance with Council’s *Workforce Plan*
- maintain a capital expenditure program which facilitates the renewal of assets at similar rates to which they are depreciating

Financial planning over a 10-year time frame is challenging and relies on many assumptions that will change during this period. The LTFP is therefore closely monitored and revised regularly. The LTFP becomes more general later years. The tenth year of the plan, for example, does not include specific detail. As decisions are made and information comes to hand detail can be added to the plan. The following diagram illustrates the relationships and integration within the IP&R Framework:

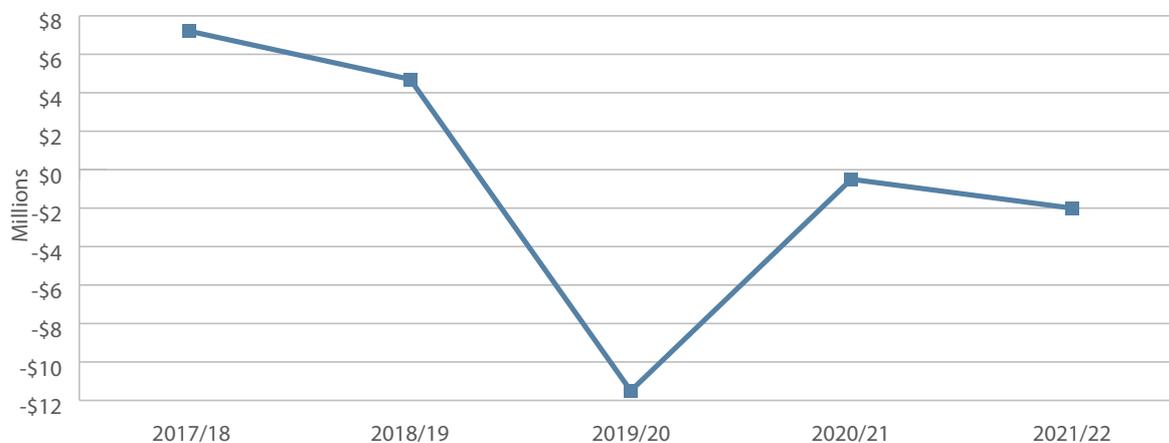
Figure 2: OP, DP and LTFP Relationship



CURRENT FINANCIAL POSITION

The COVID pandemic had a significant impact on some revenue streams and therefore the operating result in 2019/20 and 2020/21. It is forecast this will also occur in 2021/22. The net operating result before capital grants and contributions was a deficit of \$11.5 million in 2019/20 and a deficit of \$507,000 in 2020/21. The revised forecast for 2021/22, as at 31 December 2021, was a deficit of \$2 million. The following graph of Council's actual net operating result before capital grants and contributions from 2017/18 to 2020/21 and forecast result in 2021/22 shows the impact of the pandemic.

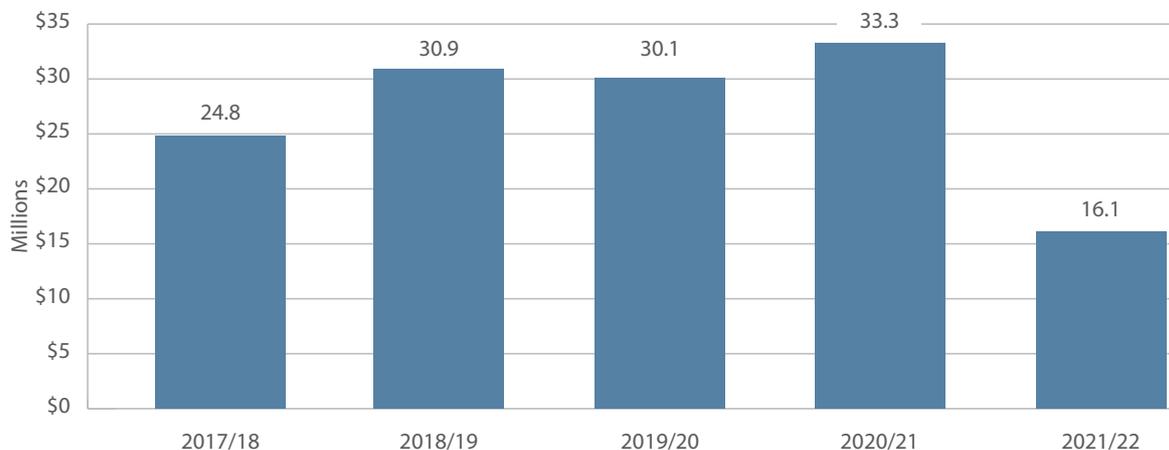
Figure 3: Net Operating Result Before Capital Grants and Contributions (\$M) 2017/18 to 2021/22



Council was granted a special variation by IPART to increase rates by 7% per year from 2019/20 to 2021/22. The operating result in each of those years was or is forecast to be worse than that achieved prior to the special variation due to the impact of COVID on other revenue sources.

Maintaining service levels and minimising the impact on the capital works program during the pandemic has required an increase in the net drawdown from Council's internally restricted reserves. The following graph shows the actual balance of Council's internally restricted reserves as at 30 June in each of the past four years and the forecast balance as at 30 June 2022. The balances exclude funds carried forward to the following year to complete projects still in progress as at 30 June.

Figure 4: Internally Restricted Reserve Balances 2018-2022 (\$M)



Nevertheless, Council's financial position as at 30 June 2021 was sound, with total net assets of \$1.27 billion. This included cash and investments of \$111.2 million, of which \$52.5 million was externally restricted and \$52.5 million was internally restricted (including \$12.7 million of deposits, retentions and bonds). The remaining \$6.2 million was unrestricted. Externally and internally restricted funds did include \$25.4 million to be carried forward to 2021/22 to complete projects still in progress as at 30 June 2021.

Available working capital was \$1.7 million, a level sufficient to manage Council's day-to-day operations and provide a buffer against unforeseen and unbudgeted expenditures, taking into account the nature and level of internally restricted reserves.

As at 30 June 2021, the industry benchmark was met on all six of the NSW Local Government financial performance indicators. The main infrastructure asset performance indicator, the Buildings and Infrastructure Renewals Ratio, was slightly under the industry benchmark.

As at 31 December 2021, the industry benchmark was forecast to be met on all indicators for 2021/22, except for the Operating Performance Ratio.

Actual 2020/21 and forecast results for 2021/22 for the indicators are shown in Table 6:

Table 6: Financial and Infrastructure Asset Performance Indicators 2020/21 and 2021/22

		Actual 2020/21	Forecast 2021/22
Operating Performance Ratio Benchmark >0%	Snapshot		
	Result	1.30%	-6.28%
Own Source Operating Revenue Ratio Benchmark >60%	Snapshot		
	Result	79.19%	82.65%
Unrestricted Current Ratio Benchmark >1.5x	Snapshot		
	Result	2.82x	1.79x
Debt Service Cover Ratio Benchmark >2x	Snapshot		
	Result	19.32x	6.68x
Rates and Annual Charges Outstanding Percentage Benchmark <5%	Snapshot		
	Result	2.78%	2.50%
Cash Expense Cover Ratio Benchmark >3 months	Snapshot		
	Result	11.55 months	6.33 months
Building & Infrastructure Ratio Benchmark >100%	Snapshot		
	Result	98.35%	436.30%

 Benchmark met |  Benchmark not met

PLANNING ASSUMPTIONS

1. GENERAL ASSUMPTIONS

Population

The Australian Bureau of Statistics' Estimated Resident Population (ERP) for the North Sydney Council area as of 30 June 2021 was 73,712. This was a decline of 1.82% from the previous year. Ignoring potential impacts stemming from COVID, the ERP is forecast to be 79,221 by 30 June 2022 and increase to 82,971 by 30 June 2032. This represents an average annual increase of 0.5% over the life of this plan. The cost of Council's services is not particularly sensitive to population growth of this magnitude. Therefore, it has been assumed that increases in North Sydney's population will not have a material impact on the income and expenditure projections in the plan.

Inflation

Changes in the rate of inflation impact both income and expenditure. Consequently, it is not anticipated that fluctuations in the rate of inflation will materially alter forecast operating results. While inflation has been on an upward trend during 2021/22, this has been largely due to global factors.

In preparing this plan, it has been assumed that a combination of increases in the official cash rate on the part of the Reserve Bank and the resolution of supply chain disruptions will see inflation return to within the Reserve Bank's target range of between 2% and 3%. Therefore, an average annual increase in the CPI of 2.5% has been assumed over the life of this plan.

2. INCOME ASSUMPTIONS

Council's operating income consists of the following categories:

- rates and annual charges
- user charges and fees
- other revenue
- grants and contributions
- interest and investment revenue
- other income

Rates and Annual Charges

Rates and annual charges consist of ordinary rates, special rates and annual charges. Ordinary rates include residential and business rates. Special rates include an Environmental Levy, Infrastructure Levy, Crows Nest Mainstreet Levy and Neutral Bay Mainstreet Levy. Annual Charges include the Domestic Waste Management charge, Stormwater Management Service charge and Section 611 charges.

Rates and annual charges are the major source of Council's revenue, accounting for approximately 60% of own-source revenue (i.e. total revenue excluding grants and contributions).

The amount Council can increase revenue from ordinary and special rates is limited by rate pegging and each year the maximum increase allowable is determined by the Independent Pricing and Regulatory Tribunal (IPART).

In December 2021, IPART announced that the 2022/23 rate peg would be 0.7% for councils with zero and negative population growth. For councils experiencing population growth, a population factor of between 0% and 4.3% was added to this rate, depending on how fast their population was growing. North Sydney's rate peg for 2022/23 is 0.9%, i.e. 0.7% plus a 0.2% population factor.

In calculating the rate cap each year, the main component IPART uses in its formula is the change in the Local Government Cost Index (LGCI). However, the change in the LGCI refers to cost increases for the year ended 30 June of the previous year, in this case the 2020/21 financial year. The increase in inflation was significantly lower in 2020/21 than that forecast in 2022/23. This, combined with the fact that councils were already struggling to recover from the COVID pandemic and in many cases natural disasters, led to significant sector lobbying. In response, the Office of Local Government (OLG) advised councils in March 2022 that applications for a one-off Additional Special Variation (ASV) for 2022/23 could be submitted to IPART.

ASVs are available to councils that can demonstrate the need to increase rates revenue in 2022/23 by a rate in excess of the rate set by IPART in order to meet their obligations for 2022/23 documented in their 2021/22 IP&R documentation. North Sydney Council meets this criterion and has applied for a permanent ASV to increase rates by

2% in 2022/23. IPART approved Council's application on 20 June 2022. It is estimated that approximately \$600,000 of additional revenue will be generated from rates than would be the case if the original peg of 0.9% was applied.

This plan assumes a 2% increase in rates in 2022/23. While it is anticipated that there will be some growth in the number of rateable properties throughout the life of the plan, this is not expected to have a material impact on the amount of revenue raised. Further increases of 2.5% annually from 2023/24 for the life of the life of the plan have been assumed.

A 1% (\$4) increase in the Domestic Waste Management Charge (DWMC) in 2022/23 has been factored in, with no further increases in the charge for the life of the plan.

The Stormwater Management Charge (SWMC) is a fixed charge of between \$5 and \$25 annually depending on the property category for rating purposes. It has been assumed that there will be no increase in the charge for the life of the plan.

User Charges and Fees

User charges and fees is revenue raised from the provision of services and the use of facilities. It can be divided into two categories:

- statutory and regulatory fees and charges - which are set by regulation or another authority and which Council has no discretion to increase; and
- other fees and charges - which are set by Council and which Council has the discretion to increase

The factors that determine Council's pricing principles are:

- cost recovery, including indirect costs recovery (full or partial)
- market pricing competitiveness (pricing of similar service providers)
- legislative constraints (non-discretionary fees)
- subsidies (capacity to pay)

The annual review of Council's fees and charges considers matters such as the ability to pay, full or partial cost recovery, subsidy levels and market comparisons. Also, consideration is given to those members of the community who, because of their special circumstances, may not be able to access the service. These considerations are also reviewed annually and are detailed in a separate report to Council on community grants and subsidies. The fees and charges that Council has the discretion to change are

assessed individually. It has been assumed that revenue from both categories of user charges and fees will increase in line with the CPI over the life of this plan.

Other Revenue

Other revenue consists mainly of revenue raised from parking fines and advertising on bus shelters.

Apart from recent fluctuations stemming from COVID, parking fine revenue has been relatively stable for a number of years. It is assumed that any future increases over the life of this plan will be in line with the CPI.

A conservative approach has been taken when forecasting revenue from advertising on bus shelters. Only the forecasted minimum guaranteed annual revenue has been included and it has been assumed that any future increases over the life of this plan will be in line with the CPI.

Grants and Contributions

Grants and contributions consist of recurrent and non-recurrent operating and capital grants received from either the Federal or NSW Government and developer (also known as infrastructure) contributions received under Sections 7.4, 7.11 or 7.12 of the *Environmental Planning and Assessment Act 1979*.

It has been assumed that revenue from recurrent grants will be maintained and will increase in line with CPI over the life of the plan. As most non-recurrent grants depend on decisions made by the Federal or State Government after the plan has been prepared, only those known of at the time of its preparation have been included.

On 25 June 2020, a Ministerial direction responding to the COVID pandemic was made to temporarily defer the payment of developer contributions for certain large-scale developments until the issuing of an occupation certificate. The period ended on 31 March 2022. The impact of this direction on cash inflows from developer contributions has been factored into this plan.

Interest and Investment Revenue

Interest and investment revenue consists of returns provided by Council's investment portfolio and interest on overdue rates and annual charges.

Council has a large investment portfolio that consists of monies set aside to fund future expenditure and liabilities.

It is subject to movements in interest rates and the pool of funds available for investment varies throughout the year in accordance with movements in cash reserves and cash flow requirements. Any funds invested are done so in accordance with Council's *Financial Investment Policy* and in compliance Section 625 of the Act.

The investment portfolio includes fixed and floating rate term deposits, floating rate notes, fixed interest bonds and cash management accounts. The performance benchmark for the entire portfolio is the 90-day Bank Bill Swap Rate (BBSW). It has been assumed that the portfolio will at least achieve this benchmark over the life of this plan. Estimated cash-flow requirements have also been considered when forecasting actual investment revenue.

Under Section 566 (3) of the Act, the maximum rate of interest that can be charged on overdue rates and annual charges is the Reserve Bank's official cash rate as at the date gazetted by the NSW Government plus 6%. It has been assumed that this rate will be charged on overdue rates for the life of this plan.

Other Income

Other income consists mainly of rental income but also includes fair value increments on Council's investment property portfolio.

Council's property portfolio consists of commercial and residential investment properties and community facilities. The management of the portfolio is outsourced to professional property managers on a long-term contract. Apart from recent fluctuations driven by COVID, property rental income and facility hire has been relatively stable for a number of years. Therefore, it has been assumed that any future increases over the life of this plan will be in line with the CPI.

Given the recent softening in the Sydney property market, it has been deemed prudent to assume no capital growth in Council's investment property portfolio over the first four years of the plan. Thereafter, for the remaining life of the plan, modest growth of 1% per year has been assumed.

3. EXPENDITURE ASSUMPTIONS

Council's operating expenditure predominantly consists of the following categories:

- employee benefits and on-costs
- materials and services
- borrowing costs
- depreciation and amortisation
- other expenses
- net losses from the disposal of assets

Employee Benefits and On-Costs

Employee benefits and on-costs include salaries and wages, employee leave entitlements, superannuation, workers' compensation insurance premiums and other employee-related expenses.

The current agreed award increase of 2% has been factored into salaries and wages forecasts for 2022/23 along with a margin for salary movements within Council's grading system. Thereafter it has been assumed that salaries and wages will increase in line with the CPI over the life of this plan.

Other assumptions applied to employee costs include:

- superannuation increases in line with the growth in salaries and wages and increases in the Superannuation Guarantee Charge (i.e. 10.5% in 2022/23 and increasing by 0.5% per annum to 12% in 2025/26)
- workers' compensation insurance premium increases in line with salaries and wages.
- other employee-related expenses increases in line with inflation
- no material change in existing employee numbers or working hours

Materials and Services

Materials and services include the cost of materials and the engagement of contractors utilised in the maintenance of assets and the provision of operational services. It also includes utilities, consultancy, legal costs and councillors' remuneration and superannuation payments.

It has been assumed that the most of these costs will increase in line with the CPI over the life of this plan. There

is a degree of uncertainty over future increases in utilities and waste and recycling disposal costs. These costs will be reviewed and adjusted annually for any significant increases above the CPI.

Borrowing Costs

Borrowing costs are the annual interest paid on Council's debt portfolio.

Council's *Loan Borrowing Policy* permits the use of external borrowings to fund the replacement and upgrading of existing infrastructure and the acquisition or construction of new infrastructure that has a life expectancy of greater than ten years and/or will produce income in the future. By recognising the capital cost of an asset acquired over the period future generations enjoy the benefits provided, the beneficiaries assist in its funding as their rates contribute to future loan repayments.

Council's current debt portfolio consists of the following two loans.

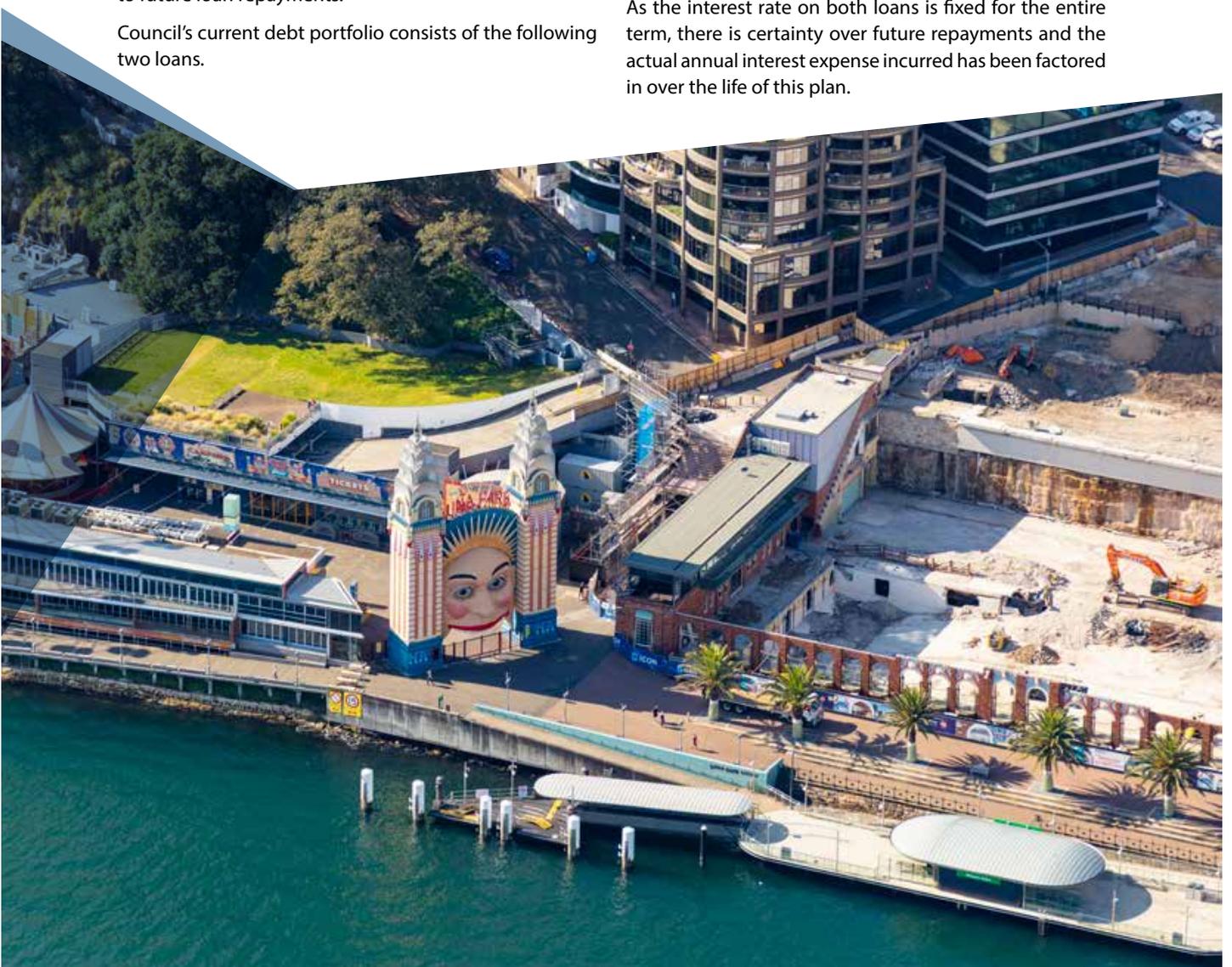
Loan 1:

Amount:	\$9.5 million
Interest Rate:	4.02% fixed
Term:	10 years from 31 July 2018
Repayment Frequency:	Quarterly
Purpose:	Alexander Street Carpark redevelopment and upgrade of parking meter network

Loan 2:

Amount:	\$31 million
Interest Rate:	4.24% fixed
Term:	20 years from 28 April 2022
Repayment Frequency:	Semi-annual
Purpose:	North Sydney Olympic Pool redevelopment

As the interest rate on both loans is fixed for the entire term, there is certainty over future repayments and the actual annual interest expense incurred has been factored in over the life of this plan.



Depreciation and Amortisation

Depreciation is a provision accounted for to recognise the cost of wear and tear and/or technical obsolescence of infrastructure, property, plant and equipment. It aims to apportion the cost of assets over the period of their useful economic lives.

Council's existing depreciation schedule along with an allowance for the renewal of existing assets and the acquisition of new assets has been used to forecast depreciation expense over the life of this plan.

Other Expenses

Other expenses include contributions and levies paid to other levels of government and donations, contributions and assistance to other organisations. It has been assumed that these costs will increase in line with the CPI over the life of this plan.

Net Losses from the Disposal of Assets

During a year some items of infrastructure, property, plant and equipment are replaced. While most property, plant and equipment assets generate proceeds on disposal, infrastructure assets do not. Occasionally, certain infrastructure assets which still have a carrying value are replaced and the resulting write-off produces a net loss on their disposal.

In preparing his plan, it has been assumed that annual losses from the disposal of assets will be in the vicinity of \$500,000.

4. CAPITAL EXPENDITURE

Capital expenditure is expenditure outlaid for the acquisition of new and renewal of existing infrastructure, property, plant and equipment. Council's capital works program prioritises projects according to asset condition, risk and community need.

The amounts included in the LTFP for the acquisition of new and renewal of existing infrastructure assets are linked to the amounts required in Council's *Asset Management Strategy*. These values have been recorded in today's dollars in the *Asset Management Strategy* but have been escalated by the forecast increase in the CPI over the life of the plan.

The following table provides a breakdown of forecast capital expenditure included in the LTFP:

Table 7: Forecast Capital Expenditure 2022/23 - 2031/32 (\$'000)

	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)
Infrastructure - New	6,042	2,295	3,095	1,452	1,488	1,525	1,562	1,601	1,639	1,680
Infrastructure - Renewal	62,323	21,846	21,145	21,775	23,084	21,073	21,574	22,087	22,614	23,153
Infrastructure - Total	68,365	24,141	24,240	23,227	24,572	22,598	23,136	23,688	24,253	24,833
Property, Plant & Equipment - New	62	63	64	65	67	69	71	74	76	78
Property, Plant & Equipment - Renewal	2,793	2,742	2,823	2,879	2,967	3,025	3,116	3,176	3,272	3,336
Property, Plant & Equipment - Total	2,855	2,805	2,887	2,944	3,034	3,094	3,187	3,250	3,348	3,414
Total Capital Expenditure	71,220	26,946	27,127	26,171	27,606	25,692	26,323	26,938	27,601	28,247

Throughout the life of the LTFP, new projects will be identified and the plan amended accordingly, provided sufficient funds are available. Council has an ongoing commitment to ensuring sufficient funds are allocated to the replacement and renewal of our infrastructure assets to offset their rate of depreciation.

FINANCIAL FORECASTS

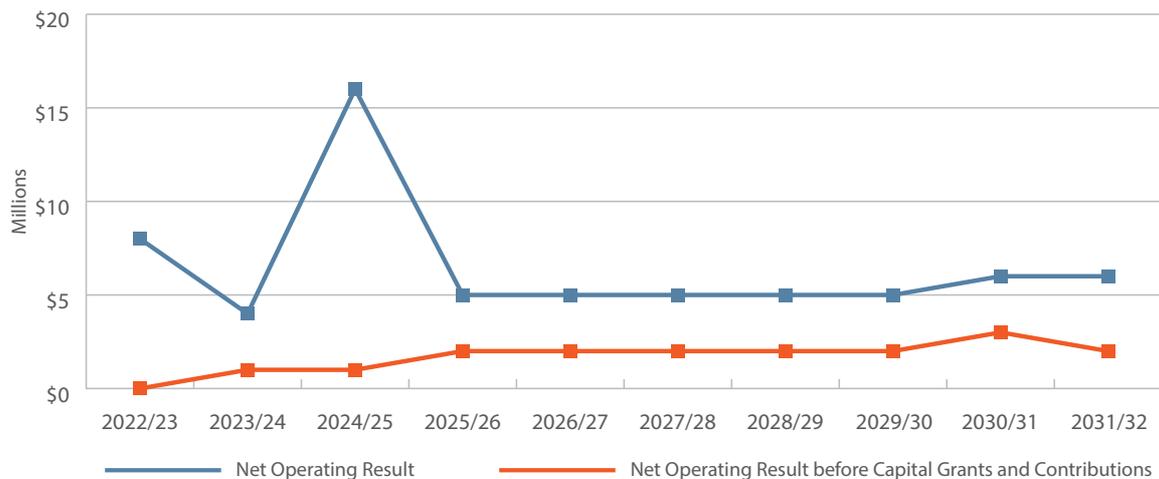
Net Operating Result

The projected Income Statement, included in Appendix 1, forecasts modest surpluses for both the Net Operating Result and Net Operating Result before Capital Grants and Contributions over the life of the LTFP. The results are summarised in the following table:

Table 8: Forecast Net Operating Result 2022/23 to 2031/32

	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)
Net Operating Surplus / (Deficit)	8,034	3,914	15,639	4,744	5,068	5,004	4,686	5,238	5,586	5,501
Net Operating Surplus / (Deficit) before Capital Grants and Contributions	10	856	980	1,684	2,006	1,940	1,620	2,170	2,516	2,429

Figure 5: Net Operating Result 2022/23 to 2031/32



The one-off increase in the Net Operating Result in 2024/25 is due to a forecast influx of revenue in that year from developer contributions following the decision to temporarily defer the payment of such contributions for certain large-scale developments until the issuing of an occupation certificate.

These results achieve the objective of maintaining a net operating surplus before grants and contributions provided for capital purposes.

Financial Position

Given that modest surpluses are forecast for the life of the LTFP, the projected Balance Sheet (Appendix 1) forecasts a slight improvement in Council's financial position over the same period. Council's financial position over the life of the plan is summarised in the following table.

Table 9: Forecast Financial Position 2022/23 - 2031/32

	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)
Total Assets	1,381,886	1,383,882	1,400,156	1,400,902	1,404,281	1,407,613	1,411,738	1,416,538	1,421,693	1,426,233
Total Liabilities	84,356	82,438	83,073	79,075	77,386	75,714	75,153	74,714	74,285	73,325
Net Assets	1,297,530	1,301,444	1,317,083	1,321,827	1,326,895	1,331,899	1,336,585	1,341,822	1,347,408	1,352,908

Cash and Investments

Cash and investments are forecast to be enough to fund the services and capital works projects included in the *Delivery Program 2022-2026*. For the remaining life of the LTFP, the year-end balance of cash and investments is forecast to increase steadily. It should be noted that the capital works program only includes funding for ongoing asset renewal programs for the years 2026/27 onwards. It does not include any funding for the acquisition of new assets or major asset renewal projects from 2026/27 onwards.

Nevertheless, increases in the balance of cash and investments should provide additional funds to undertake some additional projects and/or increase funding allocated to existing projects/programs identified in future updates of the *Community Strategic Plan*. However, forecast unrestricted and internally restricted cash balances are not sufficient to absorb the impact of any future major economic shocks, an urgent need to replace failing infrastructure in a given year, or increase existing service levels.

The following table provides a breakdown of the forecast year-end balance of cash and investments as disclosed in projected Cash Flow Statement (Appendix 1).

Table 10: Forecast Year End Balances of Cash and Investments 2022/23 to 2031/32

	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)
Cash & Cash Equivalents - end of the year	1,230	2,137	3,814	3,909	3,986	4,166	4,365	4,576	4,782	4,936
Investments - end of the year	60,248	60,249	72,470	74,275	75,745	79,160	82,927	86,949	90,864	93,777
Cash, Cash Equivalents & Investments - end of the year	61,478	62,386	76,284	78,184	79,731	83,326	87,292	91,525	95,646	98,713
<i>Representing:</i>										
External Restrictions	33,199	34,575	48,540	50,865	52,937	54,591	55,818	56,654	57,138	57,164
Internal Restrictions	26,944	26,786	25,697	26,424	25,831	27,610	29,847	32,847	36,030	39,087
Unrestricted	1,335	1,025	2,047	895	963	1,125	1,627	2,024	2,478	2,462

Financial and Infrastructure Asset Performance Indicators

The industry benchmark is forecast to be met on all six of the NSW Local Government financial performance indicators over the life of the LTFP, with the exception of the Unrestricted Current ratio in 2025/26 and 2026/27. In both years, this indicator is forecast to be just under the benchmark of 1.5x.

The main infrastructure asset performance indicator, the Buildings and Infrastructure Renewals Ratio, is forecast to be met in 7 of the 10 years. In 2027/28, 2028/29 and 2029/30 it is forecast to be just under the industry benchmark.

Forecast results for the indicators over the life of the LTFP are shown in the following table:

Table 11: Forecast Financial and Infrastructure Asset Performance Indicators 2022/23 to 2031/32

		Projected									
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio Benchmark >0%	Snapshot	●	●	●	●	●	●	●	●	●	●
	Result	0.45%	1.07%	1.15%	1.64%	1.42%	1.34%	1.09%	1.43%	1.63%	1.53%
Own Source Operating Revenue Ratio Benchmark >60%	Snapshot	●	●	●	●	●	●	●	●	●	●
	Result	89.77%	93.65%	86.74%	94.17%	94.21%	94.25%	94.29%	94.33%	94.37%	94.41%
Unrestricted Current Ratio Benchmark >1.5x	Snapshot	●	●	●	●	●	●	●	●	●	●
	Result	1.57x	1.50x	1.52x	1.44x	1.40x	1.52x	1.63x	1.74x	1.86x	1.95x
Debt Service Cover Ratio Benchmark >2x	Snapshot	●	●	●	●	●	●	●	●	●	●
	Result	6.92x	7.51x	7.57x	7.79x	7.75x	7.77x	11.00x	12.88x	13.10x	13.13x
Rates and Annual Charges Outstanding Percentage Benchmark <5%	Snapshot	●	●	●	●	●	●	●	●	●	●
	Result	1.19%	1.21%	1.23%	1.24%	1.26%	1.28%	1.28%	1.28%	1.28%	1.28%
Cash Expense Cover Ratio Benchmark >3 months	Snapshot	●	●	●	●	●	●	●	●	●	●
	Result	6.29 months	6.19 months	7.43 months	7.48 months	7.43 months	7.58 months	7.81 months	8.03 months	8.22 months	8.24 months
Building & Infrastructure Ratio Benchmark >100%	Snapshot	●	●	●	●	●	●	●	●	●	●
	Result	320.05%	104.58%	100.42%	102.59%	107.90%	97.72%	99.24%	99.61%	101.18%	102.78%

● Benchmark met | ● Benchmark not met

SENSITIVITY ANALYSIS

There are a several factors that could impact on the forecasts delivered by the assumptions used in the development of the LTFP. These include inflation, future real growth in salaries and wages, the IPART rate peg, fluctuations in interest rates and whether revenue streams adversely affected by COVID return to pre-pandemic levels in real terms.

Therefore, additional financial modelling has been undertaken to assess the impact on the LTFP of using both a more pessimistic and more optimistic set of assumptions.

Pessimistic Scenario

Under the pessimistic scenario, it has been assumed that:

- the annual increase in the CPI will be 4% for the life of the plan
- the rate peg imposed by IPART will be 1% below the forecast increase in the CPI from 2023/24 onwards
- salary and wages award increases will be equivalent to the forecast increase in the CPI from 2023/24 onwards
- revenue streams adversely affected by COVID will not return to pre-pandemic levels in real terms

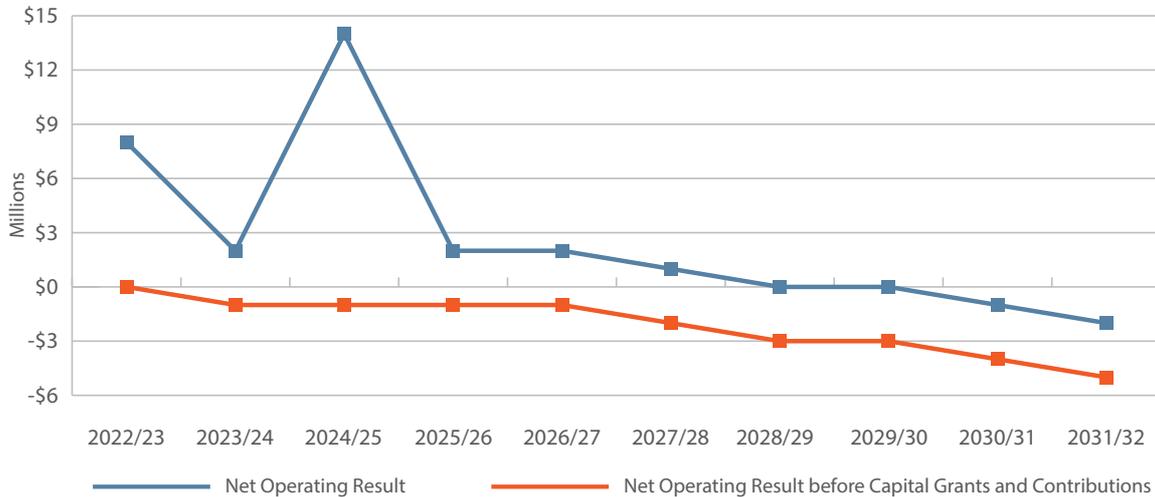
This scenario forecasts a deterioration in both the Net Operating Result and Net Operating Result before Capital Grants and Contributions over the life of the LTFP than that forecast under the planned scenario. From 2023/24 onwards, a deficit is forecast before capital grants and contributions. The results are summarised in the following table and chart:

Table 12: Pessimistic Scenario - Forecast Net Operating Result 2022/23 to 2031/32

	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)
Net Operating Surplus / (Deficit)	8,034	2,466	13,633	2,133	1,773	1,009	(62)	(300)	(752)	(1,677)
Net Operating Surplus / (Deficit) before Capital Grants and Contributions	10	(593)	(1,028)	(930)	(1,293)	(2,060)	(3,134)	(3,375)	(3,830)	(4,758)



Figure 6: Pessimistic Scenario - Forecast Net Operating Result (\$M)



The deterioration in the operating result under this scenario, would result in approximately \$41.1 million less revenue than that under the planned scenario over the life of the LTFP. This would reduce the pool of potential additional funds available to undertake additional projects and/or increase funding allocated to existing projects/programs identified in future updates of the *Community Strategic Plan*.

Optimistic Scenario

Under the optimistic scenario, it has been assumed that:

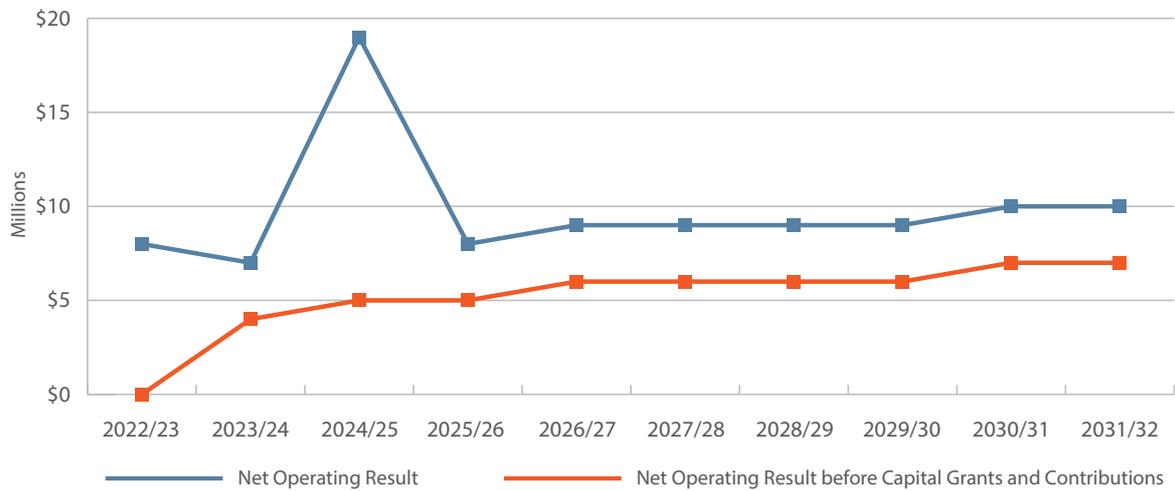
- the annual increase in the CPI will be 2.5% over life of the LTFP;
- the rate peg imposed by IPART will be equivalent to the forecast increase in the CPI;
- salary and wages award increases will be equivalent to the forecast increase in the CPI; and
- revenue streams adversely affected by COVID will return to pre-pandemic levels in real terms and revenue from advertising on Council will be the maximised.

This scenario forecasts a significant improvement in both the Net Operating Result and Net Operating Result before Capital Grants and Contributions over the life of the LTFP than that forecast under the planned scenario. The results are summarised in the following table and chart:

Table 13: Optimistic Scenario - Forecast Net Operating Result 2022/23 to 2031/32

	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)
Net Operating Surplus / (Deficit)	8,034	7,439	19,279	8,468	8,877	8,902	8,675	9,320	9,770	9,789
Net Operating Surplus / (Deficit) before Capital Grants and Contributions	10	4,381	4,620	5,408	5,815	5,838	5,609	6,252	6,700	6,717

Figure 7: Optimistic Scenario - Forecast Net Operating Result (\$M)



The improvement in the operating result under this scenario, would result in approximately \$35.1 million more revenue than that under the planned scenario over the life of the LTFP. This would increase the pool of potential additional funds available to undertake additional projects and/or increase funding allocated to existing projects/programs identified in future updates of the *Community Strategic Plan*.



MONITORING AND EVALUATION

The forecast financial results presented in the LTFP are based on assumptions which can change due to changes in economic conditions and the direction of Council. Council will review the LTFP each year as part of the development of the annual *Operational Plan & Budget*. The review will include an assessment of the previous year's performance in terms of the accuracy of the projections made in the plan compared to the actual results. Evaluation will include reviewing and amending estimates and scenarios to improve the accuracy of the plan over the longer term.

In addition to monitoring its performance against the plan and the annual budget, Council utilises forecasts of the following key performance indicators to assess its long term financial sustainability:

- Operating Performance Ratio
- Own Source Operating Revenue Ratio
- Unrestricted Current Ratio
- Debt Service Cover Ratio
- Rates and Annual Charges Outstanding Percentage
- Cash Expense Cover Ratio
- Buildings and Infrastructure Renewals Ratio

During the year, via the Quarterly Budget Review Statement (QBRS), year-to-date actual performance will be assessed against the budget and forecast.

Council will thoroughly review the plan in line with the periodic review of the *Community Strategic Plan* as per the requirements of the IP&R process. This will occur within nine months of each local government election, from September 2024.



ASSET MANAGEMENT STRATEGY 2022-2032



OVERVIEW

Asset management is the lifecycle management of physical assets that takes into consideration the “whole of life” approach which includes planning, procurement, construction, operation, maintenance, and disposal of an asset. A key, ongoing issue facing local governments in Australia is the management of ageing assets in need of renewal and replacement.

This extensive portfolio of infrastructure assets requires careful planning and management. Financing the needs of the portfolio can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing assets. The demand for new and improved services adds to the planning and financing complexity. The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets’ full life cycle.

Council’s *Asset Management Strategy* shows how the asset portfolio will meet the service delivery needs of the community into the future; that asset management policies are being achieved; and that existing asset management practices integrate with the *Community Strategic Plan*. Improvement in asset management involves formalising the knowledge about asset performance, maintenance

levels and community expectations to optimise both expenditure and service provision over a longer time scale. The goal of asset management is to ensure that services are provided in the most cost-effective manner; through the creation, acquisition, maintenance, operation, rehabilitation, and disposal of assets; and for present and future consumers.

The key objectives of the *Asset Management Strategy* are to:

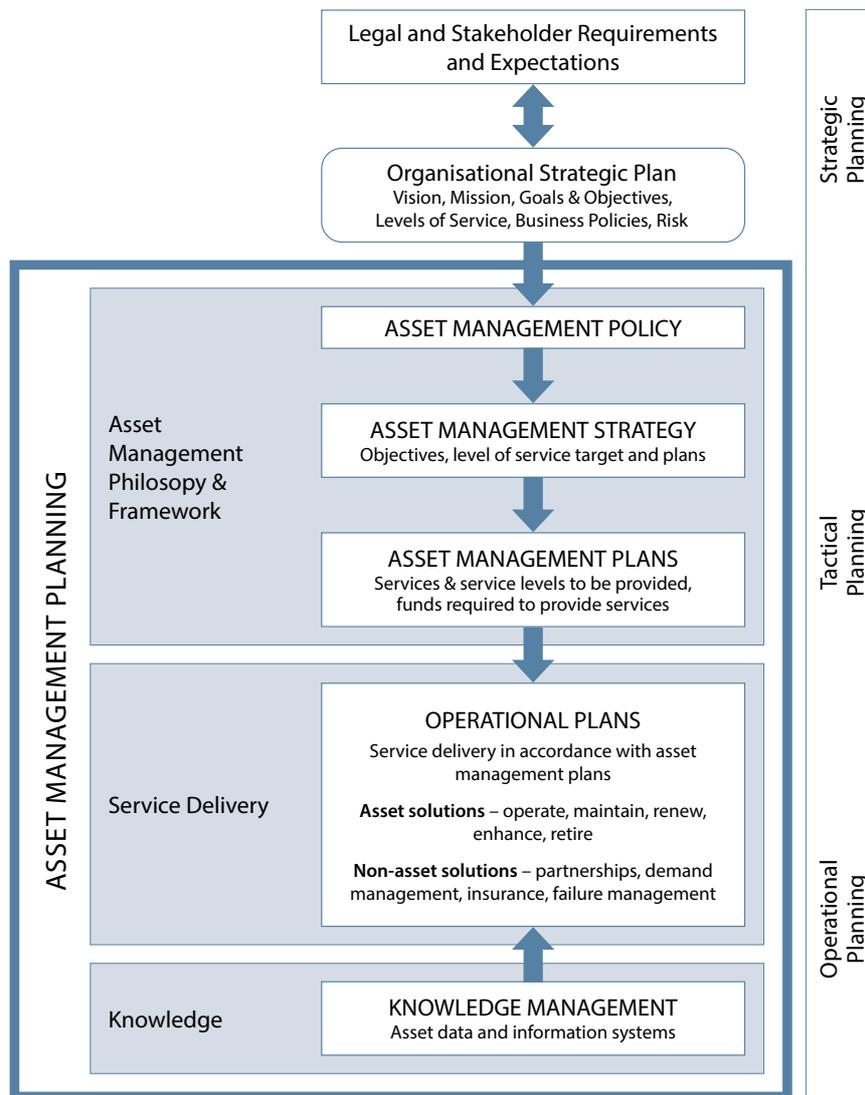
- guide the planning, construction, maintenance and operation of the infrastructure essential for Council to provide services to the community
- ensure that Council’s infrastructure services are provided in a financial and economically sustainable way, enabling the appropriate level of service to residents, ratepayers, visitors and the environment
- meet legislative requirements for all Council’s operations
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated
- inform the *Asset Management Plans* and *Long Term Financial Plan*



Asset Management Framework

As outlined in the following diagram, asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation’s strategic planning, developing an *Asset Management Policy*, *Asset Management Strategy*, *Asset Management Plans* and annual *Operational Plan & Budget*, linked to a *Long Term Financial Plan* with a funding plan.⁴

Figure 8: Asset Management Framework



⁴ IPWEA, 2009, AIFMG, Quick Guide, Section 4, p 5.

The key steps in preparing an effective *Asset Management Strategy* are:

1. development of an Asset Management Policy that underpins the Strategy. The Policy provides guiding principles for asset management and planning
2. governance and management arrangements that apply good governance and management arrangements to link asset management to service delivery and assign roles and responsibilities
3. defining levels of service establishes mechanisms, including community consultation, to define the levels of service councils are expected to provide from their asset base
4. data and systems establish a framework for asset management data collection
5. skills and processes that define a continuous improvement program
6. evaluation, to measure the Strategy's effectiveness

Council's *Asset Management Strategy* has been prepared to assist Council in improving the way it delivers services from infrastructure including:

- roads - local roads, regional roads, kerb and gutter, traffic facilities, street furniture and bus shelters and cycleways
- footpaths - in roads, parks and walking tracks
- property - Council premises, swimming pools (including North Sydney Olympic Pool and Maccallum Pool, community facilities, North Sydney Oval, public amenities, rental/commercial properties
- stormwater drainage - including gross pollutant traps (GPTs)
- sport and recreation facilities - playgrounds, park furniture, sports field lighting and sporting infrastructure
- other infrastructure - public lighting, retaining walls, signs, fences, seawalls and marine structures
- other structures - public art and monuments

These infrastructure assets had a replacement cost of approximately \$1.2 billion as at 30 June 2021⁵. The purpose of this Strategy is to show Council's:

- asset portfolio will meet the service delivery needs of its community into the future
- asset management policies are being achieved
- asset management practices integrate with the *Community Strategic Plan*.

This Strategy was prepared following a review of the Council's service delivery, financial sustainability indicators, asset management maturity and fit with the community's vision outlined in the *Community Strategic Plan*. The Improvement Plan details a program of tasks and the timeline for completion. The Improvement Plan will be periodically reviewed and re-prioritised to match available resources in Council's *Delivery Program* and *Long Term Financial Plan*.

Asset Management Policy

The provision and maintenance of assets to meet community needs and expectations is fundamental to Council's overall service delivery. The purpose of the *Asset Management Policy* (Appendix 2) is to demonstrate Council's commitment to the responsible management of its assets and to set the framework for the *Asset Management Strategy* and *Asset Management Plans*, while the Strategy and Plans support implementation of the Policy.

The policy:

- establishes goals and objectives for asset management
- integrates asset management within Council's corporate and strategic planning
- maximises value for money through lifecycle costing and performance measurement
- assigns accountability and responsibility for service delivery together with asset management
- promotes sustainability to protect the needs of future generations i.e. the principles of intergenerational equity

⁵ Per Notes C1-5 and C1-6 Annual Financial Statements for the year ended 30 June 2021.

Asset Management Plans

Asset Management Plans support the *Asset Management Strategy*. These are long term (10-year) plans that outline the asset activities for each service (asset class). They detail the intended asset management program for each asset class, based on controlling the organisation's understanding of customer requirements (including desired levels of service and satisfaction with current service levels), existing projected networks and asset conditions and performance⁶. In total, Council has prepared *Asset Management Plans* for eight categories and 31 sub-categories, as detailed below.

Asset Category	Asset Sub-category
Footpaths	Footpaths - Parks
	Footpaths - Roads
	Footpaths - walking tracks
Open Space and Recreation Facilities	Park Furniture
	Playgrounds
	Sporting Infrastructure
	Other
Other Infrastructure	Fences - Parks
	Fences - Roads
	Marine Structures
	Public Lighting - Parks
	Public Lighting - Roads
	Retaining Walls - Parks
	Retaining Walls - Roads
	Seawalls
Property	Community Facilities
	Investment Properties
	Operational Properties
	Parking Stations
	Specialised Buildings (Amenities)
Roads	Bus Shelters
	Kerb and Gutter
	Local Roads
	Regional Roads
	Street Furniture
	Traffic Facilities (Including Cycleways)
Stormwater Drainage	Stormwater Drainage Assets - Gross Pollutant Traps
	Stormwater Drainage Assets - Pipes
	Stormwater Drainage Assets - Pits
Other Structures	Public Art
Heritage Assets	Statues, Monuments, Memorials

⁶ International Infrastructure Management Manual 2011, p2.39

All of Council's asset management documents periodically reviewed and updated. Council's condition analysis reports, financial valuations, projections, maintenance and operation costs outlined in Council's *Asset Management Plans* are prepared using the best available data and will be improved as updated information becomes available. The ongoing implementation of the Corporate Asset Management System assists in achieving continuous improvement.

Consistent with the requirements of the NSW Government's "Fit for the Future Review" (2016), the information and modelling contained within this Strategy and the information in Council's IP&R documents demonstrates that Council is managing its infrastructure assets effectively and efficiently.

The *Asset Management Strategy* and *Asset Management Plans* identify the asset renewal and maintenance requirements for Council's 10 year Capital Works Program. This program addresses the identified infrastructure backlog whilst providing new and upgraded infrastructure and facilities to meet growing community demand in the future.



CURRENT ASSET ANALYSIS

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

Existing Assets and Services

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided from the assets is shown in the following table:

Table 14: Existing Infrastructure Assets and Services Summary

Existing Infrastructure Assets and Services		
Asset Class	Description	Services Provided
Open space and recreation facilities	Structures and park furniture	Parks and recreation services supporting community and recreational needs
Depreciable land improvements	Landscaping	Parks and recreation services
Footpaths	264km footpaths	Pedestrian access
Other infrastructure	44km fences 2,500 bollards 22 km retaining walls 1,782 public lighting 4.7km seawalls 28 marine structures including wharves	Safety, structural support, amenity. Foreshore and environmental protection, property protection, waterway access
Roads	10km regional road pavements 127.5km local road pavements 258km kerb and gutter 1,163 traffic facility items Street furniture 66 bus shelters	Support transportation, and is important to the community and economic activities in the LGA
Stormwater drainage	101km pipes 5,900 pits 25 stormwater quality improvement devices	Control local flooding and damage to infrastructure and property. Control water quality of discharge of stormwater into the natural environment
Buildings	7 Council premises 21 community facilities 7 parking stations 24 recreational amenity buildings	Support the administration, operational, social, recreational, cultural, heritage and economic infrastructure for the community
Swimming pools	North Sydney Olympic Pool complex Maccallum Pool	
Investment properties	12 investment properties	
Public art	Various public art items	

Value of Current Assets

The current financial status of Council's infrastructure assets, per asset class, is shown in following table, as at the financial year ended 30 June 2021.

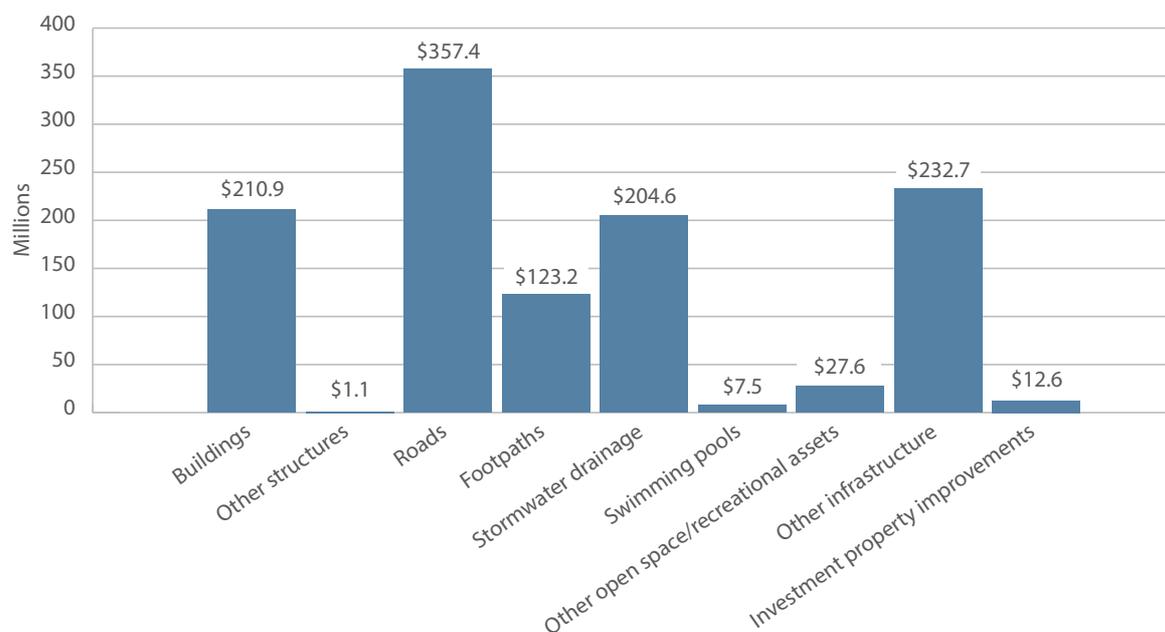
Table 15: Current Financial Status per Asset Class (\$) 2020/21

Asset Class	Replacement Cost	Accumulated Depreciation	Net Carrying Amount
Buildings - non-specialised	1,457,625	487,488	970,137
Buildings - specialised	209,468,386	79,614,174	129,854,212
Other structures	1,146,200	134,854	1,011,346
Roads	357,396,885	104,977,894	252,418,991
Footpaths	123,242,686	41,397,229	81,845,457
Stormwater drainage	204,552,675	58,580,456	145,972,220
Swimming Pools ⁷	7,546,950	4,391,386	3,155,564
Other Open Space/Recreational assets	27,607,802	9,516,613	18,091,189
Other infrastructure	232,671,336	111,625,789	121,045,547
Investment Properties ⁸	12,635,102	-	12,635,102
TOTAL	1,177,725,647	410,725,883	766,999,764

Source: Notes C1-5 and C1-6 Annual Financial Statements for the year ended 30 June 2021

The 2020/21 replacement costs detailed above are also represented in the graphs below. Council's largest asset classes, in terms of replacement costs, are Roads, Other Infrastructure and Buildings.

Figure 9: Asset Replacement Cost (\$M) 2020/21



⁷ As at 30 June 2021 the Olympic Pool redevelopment was not complete. Figures subject to change upon completion

⁸ Replacement cost of improvements only, excludes land value of \$42,150,735

Consumption ratios are indicative of how much value remains in the asset. The graph below shows the remaining value of Council's assets (as at 2021) compared to its replacement cost in percentage terms. Figure 10 indicates that, except for Swimming Pools, all asset classes have greater than 50% of remaining value. It should be noted that accumulated depreciation does not necessarily indicate the extent of asset renewal required in the short to medium term. Some assets may be in fair condition resulting in higher depreciation but may not require renewal within the next 10 years.

Figure 10: Written Down Replacement Cost as % of Replacement Cost

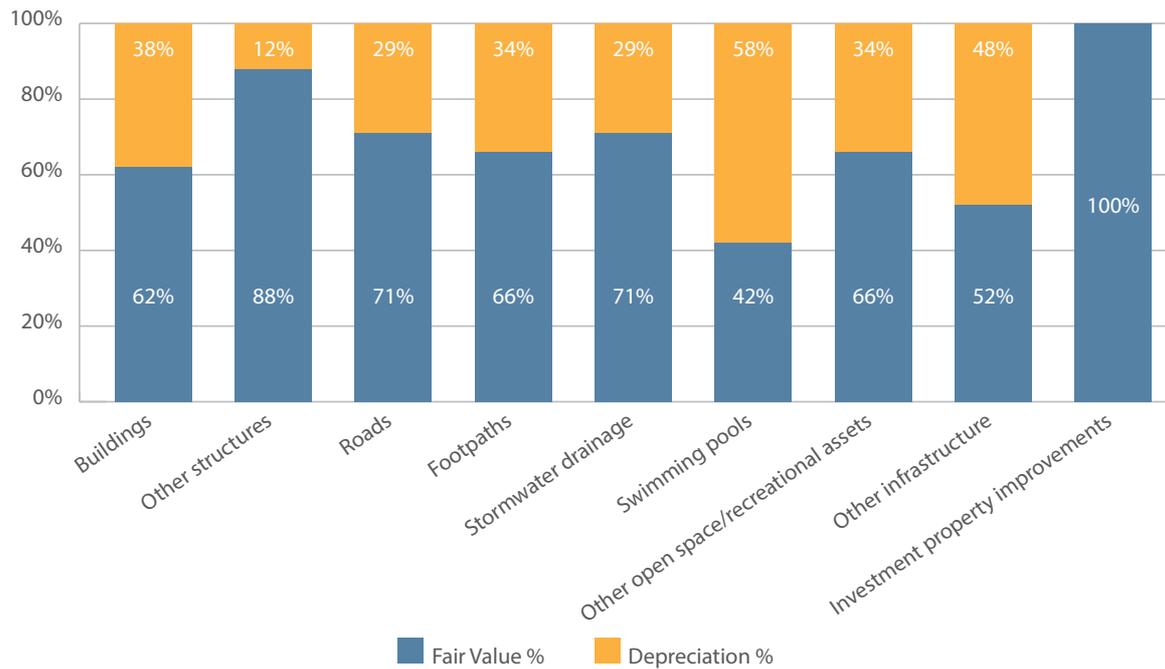
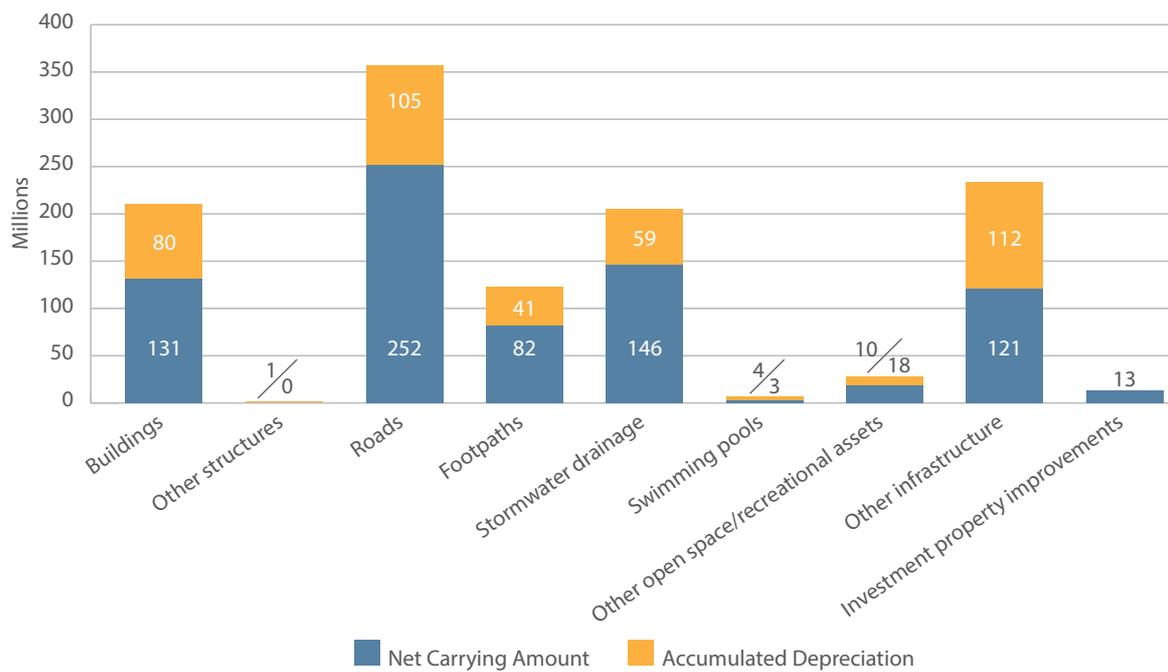


Figure 11 shows asset consumption as a percentage, whilst the graph below shows it as the dollar value and brings the relativity of each asset group into the representation (as at 2021). These graphs should be read in conjunction with the renewal forecasts coming from the *Asset Management Plans* for the next 10 years to achieve an appreciation of renewal requirements.

Figure 11: Written Down Replacement Cost (\$M) 2020/21



Condition of Current Assets

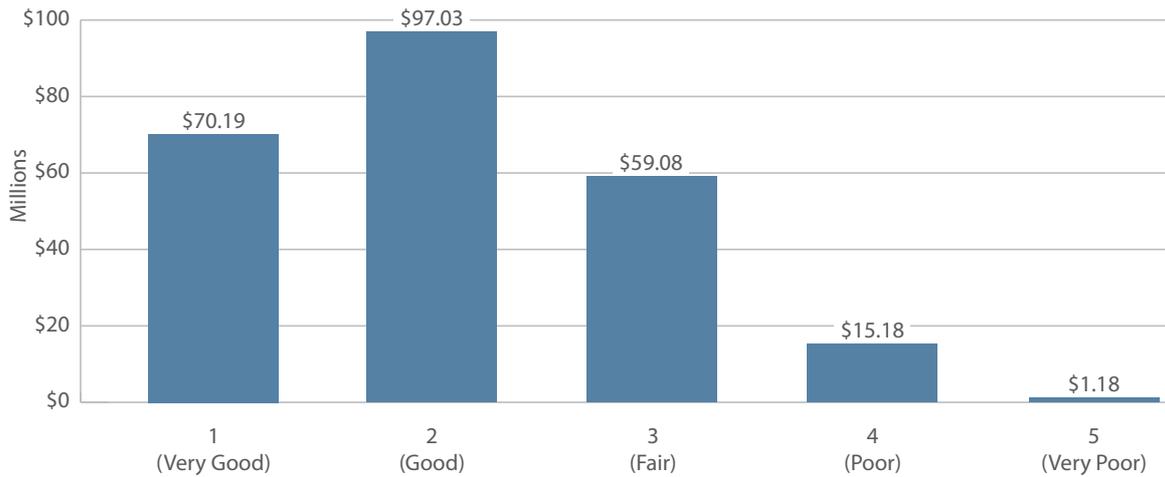
The useful lives of infrastructure assets can depend on many factors. Often this factor is condition, however, other factors that affect useful lives may include function, amenity, compliance, capacity, and obsolescence.

The results of recent condition surveys are as follows:

Road Pavement Assets Condition

The graph below shows the condition of Road Pavement assets in terms of replacement cost where condition 1 is very good and condition 5 is very poor based on the 2019 condition data.

Figure 12: Replacement Cost of Road Pavements by Condition (\$M) 2021



The actual replacement cost by condition are shown in table 16, below:

Table 16: Replacement Cost of Road Pavements by Condition

Condition	Replacement Cost 2021 (\$)	%
1	70,189,232	28.9
2	97,025,369	40.0
3	59,075,604	24.3
4	15,180,351	6.3
5	1,184,186	0.5
Total	242,654,743⁹	100.0

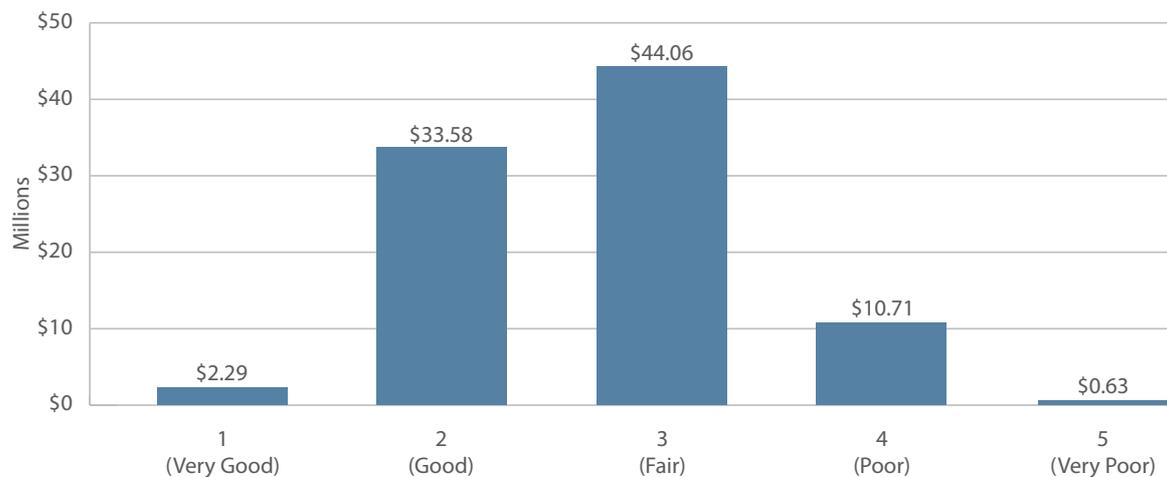


⁹ Replacement cost of depreciable components only, excludes non-depreciable formation replacement cost of \$18,217,652.

Marine Structures and Seawall Assets Condition

The condition of Sea Walls was assessed in 2017 by Manly Hydraulics Laboratory for every 10 metre section of wall. A condition audit of marine structures was last carried out in 2018. The tables below show the condition of marine structures and seawall assets in terms of replacement cost. The actual replacement costs for each condition are shown in table 17 and Figure 13 below.

Figure 13: Replacement Cost of Seawalls by Condition (\$M) 2021

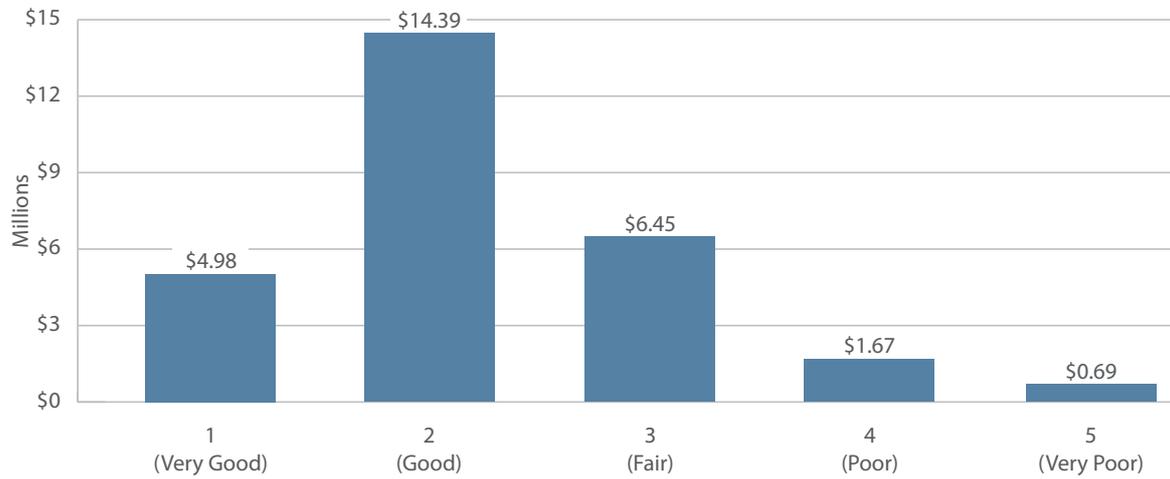


The actual replacement costs by condition are shown in the table below:

Table 17: Replacement Cost of Seawalls by Condition (\$) 2021

Condition	Replacement Cost 2021 (\$)	%
1	2,287,657	2.5
2	33,583,297	36.8
3	44,057,119	48.3
4	10,709,725	11.7
5	629,251	0.7
Total	91,267,050	100.0

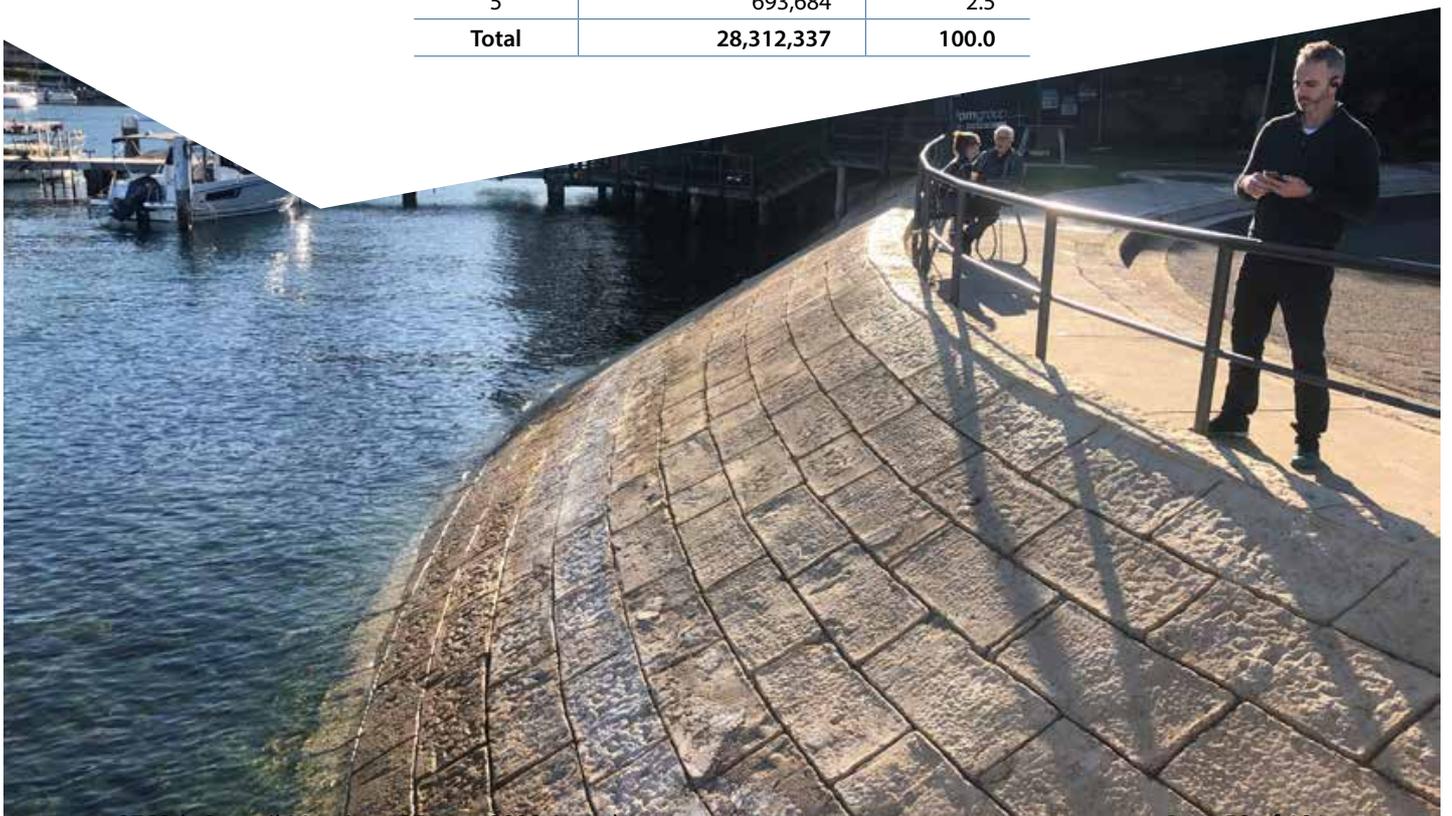
Figure 14: Replacement Cost of Marine Structures by Condition (\$M) 2021



The actual replacement costs by condition are shown in the table below.

Table 18: Replacement Cost of Marine Structures by Condition (\$) 2021

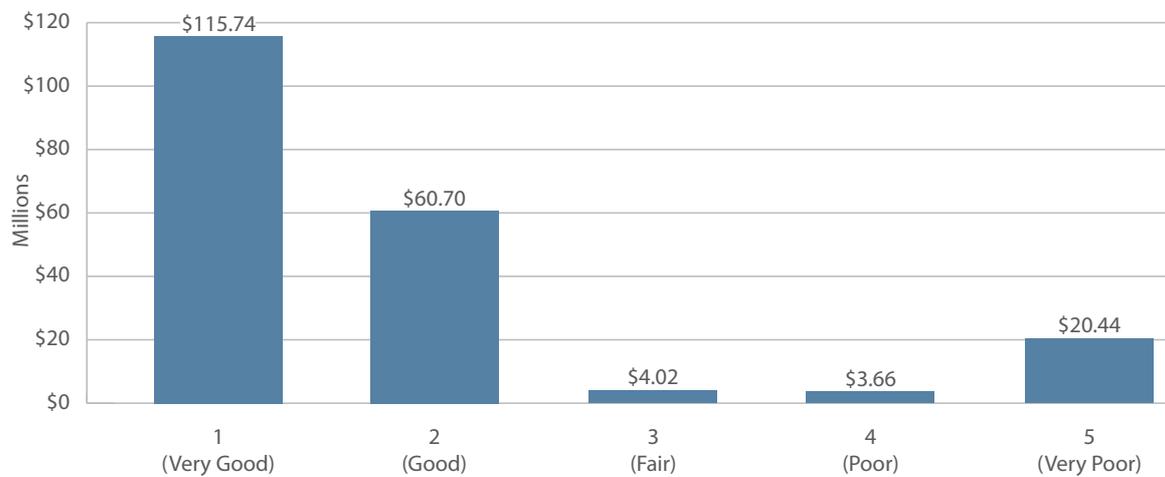
Condition	Replacement Cost 2021 (\$)	%
1	4,979,288	17.6
2	14,387,315	50.7
3	6,447,601	23.3
4	1,674,449	5.9
5	693,684	2.5
Total	28,312,337	100.0



Condition of Stormwater Drainage Assets

The condition of Council's stormwater drainage network is monitored using detailed CCTV condition assessment. CCTV condition surveys are expensive due to the equipment and specialised contractors required. Detailed proactive CCTV condition surveys are carried out on approximately 4% to 8% of Council's pipe network each year. Reactive CCTV inspections are also carried out as required. The condition of all stormwater drainage assets are shown in the figure below:

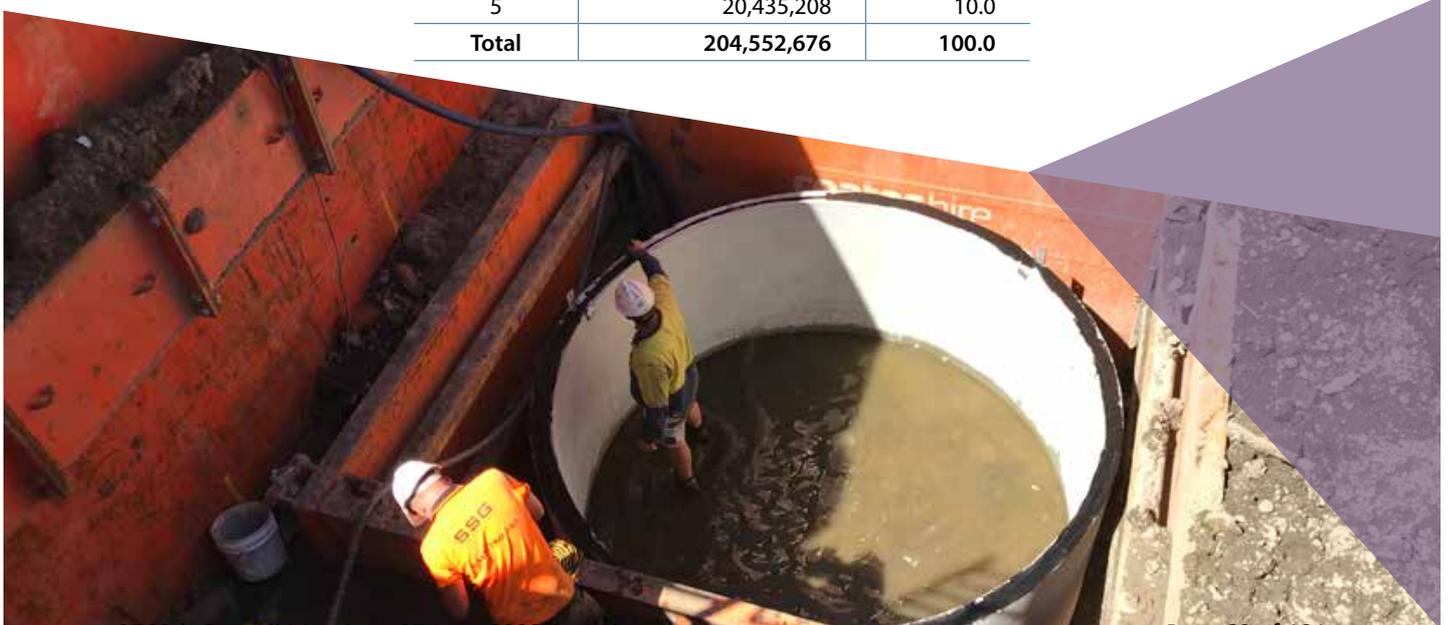
Figure 15: Replacement Cost of Marine Structures by Condition (\$M) 2021



The actual replacement costs for each condition are shown in the table below:

Table 19: Replacement Cost of Stormwater Drainage & GPTs by Condition (\$) 2021

Condition	Replacement Cost 2021 (\$)	%
1	115,736,683	56.6
2	60,703,463	29.7
3	4,017,595	2.0
4	3,659,728	1.8
5	20,435,208	10.0
Total	204,552,676	100.0



Condition of Footpath Assets

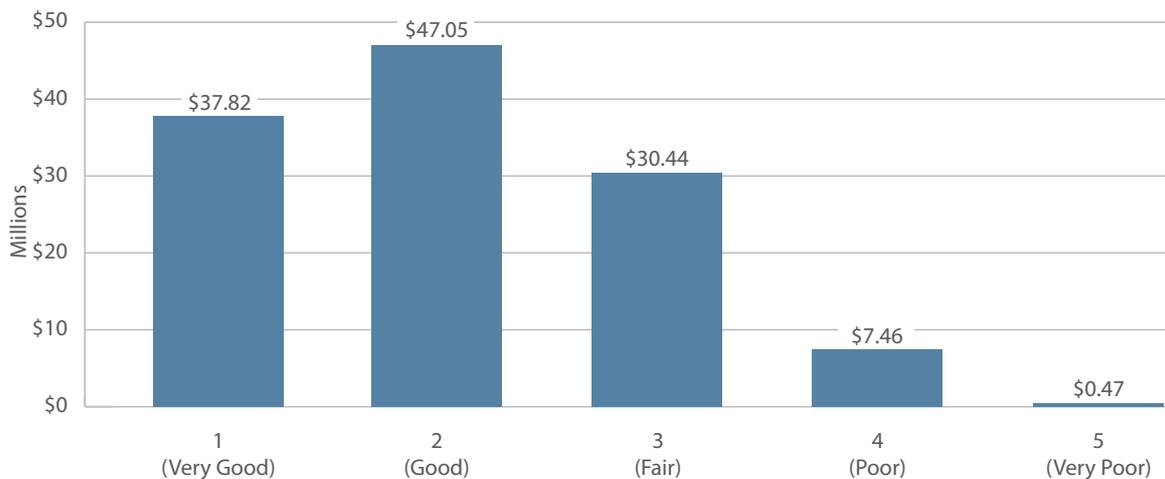
The condition of Council's footpaths was surveyed at 10m intervals in 2019 by consultants Rapid Map Services Pty Ltd. The condition scores used are shown in the following table.

Table 20: Footpath Condition Matrix (\$) 2019

Footpath Condition Matrix				
Score	Age Estimate	Minor Defects	Major Defects	Trips
1	Almost New (likely < 5 years)	0	0	
2	Minor Ageing (5 to 10 years)	<10%	0	
3	Moderate Ageing (10 to 15 years)	10 - 25%	< 10%	10 - 25mm
4	Significant Ageing (> 25 years)	25 - 50%	< 25%	> 25mm
5	N/A	> 50%	> 25%	> 50mm

The graph below shows the replacement cost for each of the condition scores. It should be noted that the replacement cost is based on the condition of footpaths at 10m intervals. In practice and where funds permit footpath sections in condition 3 are generally replaced at the same time as footpath sections in condition 4 or 5 if they are adjacent and it is cost effective.

Figure 16: Replacement Cost of Footpaths by Condition (\$M) 2021



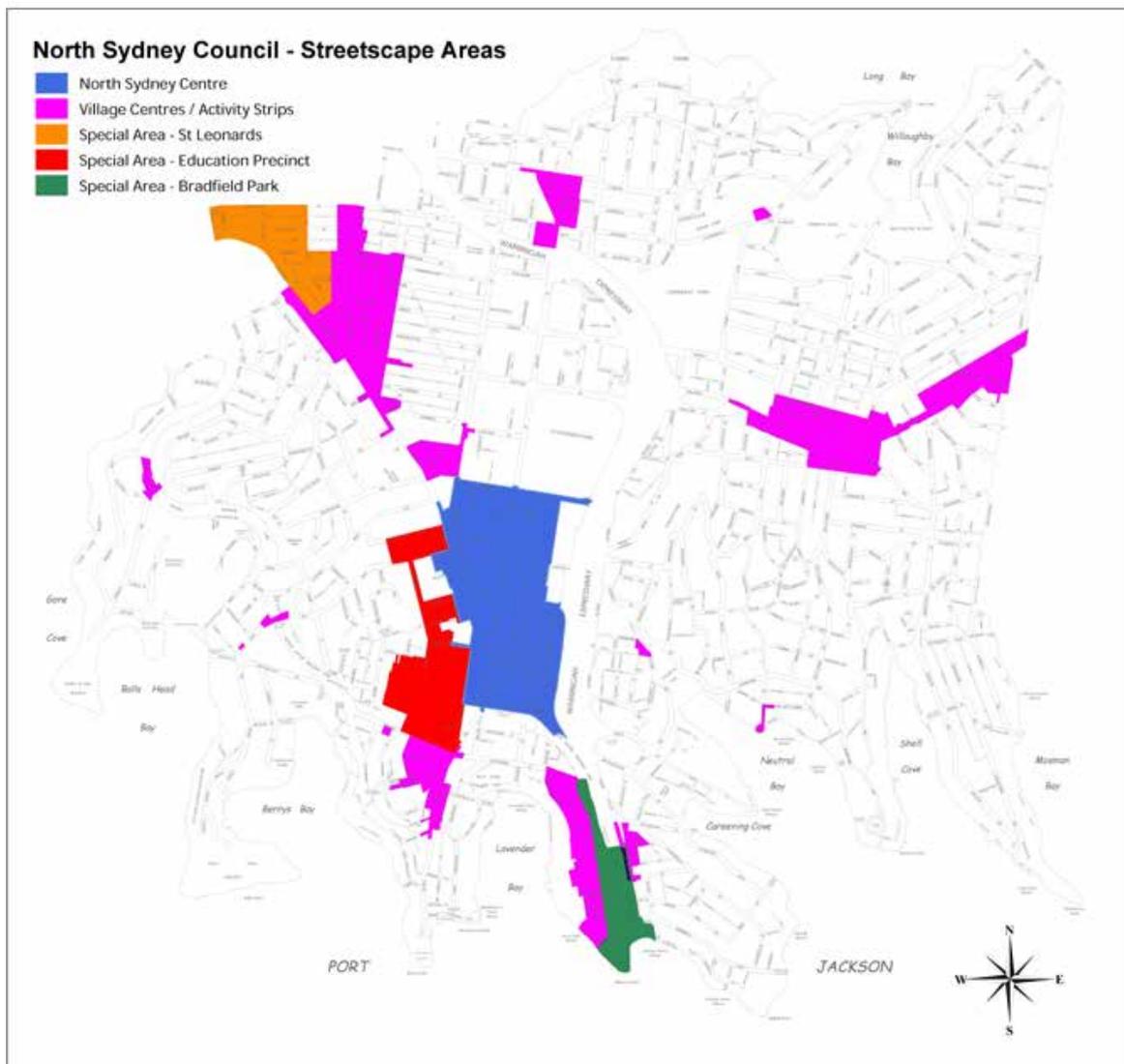
The actual replacement costs for each condition are detailed in the table below:

Table 21: Replacement Cost of Footpaths by Condition (\$) 2021

Condition	Replacement Cost 2021 (\$)	%
1	37,818,161	30.6
2	47,054,502	38.2
3	30,436,684	24.7
4	7,461,319	6.1
5	472,020	0.4
Total	123,242,686	100.0

It is important to note that replacement costs are based on “like for like” replacement only. Council’s *Public Domain Style Manual* (2019) includes, for example, replacing standard pavers on road base with granite pavers on a concrete base in the North Sydney CBD. The areas in the map below have been identified for footpath upgrade as per the *Public Domain Style Manual*. Therefore, replacing the existing footpath materials with upgraded materials will increase the replacement cost significantly.

Figure 17: Streetscape Areas



PLANNING ASSUMPTIONS

Council recognises its stewardship role in appropriately managing the assets that have been provided by past and current generations. It also aims to fulfil its obligation in ensuring a sustainable level of infrastructure for future generations. The key challenges relating to managing an optimum level of infrastructure assets and delivering services are as follows:

- new residents and managing population increase and demographic changes
- retaining and continuing to attract business, industry and tourism to the area, and
- funding asset renewal requirements relating to ageing assets, in a sustainable manner and ensuring that required levels of service continue to be delivered.

Average Annual Asset Consumption

The individual Asset Management Plans for the various asset categories include 10-year future funding predictions with capital renewal requirements. These 10-year funding programs are fed into the Council's Long Term Financial Plan which drives the annual Budget.

The depreciation and renewal expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term.

The following table indicates the average annual asset consumption required to meet the 100% target associated with the Asset Renewal Ratio, over the life of the *Long Term Financial Plan*.

Table 22: Average Asset Consumption required to meet the Asset Renewal Ratio target

Asset Class	Average Annual Asset Consumption (\$)
Buildings - non-specialised	30,475
Buildings - specialised	2,777,713
Other structures	53,885
Roads	5,974,630
Footpaths	3,190,669
Stormwater drainage	1,953,057
Swimming Pools ¹⁰	2,791,529
Other Open Space/Recreational assets	1,259,501
Other infrastructure	3,469,335
TOTAL	21,500,795

Source: Note C1-5 Annual Financial Statements for the year ended 30 June 2021

¹⁰ As at 30 June 2021 the NSOP redevelopment was not complete. Figures subject to change upon completion.

Service Demand and Satisfaction

The key objective of asset management planning is to provide the required level of service for the community in accordance with the Community Strategic Plan and in the most cost-effective manner. Levels of service are key business drivers for asset planning,

Achieving and maintaining sustainability in local government requires consideration of services, their level of service and associated costs and risks. The appropriate management of Council's infrastructure requires asset management estimates and accounting estimates that are realistic and support decision making.

The linking of service levels and the cost-of-service delivery is an essential component of strategic asset management. It is essential that Council knows the true costs of service delivery, priorities placed by the community on infrastructure, the service levels that are desired by the community and what level they are willing to pay for.

Ultimately the setting of service levels should be undertaken in conjunction with the community. This enables Council to make informed decisions on the allocation of community resources in accordance with community priorities and willingness to pay.

Council periodically undertakes a *Customer Satisfaction Survey* to determine community attitudes towards its services and facilities. The survey is conducted on Council's behalf by an independent research company. The randomly selected representative sample consists of 400 residential and 200 business customers (both owners and renters). Full survey results are available from Council's website.

The *Customer Satisfaction Survey* provides Council with feedback about the appropriateness of each of its key services including some asset classes, and this information is used in the development of the *Delivery Program* and *Asset Management Plans* to ensure areas that are not meeting community expectation are reviewed and ultimately improved. It is clear from the most recent surveys that the North Sydney community expect the current level of service to be retained, and in some areas increased.

The following table details 2020 resident and business satisfaction including comparison with the 2016 results:

Table 23: Residents and Businesses Satisfaction for Key Asset Service Areas 2020 v 2016

Service/Function	Category	2020	2020 v 2016 (%)
Maintenance of parks, ovals and bushland areas	Residents	91%	1%
Way North Sydney as a whole looks and feels	Residents	88%	68%
	Businesses	79%	-1%
Recreation facilities	Residents	82%	na
Appearance of local village centres	Residents	78%	2%
Look and feel of commercial areas and villages	Businesses	74%	2%
Appearance of public spaces in the North Sydney CBD	Residents	73%	-4%
Maintenance of commercial areas	Residents	73%	2%
	Businesses	70%	-5%
Maintenance of local roads and footpaths	Residents	73%	-2%
	Businesses	73%	3%
Pedestrian and cycle paths	Residents	52%	-1%
Community centres and facilities	Residents	50%	-14%

Council should further develop these service levels in Asset Management Plans for each major asset class. This will improve the link between service levels and costs of service delivery. It will give a tool for community consultation and better inform decision making on service levels and costs in setting budgets.

GAPS AND FUTURE NEEDS

Priority Risk Areas

North Sydney LGA is an established area. Much of its infrastructure is ageing and requires renewal. Risk management plans have been developed as part of each *Asset Management Plan*. This information provides an overview of the long-term responsibilities that should be taken into account in future planning and decision making. The priority risk areas are as follows:

Table 24: Priority Risk Areas:

Priority Risk Areas	
Risk	Description
Property	There are several significant properties, including North Sydney Oval, which require significant investment and renewal to meet modern user needs and community expectations.
Stormwater Drainage	Council has 101km of stormwater pipes. They have an inherent high risk of sudden failure if not maintained adequately. The estimated cost to repair pipes in poor condition is \$24 million.
Retaining Walls	Council has 22km of retaining walls. They have an inherent high risk of sudden failure if not maintained adequately. A condition audit has been completed in 2018. A report has identified that the estimated cost to repair retaining walls in poor condition is \$3.6 million.
Seawalls	Council has 4.7km of seawalls. They have an inherent high risk of sudden failure if not maintained adequately particularly considering the aggressive harbour environment. A condition audit completed in 2017 has identified that the estimated cost to repair seawalls in poor condition is \$11.3 million.
Marine Structures	Council has 28 marine structures. They have an inherent high risk of sudden failure if not maintained adequately particularly considering the aggressive marine environment on timber structures. A condition audit completed in 2018 has identified that the estimated cost to repair marine structures in poor condition is \$2.4 million.
Stormwater quality improvement devices	Council has 25 stormwater quality improvement devices. A detailed audit has recommended that 10 of these devices be replaced due to either condition or not functioning efficiently. Renewal of these devices reduce the pollution entering the harbour.
Road Pavements, Footpaths, Kerb and Gutter	Adequate capital budgets are required to reduce the risk of the condition of the asset network deteriorating.
Public Lighting	Council must provide adequate lighting to its streets, parks and public reserves. Council has 1,782 lights. Subject to a detailed design it is likely that additional lighting will be required.

Council will endeavour to manage these risks within available funding by prioritising renewal works based on industry guidelines including those provided by the Institute of Public Works Engineering Australia (IPWEA).

Drainage Risk Examples

Examples of drainage risks are shown in the following photos:



Pipe in very poor condition



Pipe in very poor condition



Flooding issue



Flooding issue



Flooding issue



Sink hole in road near pipe



Sink hole in road near pipe



Sink hole in reserve near pipe



GPT prior to cleaning



Debris being removed from litter basket

Marine Structure and Sea Wall Risks

Examples of marine structure and seawall risks are shown in the following photos:



Pile in very poor condition



Beams and girders in very poor condition



Termites found in timber marine structure



Evidence of marine worms in timber structure



Blocks missing and eroded



Sawmillers Reserve



Sawmillers Reserve



McMahon's Point



Primrose Park



Crowded foreshore on New Years Eve

Retaining Wall Risks

Examples of retaining wall risks are shown in the following photos:



IMPROVEMENT PLAN

A whole of organisation approach is essential for continuous asset management practices to continue to improve. The following Improvement Plan summarises the areas for improvement within Council's *Asset Management Plans*:

Practice Area	Task	Timeline
Data Collection	Collect updated condition data for the following classes: lights retaining walls seawalls marine structures stormwater drainage	2022/23
	Collect updated condition data for the following classes: bus shelters kerb and gutter road pavements street furniture stormwater drainage traffic facilities	2023/24
	Collect updated condition data for the following classes: fences and safety barriers footpaths stormwater quality improvement devices stormwater drainage	2024/25
	Collect updated condition data for the following classes: playgrounds property public amenities public art and monuments signage sporting fields sporting infrastructure sports field lighting	2025/26
Corporate Asset Management System	Continue to develop the Corporate Asset Register. The following assets have been uploaded into the Corporate Asset Management System (CAMS): bus shelters traffic facilities street furniture kerb and gutter road pavement footpaths Remaining asset classes to be uploaded into CAMS following the collection of data (refer above)	2022/23 to 2025/26 in line with data collection
Asset Management Plan	Review all Asset Management Plans in line with the revised condition data and amended financial estimates	2024/25

Practice Area	Task	Timeline
Levels of Service	Conduct the next periodic <i>Customer Satisfaction Survey</i> to obtain benchmarking data regarding service levels for key assets/services	2023/24
	Conduct detailed community consultation regarding levels of service per asset class to understand the relationship between desired levels of service, their associated costs, and customer's willingness and/or capacity to pay; aligned to the next review of the <i>Community Strategic Plan</i>	2024/25
Skills	Review staff skills and capabilities to identify gaps/training needs	Annually
Evaluation	Review and evaluate the <i>Asset Management Policy, Asset Management Strategy and Asset Management Plans</i>	Annually

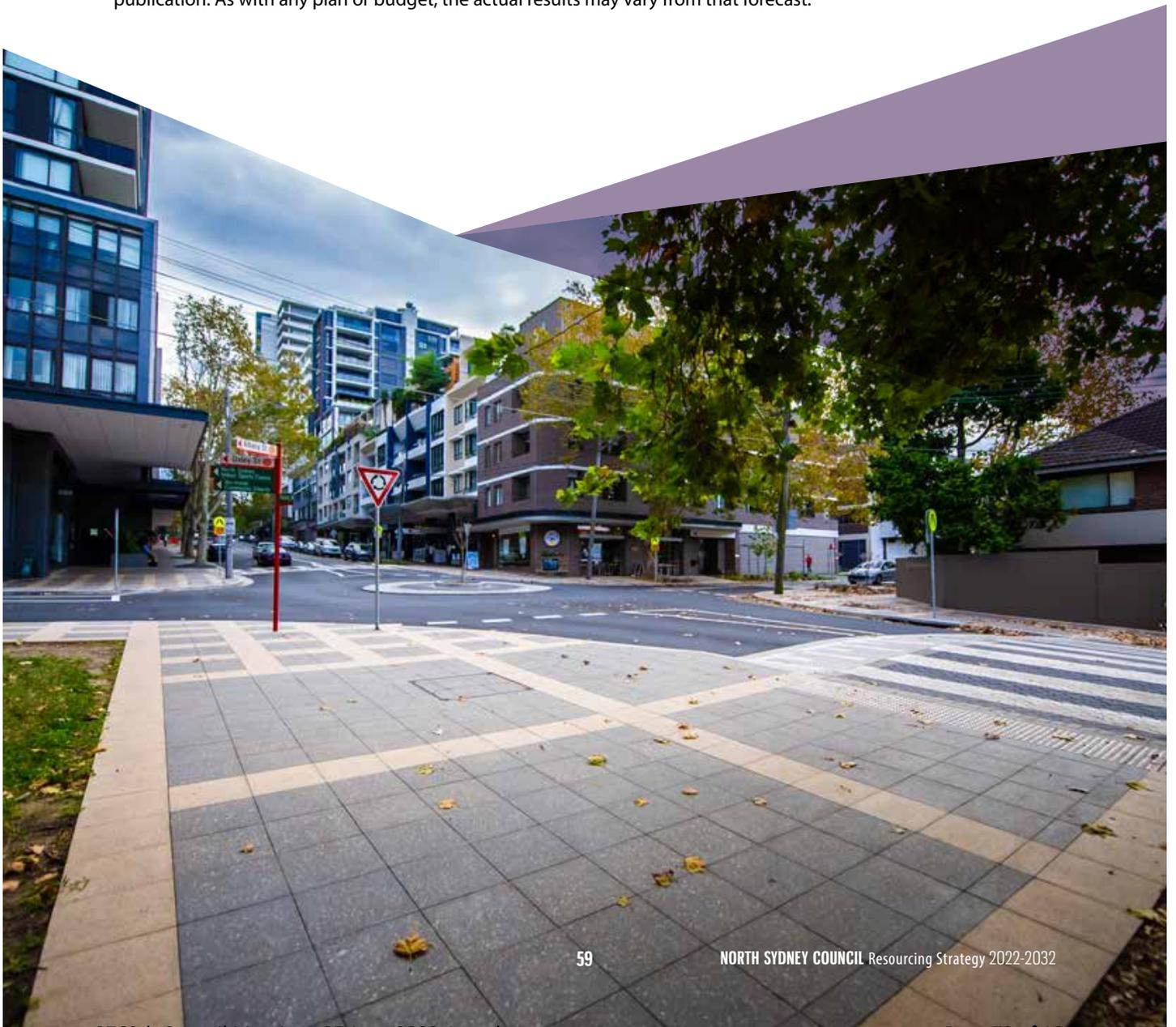


RESOURCING

The sustainable management of assets is a 'whole of council' responsibility, recognised at all levels within the organisation. Council has undertaken a strategic level review of its asset management practices and systems to provide future direction and guidance for improving its asset management performance. Implementing the maintenance and improvement actions will have a strategic and corporate significance to Council.

Council's *Asset Management Strategy* is directly aligned with the vision and desired outcomes of the *Community Strategic Plan* and *Delivery Program*. Central to this is forecasting the service delivery needs and the capacity to meet them on a short, medium, and long-term basis.

The cost of implementing the *Asset Management Strategy* has been incorporated within Council's *Delivery Program* and *Long Term Financial Plan*. However, it should be noted that this Strategy reflects Council's intentions at the time of publication. As with any plan or budget, the actual results may vary from that forecast.



MONITORING AND EVALUATION

Council's Engineering & Property Services Division leads the monitoring and reporting against the Asset Management Strategy, Asset Management Policy and Asset Management Plans. However, implementation requires cross-organisational collaboration.

Council must prepare its asset performance reports in accordance with statutory requirement and accounting standards.

Within five months after the end of each financial year, Council must prepare its *Annual Report* in respect to the implementation of its *Operational Plan & Budget*. This report includes:

- the assets acquired by Council during that year
- the assets held by Council at the end of that year, for each of Council's principal activities
- a report on the condition of the public works under the control of Council as at the end of that year (known as Special Schedule 7), together with an estimate (at current value) of the amount of money required to bring the works up to a satisfactory standard, an estimate (at current value) of the annual expense of maintaining the works at that standard and Council's program of maintenance for that year in respect of the works

The results in Special Schedule 7 (reported in the *Financial Statements*) flow directly from the *Delivery Program* which includes performance indicators for the levels of services provided by infrastructure assets. In addition to the performance measures referred to above, Council will also continually monitor and review the condition of its infrastructure assets, the levels of service these assets provide, as well as any funding gaps. This data will be then used to inform and update *Asset Management Plans* and the *Asset Management Strategy*.



WORKFORCE PLAN 2022-2026



OVERVIEW

North Sydney Council prepares the plan for its workforce every four years aligning with its *Community Strategic Plan, Delivery Program* and the other components of the *Resourcing Strategy* including long term financial planning and asset management planning.

The *Workforce Plan* is aimed at ensuring that Council's has the right workforce at the right time with the right skills, leadership, and culture to respond to the needs of the community and conduct the business of Council in the most efficient way.

The last few years have presented increasing change and challenge for the local government sector. Councils have experienced rapid changes in technology, reduction in funding opportunities, increased responsibilities, an expansion in new infrastructure across the Sydney Metropolitan area, and increasing competition within the job market, skills shortages and reduction in revenues.

This is coupled with general changes in the economy such as the shrinking Australian labour force, the COVID pandemic, decreases in Australian productivity, trade and technological skills shortages, demand for skilled workers worldwide exceeding supply, more mobile employment with talent migrating, growing demand for flexible working, and job seekers educated in job seeking - continually reviewing vacancies utilising technology to be aware of opportunities and leveraging this to gain salary increases.

North Sydney Council's workforce, like many other councils, is ageing and is experiencing a period of high turnover. The workforce is experiencing a period of intense change and must manage these changes while delivering services to the community. Councils operate within increasingly difficult environments that demand greater flexibility, responsiveness, and performance improvements to meet these challenges. Councils must adopt a strategic approach for identifying and meeting the needs of the community to make a plan of action. Workforce planning is the tool which assists councils to ensure that its' workforce is ready and able to meet the challenges of today and the future.

Council is focusing on adopting a strategic approach, planning to negotiate workforce issues within the context of the *Community Strategic Plan*. This approach means that the Council is aiming to ensure that its workforce is ready to meet current challenges and that we are preparing our workforce to succeed in meeting commitments within the *Community Strategic Plan* and *Delivery Program* over the next four years.

The *Workforce Plan* analyses Council's current workforce and looks at trends and the challenges involved in delivering the *Operational Plan & Budget*. It attempts to anticipate future needs and capabilities required to build workforce capability to implement its plans efficiently.



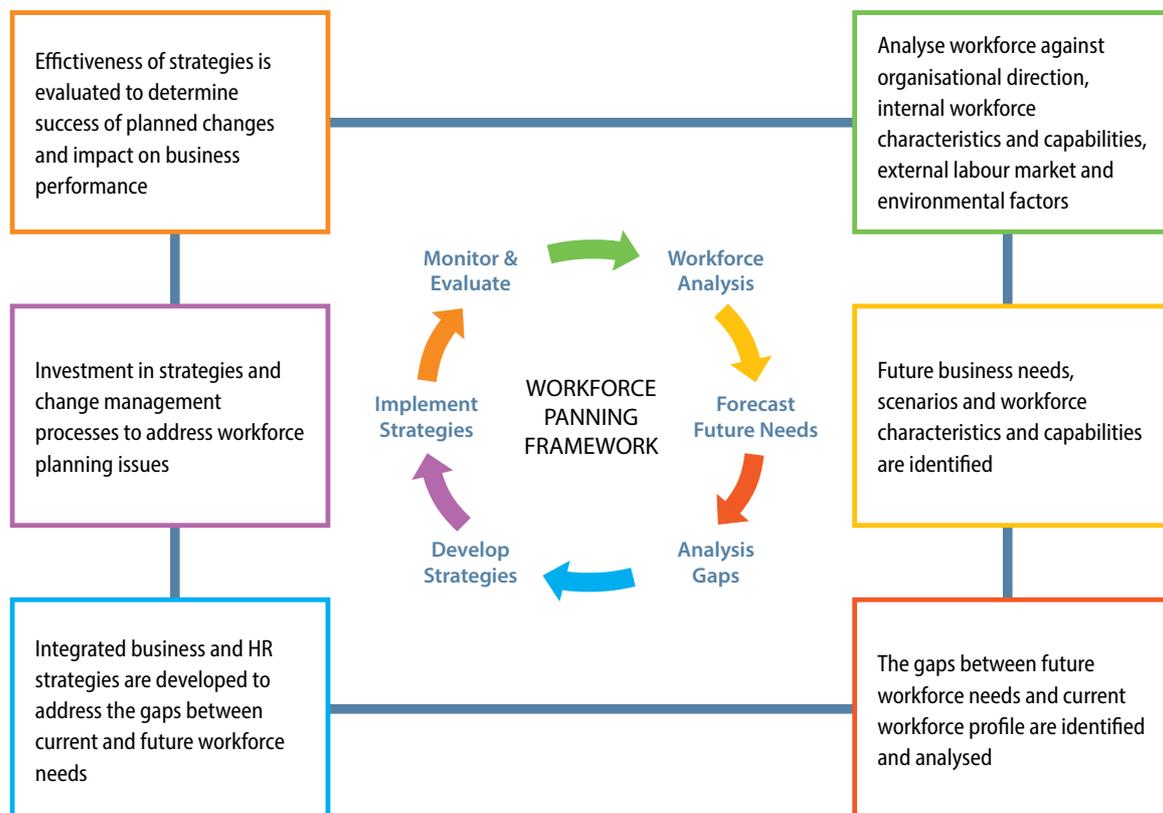
Workforce Planning Methodology

The *Workforce Plan* objectives are reviewed quarterly to ensure that projects are on track. This ensures that the plan remains contemporary to councils needs and direction. Key workforce metrics are also reported quarterly to the Senior Management Team to highlight any significant trends, changes or issues to address with Council's workforce. The following methods have been utilised to identify and analyse gaps in our workforce and develop strategies to address future needs of the Council's workforce:

- review of the current challenges in order to identify and prioritise workforce initiatives,
- Manager and Director feedback to identify staffing needs, skills and structure for new Delivery Program
- Contingency Plans reviewed to identify skills gaps and methods for knowledge retention, and identify succession plans
- Employee Engagement Survey undertaken to gather employee input on job satisfaction, organisational culture, career development, leadership, and communication within the organisation. This provides measurement of morale and seek staff input on ideas for improvements
- Review of the Disability Inclusion Action Plan, including a staff survey identifying issues which impact on equal participation in our community and workplace, and
- analysis of workplace metrics to identify workforce trends and patterns

The flowchart below outlines the workforce planning methodology.

Figure 18: Workforce Planning Methodology



CURRENT WORKFORCE ANALYSIS

The figures below show that Council's workforce has remained relatively stable over the last three years. Due to a high turnover Council currently holds numerous vacancies. As at April 2022, there are 22 positions being actively recruited.

Importantly employee costs over the last four years have remained relatively stable. In 2020/21 the reduction in expenditure was driven by North Sydney Olympic Pool staff redundancies, due to the closure of the complex for refurbishment and some minor restructuring.

Staff Numbers

Table 25 details the staff numbers as at March 2022. Table 26 compares the full time equivalent (FTE) between 2020 and 2022.

Table 25: North Sydney Council Staff by Employment Type (March 2022)

FTE	Full time	Part time	Casual	Total	Staff Establishment
356.07	317	54	21	371	420

Table 26: North Sydney Council FTE by Year - 2020 to 2022

Year	FTE
2022	356.7
2021	369.83
2020	386.83

Staff Costs

Table 27 details the staff costs for the financial years 2018/19 to 2021/22.

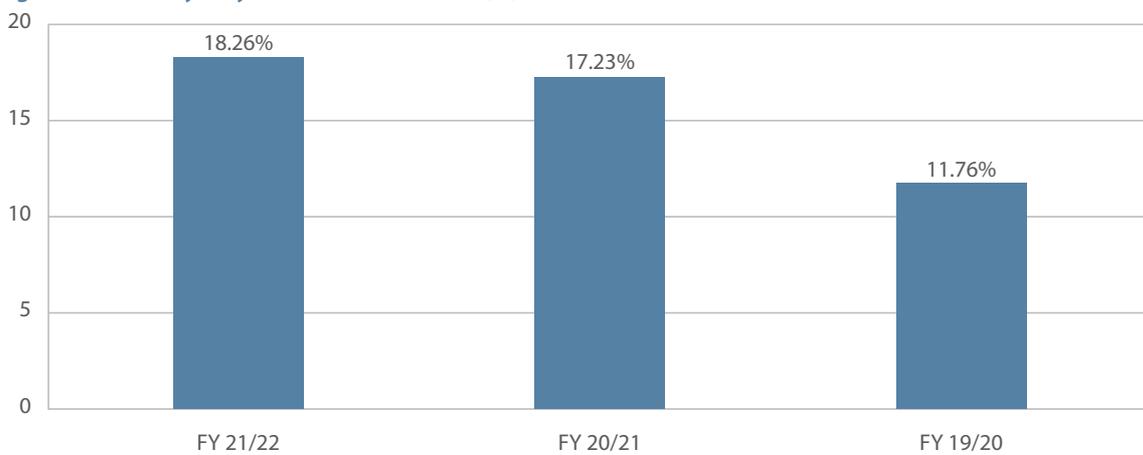
Table 27: North Sydney Council Staff Costs (\$) 2018/19 - 2021/22

	2018/19	2019/20	2020/21	2021/22
Employee Costs - Salaries & Wages	32,923,688	34,330,767	32,579,756	35,726,936
Employee Costs - Employee Leave Entitlements	7,023,318	6,736,954	5,120,514	5,583,343
Employee Costs - Superannuation	4,108,728	4,157,243	4,059,908	4,343,792
Employee Costs - Workers Compensation	598,298	622,913	687,048	903,000
Employee Costs - Fringe Benefits Tax	150,503	186,111	248,473	217,916
Employee Costs - Other	186,813	159,634	203,991	214,800
Total	44,991,348	46,193,622	42,899,690	46,989,787

Staff Turnover

Council is currently experiencing a high rate of turnover, as demonstrated in Figure 19. The main reasons for leaving Council include career opportunity, remuneration, flexible work arrangements, travel time to work and retirement. The contributing factors include a very competitive job market with higher rates of advertised vacancies across all sectors. The latest ABS statistics show there was an increase in vacancies from 6.9% from November 2021 and that this was 8.6% for NSW public sector vacancies. The NSW public sector is a major competitor for staff in the Sydney metropolitan area.

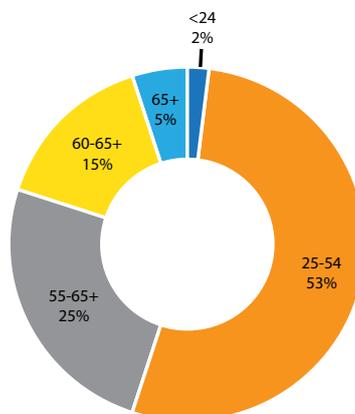
Figure 19: North Sydney Council staff turnover (%) based on FTE March 2022



Staff Age Profile

Figure 20 shows the Council staff age demographic is aging, with 46% of staff over 50 years, 31.5% over 55 years and 18% over 60 years. Council's strategies will concentrate on transitioning our workforce while retaining knowledge and skills and creating new talent pipelines for Council.

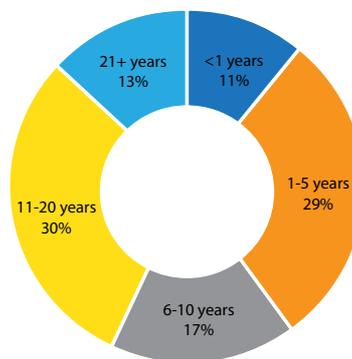
Figure 20: Age Profile of North Sydney Council staff - March 2022



Staff Tenure

As illustrated in Figure 21, the age demographic of staff impacts on Council's employee tenure. The average tenure for staff who are 55 years is 16.8 years. Having longer tenure means that there is a high level of organisational knowledge concentrated in this group who are eligible for retirement. A higher number of long serving staff impacts on Council's leave liability as staff are earning long service leave at higher rates.

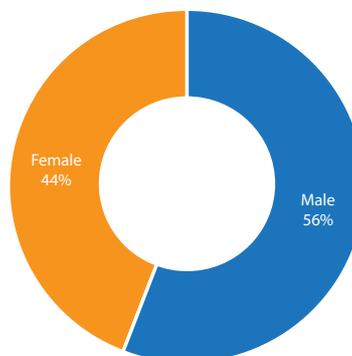
Figure 21: Tenure of North Sydney Council staff - March 2022



Staff Gender Distribution

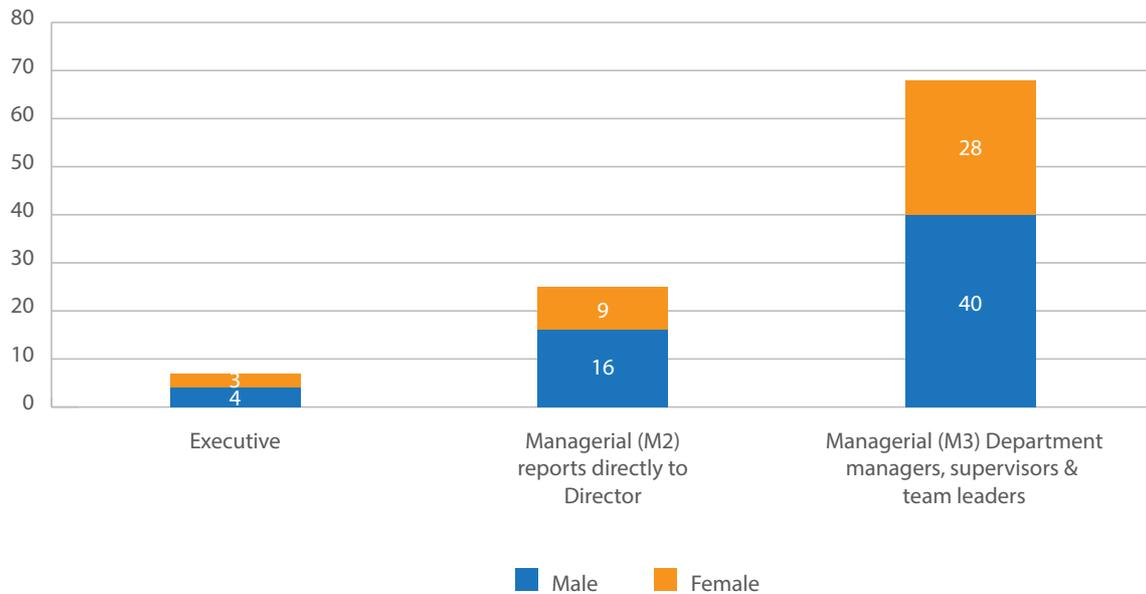
As demonstrated below, in Figure 22 there is a fairly even distribution of women and men in the organisation. The outdoor staff in the Open Space & Environmental Services (OSE) and Engineering & Property Services (EPS) Divisions have lower female representation. As shown in the senior role gender breakdown in Figure 23, the female representation is low in the M2 and M3 categories. Council's development program is focussed on improving female representation in these groups.

Figure 22: Gender Breakdown of North Sydney Council staff - March 2022



The following graph illustrates the male/female breakdown of the senior management team and the combined results of both cohorts.

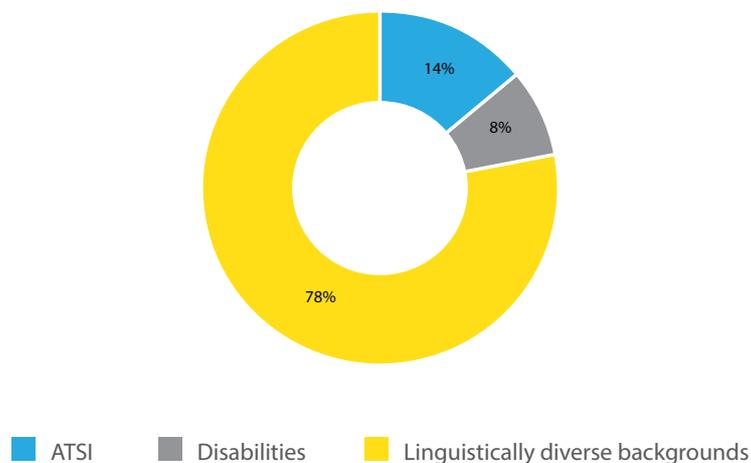
Figure 23: Gender Breakdown of North Sydney Council Management Staff by cohort - March 2022



Diversity

Council’s representation of people from culturally and linguistically diverse (CALD) backgrounds has remained unchanged in the last few years and together with the other equal employment opportunity (EEO) target groups could be improved. The survey method for EEO will be reviewed, as a recent *Disability Inclusion Action Plan* (DIAP) survey indicated 15 staff identifying as having a disability which included a chronic illness, which is not reflected in these figures.

Figure 24: Diversity of North Sydney Council staff - March 2022



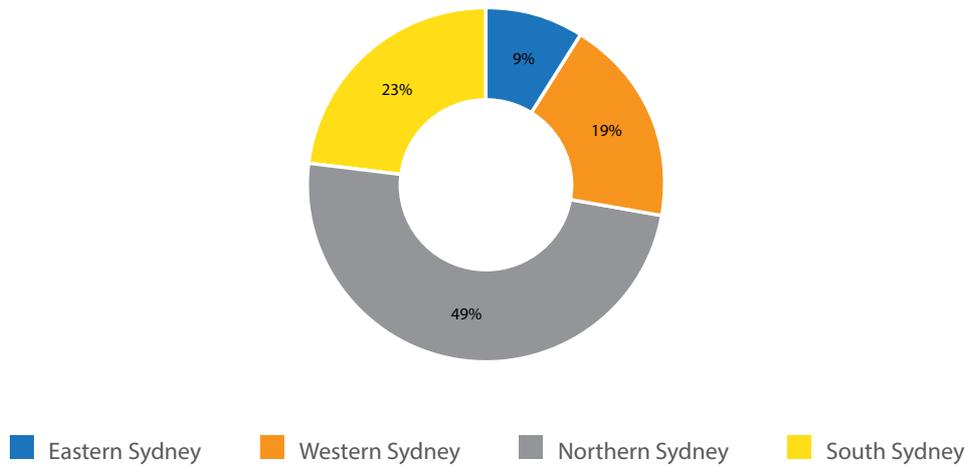
The NSW Government has provided EEO employment benchmarks for the public sector (based on estimated representation of EEO groups in the NSW working population). Compared to these figures North Sydney is progressing towards these benchmarks:

- 50% for women
- 2.6% for Aboriginal and Torres Straight Islanders (ATSI)
- 19% for people whose first language was not English
- 1.5% of people with disabilities

Staff Travel to Work

Council staff live across 34 local government areas, this means that employees travel to and from the workplace from a wide geographic area. Only 11% of staff live in the North Sydney LGA. As indicated in Figure 25, it is important to note that 38% of staff travel over 40 kilometres daily to and from work and a further 17.6% of staff travel over 60 kilometres per day to attend work. This means that Council is recruiting from diverse areas across the whole of the Sydney region, from the top of the Central Coast, up to the Blue Mountains and down to Wollongong. It also means that staff are expending a significant amount of time and money travelling to and from work.

Figure 25: North Sydney Council staff travel to work locations - March 2022



EMERGING CHALLENGES AND GAPS

Government agencies across Australia are experiencing similar challenges. Australia's workforce is shrinking due to the ageing population and talent migration globally. The aging population is reflected in Council's aging workforce, with 18% of employees who are over 60 years of age. The next decade will see a substantial proportion of Council's workers retiring leading to loss of critical skills and knowledge within the organisation. The aging population of our local communities will also increase resulting in changed demands for services.

Council has developed an *Age Management Plan* which provides a structure to support the transition of our ageing workforce. The plan proposes strategies to future proof Council, concentrating on growing our own talent, transfer and retaining skills/knowledge and developing pathways to introduce new generations into the workplace. The *Age Management Plan* aims to assist our older staff to strategically transition to retirement through flexible work practices. This plan also aims to enhance council's current health and wellbeing program, to sustain healthy lifestyles and improve workplace practices to support an ageing workforce and ensure their safety while continuing to work.

Skills shortages are a major issue facing many Australian workplaces and the Local Government sector is struggling in the competition to attract and retain talent and skills. North Sydney Council has noticed a drop in applicant numbers to an average of 14 applicants per vacancy.

Local Government Managers are currently reporting lack of applications for positions, poorly qualified/experienced applicants and increased competition from the NSW Government and between councils.

Council's recruitment experience to date has identified that the roles shown in Table 28 fall into the "hard to recruit" category. These positions require specialist local government experience, specialist qualifications and/or are difficult to fill because of the very nature of the work, remuneration level or travel times or distance to/from the workplace of likely candidates. Council is experiencing reduced numbers of applicants in most categories due to the reasons below:

Table 28: Hard to Recruit Positions Summary

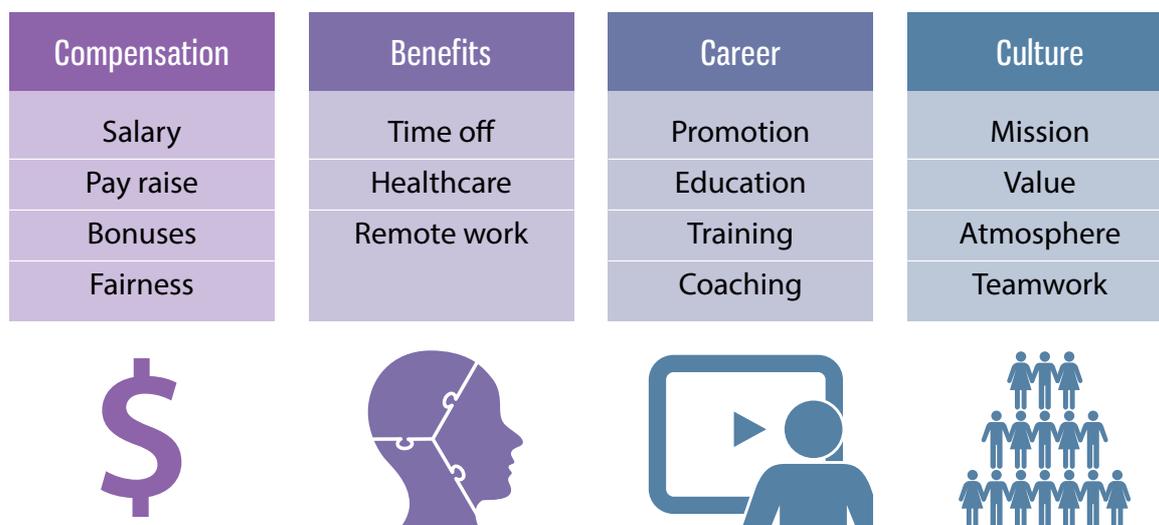
Positions	Division	Reason
Accountants	COS	Low turnover. However, if vacancy occurs, shortage of applicants with both the specialised qualifications and local government experience required.
Building Compliance	CIS	Conflict associated with the role, making it less attractive to applicants. Increases in legislative requirements will mean increased training required. Highly knowledgeable population who often challenge council decisions requires a higher standard from officers on documentation. A1 certifiers particularly scarce.
Building Surveyor	CIS	Increased demand due to legislative requirements and also higher level of accreditation making it more difficult to become accredited and now the difficulty in obtaining professional indemnity.
Environmental Health Officer	CIS	Changes in legislation mean more work in this area especially with COVID, however the number of available suitably qualified candidates have not increased.
Drivers (MR Licence)	OSE	Overall shortage in supply; currently sourced most through agencies incurring higher costs.
Engineers - Traffic and Civil	EPS	Increased turnover. Overall current shortage of civil qualified candidates with local government experience or with transport expertise. Increased surge in movement to TfNSW/Metro.
Geographical Information Systems Mapping Officer	COS	Low turnover. However, if vacancy occurs, shortage of suitably qualified candidates with experience in specific software.

Positions	Division	Reason
Library (Shorelink)	CLS	Unusual mixture of Library and IT qualifications required; Turnover low. However, if vacancy occurs, short supply. Note: is currently a shared resource between several councils.
Low skilled employees i.e. labourer, street cleaner	OSE	Remuneration low; travel distance to work (due to shortage of affordable housing in North Sydney and surrounding areas).
Parking Services Officer	CIS	Enforcement nature of role; the quantity of candidates with suitable skills, abilities and motivation to do the job is low.
Revenue & Rates Officer*	COS	Shortage of applicants with both the specialised knowledge and experience required or even basic experience.
Town Planners (with experience)/Senior Level Executive Planners	CIS	Increased shortage of supply, particularly at a Senior/Exec level. Graduate positions are an increasing challenge to fill with a number of graduates being offered at a planner/engineer level if they've attained on the job experience. State Government projects are impacting on availability as they pays higher than local government and provides higher award conditions.
Tradespeople	EPS	Short supply, over all trades This has impacted recruitment for arborists, mechanics and carpenters. Due to the huge amounts of development in NSW at the moment this is adding to the shortage as well as these tradespeople are able to demand high returns as contractors or through self-employment.
Administrative Assistants	All	Short supply, demand is high for people with computer skills, who have good interpersonal and organisational skill.

The average turnover rate for Council in 2021 was 17.9%, 5.9% higher than the 12% internal benchmark for turnover in Council's Delivery Program. This is a 6.4% increase in staff turnover compared to 2019.

To combat turnover and retention Council needs to place itself as an Employer of First Choice. The Employee Value Proposition, illustrated in Figure 26, is essential to consider when developing strategies for retention and attraction. Factors which impact the employee value proposition are the total employment offer from the organisation. This includes not only the traditional benefits relating to salary, employee benefits, education, training, career development but increasingly flexibility within the workplace and the culture and values of the workplace.

Figure 26: Employee Value Proposition



WORKPLACE CULTURE

The culture of the Council impacts on organisational performance and morale. Organisational culture sets the scene for valuing employees and building trust and integrity within the organisation. Constructive organisational cultures are those in which members are encouraged to interact with people in a supportive, co-operative respectful manner and approach tasks in ways that will help meet the organisational needs.

Prospective employees seek out organisations where they perceive there is a positive culture and values that match the employees' own integrity. People want to work for companies with a good reputation and increasingly seek out companies which have a good image or 'brand'. Positive organisational culture impacts on all aspects of the organisation and sets the atmosphere that employees work in. According to research by Deloitte, 94% of executives and 88% of employees believe a distinct corporate culture is important to a business's success¹¹. It is well documented that a positive organisational culture will heighten morale and engagement, improve performance and attract talent.

Corporate Values

Council will relaunch its corporate values to realign the culture of the organisation with the new *Community Strategic Plan*. This will ensure employees understand and demonstrate the corporate values in their everyday work. These values are integrated into our core human resources processes.

Talent Development

Talent development and growing our own staff is key to Council's staff retention and engagement. Council will build on its leadership development program and focus on the Senior Management Team as well as developing its managers and supervisors. A strong clear leadership demonstrating the corporate values is fundamental to building a sustainable future organisation. There will be a focus on our foundation employees who will develop into the management team of the future. Council will develop training which concentrates on both current and future leaders.

Identifying developing and investing in upcoming talent will cultivate Council's leaders of the future. Council will also focus on developing its' employee pipeline. Traineeships, Graduate Programs and Apprenticeships will be a pathway to importing a new generation into the workplace who understand our business, are trained in our business-critical skills and have the qualifications required for our future.

Developing our own staff is key to retention and engagement. Career development is one of the main determinates people join, commit, and plan a career within the organisation. Council will utilise training plans within the Performance Planning Assessment (PPA) process to create individual learning paths for individuals. Council will continue to offer a program of internal training and education for the development of staff which will include face to face training and online learning.

Commitment to training and development is crucial to the ongoing success of the organisation which means allocating both resources and time for employees to learn. Unless learning time is structured and allocated within the working week, it is often neglected. Without allocation specific periods for learning, skills development may be pushed into the background and fail to be implemented. Committing to an individual training plan and ensuring it happens will be a key accountability for management. Internal opportunities for development need to be identified and encouraged. Council will continue to utilize and expand on secondments, job shadowing, mentoring and individual coaching to develop our internal workforce. Identifying inter departmental projects, implementing working groups and involving all levels of staff will assist in increasing knowledge and skills within the organisation.

¹¹ Forbes Allan Kohl - how to build organisational success 2018

Workplace Flexibility

The COVID pandemic presents an unprecedented challenge to the way work is conducted to the world. Council had to manage and mitigate the risks presented. Council adapted to new ways of working while ensuring the continuity of the business and sustaining the vitality of our workforce. Council leveraged technology to maximise employee productivity whilst practicing flexible work practices with employees to ensure everyone's safety. Employees benefited from these flexible working practices and are increasingly demanding this offer to be maintained as part of their employee benefits. Organisations are increasingly restructuring work arrangements to meet this demand and leveraging this as part of their recruitment strategy.

The pandemic has paved the way for a hybrid workplace. A hybrid workplace is a model which combines both remote working and working in the office. The rapid increase of hybrid workplaces was a necessary response to the pandemic, moreover a hybrid approach aims to provide an optimal balance of productive work with reduced stress and work-life balance.

The most visible benefit of working from home is the lack of commute. On average staff at Council save between one to four hours commuting to and from work, commutes are time consuming, stressful, and expensive. This is complicated at Council due to lack and expense of available parking. While working through the pandemic, staff have been able to eliminate their commute time and utilise the saved time for work life balance. It is highlighted by many staff that they don't mind working additional time at home when they have saved three hours a day on a commute, thus benefiting both the employee and the organisation. Staff have also indicated that they have made savings due to reduced travel and parking costs. A hybrid working arrangement also benefits the environment in that it reduces use of vehicles, reduces traffic, and reduces the demand for parking in North Sydney LGA which already has congestion issues. Increasing flexible workforce practices therefore increases sustainability at Council.



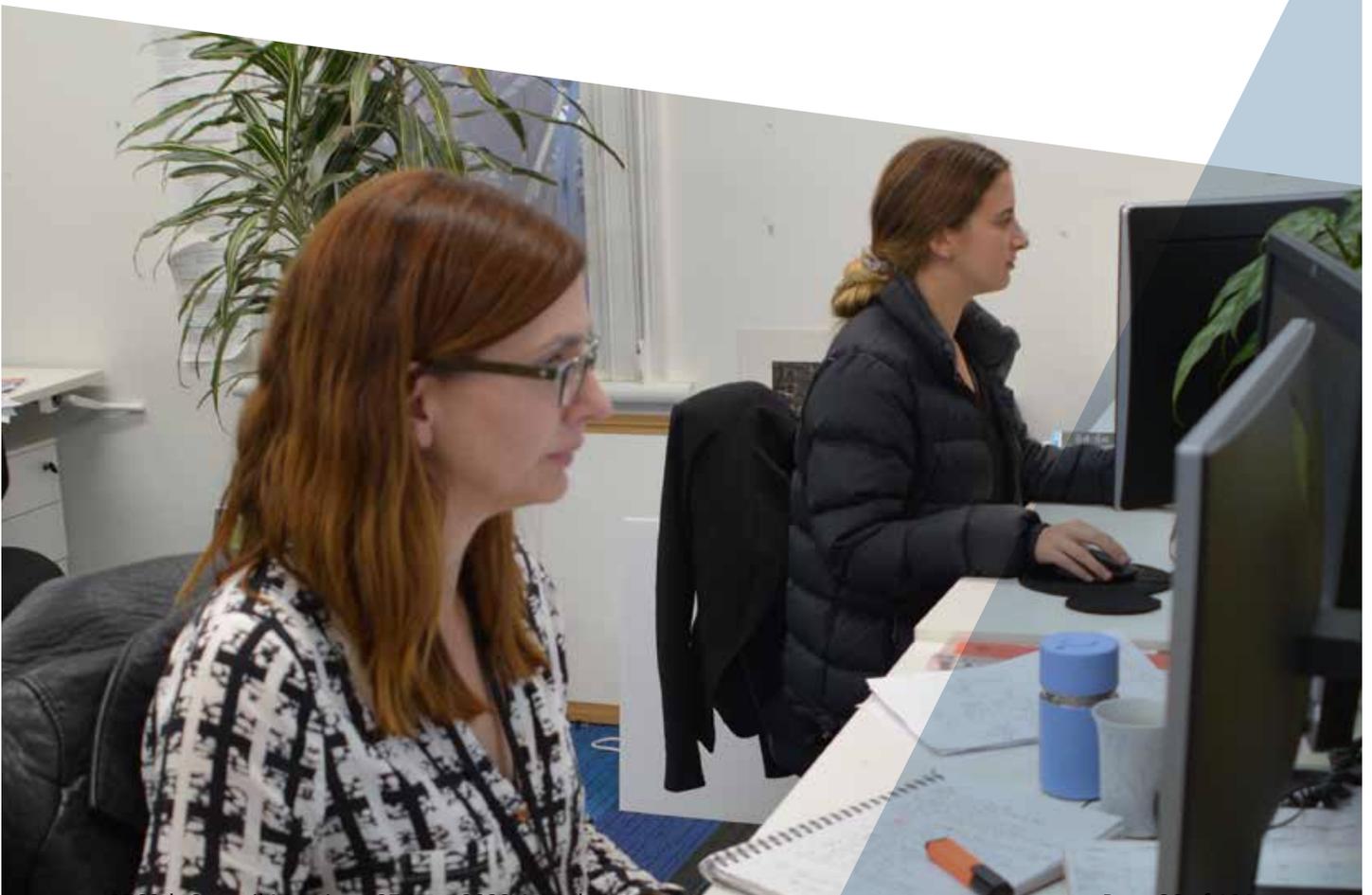
It has been observed in employee turnover that employees are increasingly opting for positions with flexible work options or choosing to work closer to home. This poses a significant challenge for Council due to the large number of staff travelling into North Sydney from quite long distances (only 11% staff live in the LGA). With petrol costs increasing, traffic returning to pre COVID levels and the transportation system facing stoppages and interference with extreme weather, staff are demanding increased flexibility and are considering leaving to gain these benefits.

Workforce flexibility will be a key recruitment and retention strategy. Council has a working from home policy however needs to review working arrangements and offer a wider range of options including, compressed working week/fortnight, increasing part-time and job-sharing roles as well as remote work. Increasingly most Sydney metropolitan councils are leveraging these arrangements as part of the employee value proposition.

Employee Pay and Benefits

Pay and benefits are an integral part of the employee value proposition. The *Local Government (State) Award* requires that each council establishes a salary system and provides for a system of progression through a salary range. The Award is currently under review, with annual increases to be announced which will be used to inform salary budgets over the next four years.

Councils may also make available access to bonus payments or other opportunities for additional reward for those staff who have progressed through the salary system to the maximum point/step for their position. It should be noted that skills and performance progression increases are paid on top of Award increases. Council's salary system has established a series of grades for each position, based on a job evaluation system and market comparisons. Staff are able to progress through their salary grade range in accordance with Award requirements.



Council has an annual performance planning and assessment process in place, which was last extensively updated in 2009 and reviewed in 2017. While this has a bonus system incorporated for staff at the top of their salary range, due to the impact of financial restraints bonuses have not been paid for the previous two financial years. This meant that 186 staff at the top of their salary range did not receive a bonus in 2021. Of the 180 staff who still had steps to achieve in their salary range 65.5% received a salary step in 2021. Staff reward is a key part of the employee value offer and can be utilised to link the employee's productivity to organisational plans and reward employees for achievement of objectives. This is therefore an important element impacting on staff satisfaction.

Council has a job evaluation system which devises a salary range for each position, this identifies where a position fits within Council's salary range. Jobs are re-evaluated when managers highlight that a position has had significant change or requires a higher-level skill set.

Moving forward Council needs to review its position within the Local Government Market in order to position itself as an employer of first choice. Traditionally, Council has aimed to be in the 75th percentile of local government salaries. Council needs to ensure that positions are regularly reviewed and compared to the local government market and salaries adjusted to maintain a competitive position. To ensure positions are reviewed accurately against the market Council will review its job evaluation system and process and conduct regular salary surveys within local government.

Equal Employment Opportunity (EEO) Management Plan

Council believes that a diverse network of employees which truly reflect the community it services and represents, is better equipped to understand and meet the needs of our customers.

Council is committed to the principles of equal employment opportunity (EEO). Council aims to provide a work environment that fosters fairness, equity, respect for social and cultural diversity, and is free from unlawful discrimination, harassment and vilification as determined by the legislation.

The concept of equity and fairness encompasses all facets of employment - applying for a position, promotion or transfer, access to training and development. The *EEO Management Plan (2021)* incorporates the principals of quadruple bottom line in that it is not just the economic performance of the organisation but also the environmental and social performance of the organisation that lays the foundation for good governance. The *EEO Management Plan* aims to highlight the importance and organisational commitment to anti-discrimination principals. Treating people with respect and equality is imbedded in our Code of Conduct and relevant policies. The *EEO Management Plan* recognises the target groups identified in the Act and aims to improve participation in the workforce within these groups.

Council's *EEO Management Plan* lays out strategies to communicate principals across the organisation. The communication strategy aims to ensure that our employees commit to and practice EEO principals throughout their employment relationship, creating a culture that embraces diversity and inclusivity. The Plan identifies strategies to ensure that our systems and process are based on principles of merit and are free from bias. Through learning and development Council will enhance the knowledge of managers and supervisors to support Council's workforce in demonstrating and adhering to the principles of equity and diversity. Having a strong *EEO Management Plan* assists in developing a positive culture, improving Council's brand, helping Council to become an employer of first choice.

Employee Health and Wellbeing

Council has continued to provide a healthy and safe work environment for workers. While Council has a work health and safety (WHS) structure and process that aligns to the Australian Standards, a key component is continuous improvement of the system.

The specific deliverables over the next four years for WHS include implementing a solution that will simplify and improve the WHS management of contractors, reviewing training requirements for WHS and injury management, undertaking activities to promote WHS leadership and increase the safety culture and engagement, and a regular review of the WHS management system and injury management process. These specific activities are in addition to the regular and usual implementation of safety practices and initiatives.

Council has a health matters program which aims to improve employee wellbeing, health and fitness. The key objectives of the program are:

- to grow our employee value proposition, which will assist in building our company profile and providing an additional platform to attract candidates and retain existing staff
- to better engage our workforce and assist in the reduction of absenteeism and increase productivity through greater discretionary effort
- early intervention to identify and minimise health issues for employees and reduce impacts/costs associated with chronic diseases, illness and of workplace injuries

The program aims to encompass a holistic approach to health management and includes programs which address all aspects of health including the physical, spiritual, social and financial wellbeing of our employees. Providing a safe and nurturing workplace not only increases our employee value proposition but assists in creating a healthy, happy workplace where staff are resilient and better able to manage the stresses of the modern workplace.



IMPROVEMENT PLAN

Council's long-term objective is to be recognised as an employer of choice, attracting, retaining, developing and supporting highly skilled staff. Our objectives focus on building capabilities and developing a flexible and adaptive workforce to create sustainability for the organisation. The strategies concentrate on three objectives:

- attract develop and retain the right people,
- leverage the capability of our workforce, and
- focus on organisational development and sustainability.

Objective 1: Attract, Develop and Retain the Right People

Strategy	Actions
Appropriately respond to the impacts of an aging workforce	Implement the <i>Age Management Plan</i> in accordance with planned timeframes
	Monitor and report on progress on a quarterly basis
	Develop and implement a retention program to address significant issues
	Continue to report, monitor and evaluate workforce demographics to the Senior Management Team to highlight emerging issues
Address staff attraction issues	Review flexibility of workplace arrangements offer
	Review the annual performance planning assessment (PPA) offer to and ensure system is transparent, easy to utilise and encourages high performance
	Review the job evaluation system (methodology) to ensure that positions are reviewed as they change. Ensure evaluation method incorporates local government market comparison
Offer wellbeing program	Provide an annual program of health and wellbeing initiatives
	Review of Employee Assistance Provider Arrangements and implement changes as required

Objective 2: Leverage the Capacity of Our Workforce

Strategy	Actions
Develop training to meet organisational needs	Continue to offer an annual training program which meets organisational needs concentrating on all levels of management as well as foundation employees developing into management
	Continue to offer external opportunities for external specialised skill development
	Ensure training plans are submitted for all staff as part of the annual PPA program
	Continue to offer education assistance for those continuing studies
	Continue to leverage eLearning as a self-development tool

Strategy	Actions
Create succession and knowledge retention plans	Investigate opportunities to offer traineeships, increased apprenticeships, and graduate programs
	Investigate opportunities to partnership with local educational institutions to develop traineeships and work experience programs
	Develop a higher duties policy and process
	Continue to develop opportunities for internal secondments, job shadowing, mentoring and individual coaching to develop our internal workforce
	Periodically review Council's contingency plans to identify high risk positions, resourcing gaps and strategies for knowledge retention and succession planning

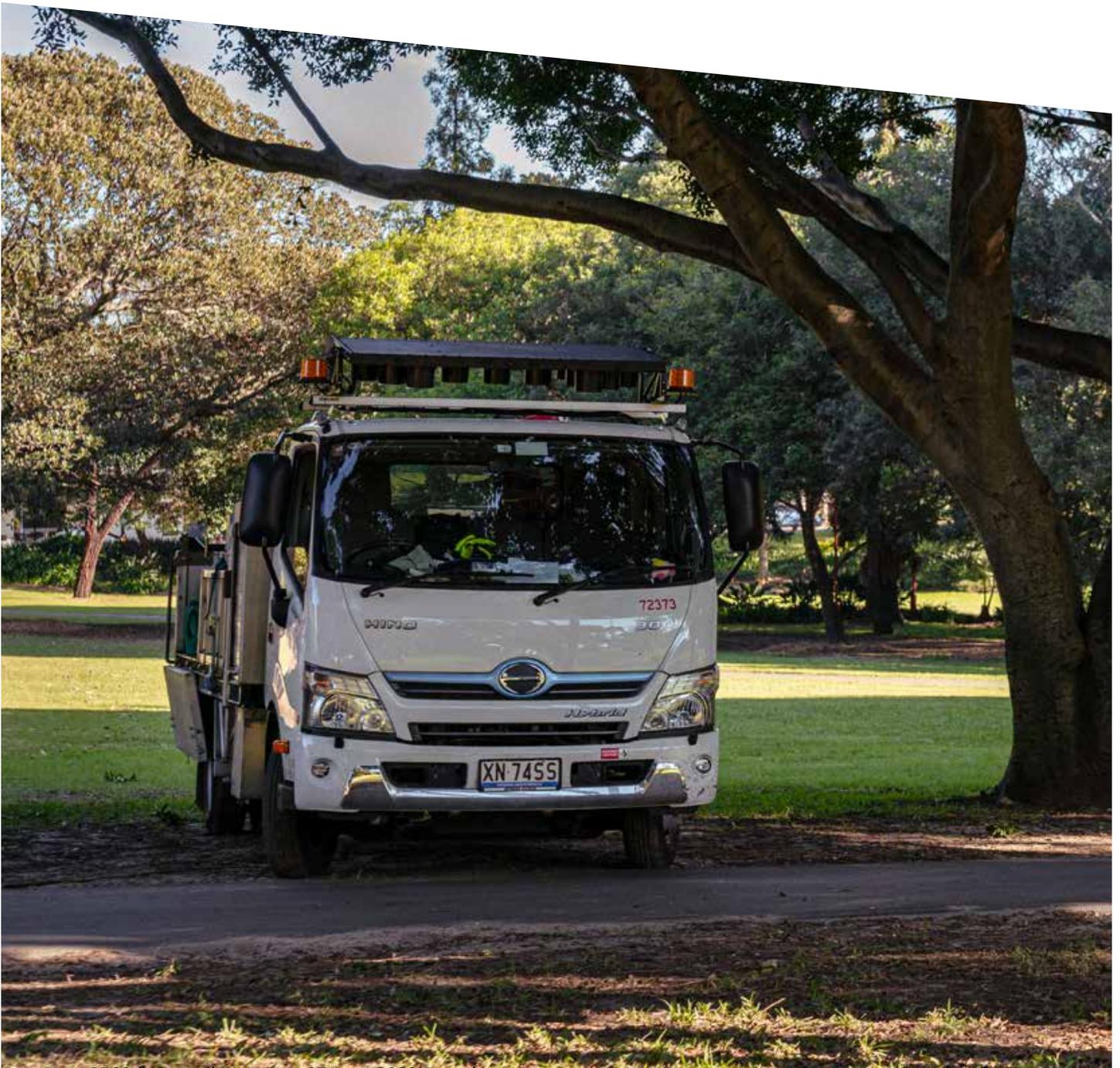
Objective 3: Organisational Development and Sustainability

Strategy	Actions
Encourage diversity in our workplace	Continue to implement the <i>EEO Management Plan</i>
	Design, develop and implement programs that promote diversity and inclusiveness
Continually enhance our workplace culture	Relaunch the corporate values and integrate this into our systems and processes to maintain a positive, productive culture
	Design, develop and implement programs and initiatives that promote and reinforce council's vision and values
	Undertake periodic employee engagement survey
	Develop an action plan to address feedback/recommendations arising from each employee engagement survey
Ensure organisational structure supports delivery program	Review departmental organisational structure to ensure that structures are best aligned to Delivery Program
Provide best practice in our processes and systems	Continuous improvement in the HRIS system in order to provide accurate and timely data for both staff and managers
	Continue to review human resources polices in line with organisational changes and the <i>Award</i> changes
Ensure safety of employees	Identify and implement solutions that will simplify and improve the WHS management of contractors reviewing training requirements for WHS and injury management
	Undertake activities to promote WHS leadership and increase the safety culture and engagement
	Regular review of the WHS management system and injury management process

RESOURCING

The cost of implementing the *Workforce Plan* has been incorporated within Council's four-year financial estimates within the *Delivery Program* and *Long Term Financial Plan*. However, it should be noted that this plan reflects Council's intentions at the time of publication. As with any plan or budget, the actual results may vary from that forecast.

The responsibility for implementing the *Workforce Plan*, rests on all internal stakeholders. However, the level of responsibility differs amongst the various stakeholders.



MONITORING AND EVALUATION

Council will periodically monitor and evaluate implementation of the four-year actions within the *Workforce Plan* to ensure it is appropriate to workforce needs.

Workforce key performance indicators, outlined in the *Delivery Program*, are reported to Senior Management and the community biannually in the review of the *Delivery Program* and each year in the *Annual Report*.

Evaluation will include the review and amendment of strategies, as required, where goals are not being achieved or where changes affect set goals and strategies. Recommendations will be incorporated into Council's workforce planning cycle that aligns to the term of Council.



APPENDIX 1. 10 YEAR FINANCIAL MODEL (PLANNED SCENARIO)

Projected Income Statement

	Projected Years									
	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)
Income from Continuing Operations										
Rates & Annual Charges	72,409	73,800	75,226	76,688	78,187	79,721	81,296	82,907	84,560	86,254
User Charges & Fees	29,592	33,996	34,847	35,718	36,606	37,518	38,454	39,415	40,399	41,408
Other Revenue	9,087	9,810	10,118	10,356	10,598	10,848	11,102	11,364	11,648	11,939
Grants & Contributions provided for Operating Purposes	5,457	5,462	4,955	5,061	5,168	5,280	5,393	5,508	5,627	5,748
Grants & Contributions provided for Capital Purposes	8,024	3,058	14,659	3,060	3,062	3,064	3,066	3,068	3,070	3,072
Interest & Investment Revenue	1,384	1,339	1,289	1,289	1,293	1,293	1,293	1,297	1,297	1,297
Other Income	5,881	6,714	6,883	7,056	7,809	7,995	8,185	8,380	8,581	8,785
Total Income from Continuing Operations	131,834	134,179	147,977	139,228	142,723	145,719	148,789	151,939	155,182	158,503
Expenses from Continuing Operations										
Employee Benefits & On-Costs	49,083	51,704	52,686	54,004	56,023	57,425	58,862	60,334	61,842	63,390
Materials & Services	45,225	47,615	48,502	49,124	50,071	51,524	53,256	54,129	55,261	56,863
Borrowing Costs	1,533	1,452	1,367	1,279	1,187	1,091	1,006	949	890	830
Depreciation & Amortisation	23,937	25,387	25,588	25,790	25,994	26,200	26,407	26,617	26,828	27,040
Other Expenses	3,475	3,560	3,648	3,740	3,833	3,928	4,025	4,125	4,228	4,332
Net Losses from the Disposal of Assets	547	547	547	547	547	547	547	547	547	547
Total Expenses from Continuing Operations	123,800	130,265	132,338	134,484	137,655	140,715	144,103	146,701	149,596	153,002
Operating Result from Continuing Operations	8,034	3,914	15,639	4,744	5,068	5,004	4,686	5,238	5,586	5,501
Net Operating Result before Grants and Contributions provided for Capital Purposes	10	856	980	1,684	2,006	1,940	1,620	2,170	2,516	2,429

Projected Balance Sheet

ASSETS	Projected Years										
	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)	
Current Assets											
Cash & Cash Equivalents	1,230	2,137	3,814	3,909	3,986	4,166	4,365	4,576	4,782	4,936	
Investments	60,248	60,249	72,470	74,275	75,745	79,160	82,927	86,949	90,864	93,777	
Receivables	6,308	6,344	7,703	6,693	6,859	7,037	7,213	7,395	7,581	7,763	
Other	532	558	569	577	589	606	625	636	650	668	
Total Current Assets	68,318	69,288	84,556	85,454	87,179	90,969	95,130	99,556	103,877	107,144	
Non-Current Assets											
Receivables	303	316	330	344	358	372	380	387	395	403	
Infrastructure, Property, Plant & Equipment	1,251,369	1,252,644	1,253,899	1,253,996	1,255,323	1,254,531	1,254,160	1,253,934	1,254,160	1,254,820	
Investment Property	60,294	60,294	60,294	60,294	60,870	61,452	62,040	62,633	63,233	63,838	
Right of Use Assets	1,574	1,312	1,049	786	523	261	-	-	-	-	
Investments Accounted for Using the Equity Method	28	28	28	28	28	28	28	28	28	28	
Total Non-Current Assets	1,313,568	1,314,594	1,315,600	1,315,448	1,317,102	1,316,644	1,316,608	1,316,982	1,317,816	1,319,089	
TOTAL ASSETS	1,381,886	1,383,882	1,400,156	1,400,902	1,404,281	1,407,613	1,411,738	1,416,538	1,421,693	1,426,233	

Projected Balance Sheet cont.

LIABILITIES	Projected Years										
	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)	
Current Liabilities											
Payables	25,910	26,505	26,755	26,965	27,245	27,622	28,059	28,334	28,660	29,082	
Contract Liabilities	4,678	3,980	6,256	4,016	4,097	4,181	4,267	4,355	4,445	4,537	
Lease Liabilities	303	303	303	303	303	42	-	-	-	-	
Borrowings	2,005	2,091	2,179	2,270	2,365	1,587	1,355	1,414	1,474	1,538	
Employee Benefit Provisions	16,288	16,768	17,257	17,756	18,265	18,784	19,314	19,853	20,404	20,404	
Total Current Liabilities	49,184	49,647	52,750	51,310	52,275	52,216	52,995	53,956	54,983	55,561	
Non-Current Liabilities											
Lease Liabilities	1,254	951	648	345	42	-	-	-	-	-	
Borrowings	33,441	31,349	29,170	26,900	24,535	22,948	21,593	20,179	18,705	17,167	
Employee Benefit Provisions	477	491	505	520	534	550	565	581	597	597	
Total Non-Current Liabilities	35,172	32,791	30,323	27,765	25,111	23,498	22,158	20,760	19,302	17,764	
TOTAL LIABILITIES	84,356	82,438	83,073	79,075	77,386	75,714	75,153	74,716	74,285	73,325	
Net Assets	1,297,530	1,301,444	1,317,083	1,321,827	1,326,895	1,331,899	1,336,585	1,341,822	1,347,408	1,352,908	
EQUITY											
Accumulated Surplus	851,151	855,065	870,704	875,448	880,516	885,520	890,206	895,443	901,029	906,529	
IPPE Revaluation Reserve	446,379	446,379	446,379	446,379	446,379	446,379	446,379	446,379	446,379	446,379	
Total Equity	1,297,530	1,301,444	1,317,083	1,321,827	1,326,895	1,331,899	1,336,585	1,341,822	1,347,408	1,352,908	

Cash Flow Statement

CASH FLOW FROM OPERATING ACTIVITIES	Projected Years									
	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)
Receipts										
Rates & Annual Charges	72,418	73,810	75,237	76,699	78,198	79,733	81,315	82,927	84,581	86,275
User Charges & Fees	29,687	34,105	34,867	35,740	36,628	37,541	38,477	39,439	40,423	41,434
Investment & Interest Revenue Received	1,696	1,314	1,155	1,281	1,259	1,251	1,257	1,258	1,259	1,267
Grants & Contributions	12,528	7,944	20,903	6,786	8,242	8,357	8,472	8,590	8,710	8,834
Bonds & Deposits Received	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Other	14,973	16,290	16,750	17,511	17,753	18,181	18,618	19,067	19,541	20,029
Payments										
Employee Benefits & On-Costs	(48,550)	(51,147)	(52,161)	(53,461)	(55,468)	(56,858)	(58,285)	(59,746)	(61,242)	(63,356)
Materials & Contracts	(46,171)	(47,174)	(48,328)	(48,997)	(49,886)	(51,249)	(52,930)	(53,956)	(55,041)	(56,559)
Borrowing Costs	(1,543)	(1,463)	(1,378)	(1,291)	(1,199)	(1,104)	(1,015)	(956)	(898)	(837)
Bonds & Deposits Refunded	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)
Other	(3,770)	(3,517)	(3,625)	(3,715)	(3,802)	(3,897)	(3,992)	(4,097)	(4,197)	(4,299)
Net Cash provided (or used in) Operating Activities	31,268	30,162	43,420	30,553	31,725	31,955	31,917	32,526	33,136	32,788
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Sale of Investment Securities	38,229	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	321	321	321	321	321	321	321	321	321	321
Payments										
Purchase of Investment Securities	-	-	(12,221)	(1,805)	(1,469)	(3,415)	(3,767)	(4,021)	(3,915)	(2,913)
Purchase of Infrastructure, Property, Plant & Equipment	(71,541)	(27,267)	(27,449)	(26,492)	(27,927)	(26,013)	(26,644)	(27,259)	(27,922)	(28,568)
Net Cash provided (or used in) Investing Activities	(32,991)	(26,946)	(39,349)	(27,976)	(29,075)	(29,107)	(30,090)	(30,959)	(31,516)	(31,160)

Cash Flow Statement cont.

CASH FLOWS FROM FINANCING ACTIVITIES	Projected Years										
	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)	
Payments											
Repayment of Borrowings & Advances	(1,927)	(2,006)	(2,091)	(2,179)	(2,270)	(2,365)	(1,586)	(1,356)	(1,414)	(1,474)	
Repayment of lease liabilities (principal repayments)	(303)	(303)	(303)	(303)	(303)	(303)	(42)	-	-	-	
Net Cash Flow provided (used in) Financing Activities	(2,230)	(2,309)	(2,394)	(2,482)	(2,573)	(2,668)	(1,628)	(1,356)	(1,414)	(1,474)	
Net Increase/(Decrease) in Cash & Cash Equivalents	(3,953)	907	1,677	95	77	180	199	211	206	154	
plus: Cash & Cash Equivalents - beginning of year	5,183	1,230	2,137	3,814	3,909	3,986	4,166	4,365	4,576	4,782	
Cash & Cash Equivalents - end of the year	1,230	2,137	3,814	3,909	3,986	4,166	4,365	4,576	4,782	4,936	
Investments - end of the year	60,248	60,249	72,470	74,275	75,745	79,160	82,927	86,949	90,864	93,777	
Cash, Cash Equivalents & Investments - end of the year	61,478	62,386	76,284	78,184	79,731	83,326	87,292	91,525	95,646	98,713	

APPENDIX 2. ASSET MANAGEMENT POLICY

1. STATEMENT OF INTENT

1.1 North Sydney Council is responsible for a large and diverse asset base. According to Council's Charter under the Local Government Act 1993 regarding asset management, Council should:

- a) provide directly, or on behalf of other levels of government after due consultation adequate, equitable and appropriate services and facilities for the community and to ensure that those services are managed efficiently and effectively;
- b) have regard to the long term and cumulative effects of its decisions; and
- c) bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible.

1.2 The objectives of this Policy are to set a broad framework for implementing consistent asset management processes throughout North Sydney; and to ensure adequate provision is made for the long-term replacement of major assets by:

- a) 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;
- b) safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets;
- c) creating an environment where all Council employees take part in overall management of Council assets by creating and sustaining asset management awareness throughout the Council;
- d) meeting legislative requirements for asset management;
- e) ensuring resources and operational capabilities are identified and responsibility for asset management is allocated;
- f) demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

2. ELIGIBILITY

2.1 This Policy will apply to all Councillors, employees of Council and external consultants employed as representatives of Council.

3. DEFINITIONS

3.1 An 'asset' refers to any resource with a financial value attached to it, normally acquired to ensure local service delivery. Council assets include finances, plant and equipment, infrastructure, buildings, open space, other property and any other resources under its ownership or care and control.

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

4. PROVISIONS

This Policy is linked to implementing Council's vision, mission and core values as outlined in the Community Strategic Plan. The following provisions outline the guiding principles of effective asset management that must be observed by Councillors, employees and consultants for all Council activities.

- 4.1 A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Council departments.
- 4.2 All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- 4.3 Asset management principles will be integrated within existing planning and operational processes.
- 4.4 An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- 4.5 Asset renewals required to meet agreed service levels and identified in the adopted asset management plans and long term financial plans will be fully funded in the annual budget estimates.
- 4.6 Service levels agreed through the budget process and defined in the adopted Asset Management Plans will be fully funded in the annual budget estimates.
- 4.7 Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- 4.8 Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
- 4.9 Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
- 4.10 Create an environment where all Council employees take part in overall management of Council assets by creating and sustaining asset management awareness throughout the organisation by training and development.
- 4.11 Future service levels will be determined in consultation with the community.

5. RESPONSIBILITY/ACCOUNTABILITY

- 5.1 Council's Asset Management Department is the key stakeholder of this Policy. However, all related Departments/Council staff who have direct or indirect responsibility for the whole or part lifecycle management of Council assets are also responsible for asset management.
- 5.2 The effectiveness of this Policy shall be reviewed at least once during the term of Council.

6. RELATED POLICIES/DOCUMENTS/LEGISLATION

The Policy should be read in conjunction with the following Council policies and documents:

- Asset Accounting and Capitalisation Policy
- Asset Management Plans (per asset class)
- Community Strategic Plan
- Delivery Program
- Financial Management Policy
- Resourcing Strategy - incorporating Long Term Financial Plan, Asset Management Strategy and Workforce Management Strategy

The Policy should be read in conjunction with the following documents/legislation:

- Local Government Act 1993

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TRANSLATION SERVICE

If you do not understand this information, please ring the Translating and Interpreting Service (TIS) on 13 14 50, and ask for an interpreter in your language to contact North Sydney Council on (02) 9936 8100. This is a free service.

CHINESE

如果您不明白本信息的内容，请致电翻译与传译服务(TIS) 13 14 50，然后请会说您母语的传译员接通North Sydney市议会电话(02) 9936 8100。这是一项免费服务。

HINDI

यदि आप इस जानकारी को नहीं समझ पा रहे हैं, तो कृपया 13 14 50 पर अनुवाद और दुभाषिया सेवा (Translating and Interpreting Service (TIS)) को फोन करें, और नॉर्थ सिडनी काउंसिल से (02) 9936 8100 पर संपर्क करने के लिए अपनी भाषा के एक दुभाषिए के लिए अनुरोध करें। यह एक निःशुल्क सेवा है।

JAPANESE

この案内の内容を理解できない場合には、13 14 50 の翻訳通訳サービス (TIS) にかけて、あなたの母国語の通訳者に(02) 9936 8100のノースシドニーカウンスルにつなぐように伝えてください。当サービスは無料です。

PORTUGUESE

Se você não entender estas informações, ligue para o Serviço de Tradução e Interpretação (TIS) em 13 14 50 e peça um intérprete em seu idioma para entrar em contato com o North Sydney Council em (02) 9936 8100. Este é um serviço gratuito.

SPANISH

Si no comprende esta información, llame al Servicio de Traducción e Interpretación (TIS), en el 13 14 50, y solicite un intérprete en su idioma para ponerse en contacto con el Concejo Municipal de North Sydney, en el (02) 9936 8100. Este es un servicio gratuito

KOREAN

본 내용이 잘 이해되지 않는 경우에는 통번역 서비스(TIS) 13 14 50번에 전화해서 한국어 통역사에게 노스 시드니 카운슬 전화 (02) 9936 8100 번으로 연결을 요청하시기 바랍니다. 이 서비스는 무료입니다.