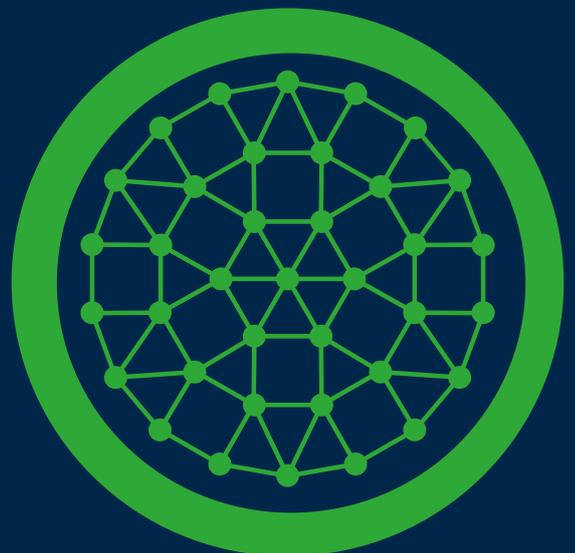


RESOURCING STRATEGY

JUNE 2018



CITY OF
PARRAMATTA







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Attachments

Asset Management Strategy
Long Term Financial Plan
Workforce Strategy

Recognition for the Darug People

**Nunanglanungdyu baramada gulbanga
mawa naa baramadagal darug ngurrawa
badura baramada darug yura.**

**We respectfully acknowledge
the Traditional Owners and
custodians of the land and waters
of Parramatta, the Darug peoples.**

City of Parramatta recognises the Darug peoples as First Australians, peoples of the oldest continuous living culture in the world.

For more than 60,000 years, Parramatta has been home to the Darug peoples, the traditional custodians of the land we call the City of Parramatta today.

The Darug peoples have cared for and nurtured the habitat, land and waters for thousands of generations, and maintain an ongoing connection to Parramatta and its surrounding areas. A modern society can learn from the resilience and community spirit of Aboriginal and Torres Strait Islander peoples (Indigenous Australians) to ensure a sustainable City for all.

Parramatta has always been an important meeting place for Indigenous Australians, particularly the Parramatta River, which has provided life and vitality since the

beginning of time (The Dreaming). The name Parramatta is a derivation of the word Burrumatta or "place where the eels lie down" (breeding location for eels within the Parramatta River).

City of Parramatta recognises the significance of this area for all Indigenous Australians as a site of early contact between Indigenous Australians and European Colonists, and Parramatta remains an important meeting place for Indigenous Australians.

Indigenous Australians continue to play a vital role in the ecological, economic, social and cultural life of Parramatta, while maintaining a distinct culture built on the principles of Caring for Country, the primacy of family, and the dignity and governance of Elders.

At City of Parramatta we imagine a future where cultures, histories and rights of all Indigenous Australians are understood, recognised and respected by all Australians.

City of Parramatta is committed to playing an active role in making this future a reality, and has developed and implemented a Reconciliation Action Plan which will assist in supporting the rights of Indigenous Australians to self-determination, equal employment opportunities and economic and social development.

City of Parramatta is proud to acknowledge the ongoing stewardship of Country by Indigenous Australians and is committed to the healing process of Reconciliation and to ensuring Parramatta remains a place of choice to live, work and play for Indigenous Australians.

City of Parramatta's Reconciliation Action Plan is available on Council's website <http://cityofparramatta.nsw.gov.au>.



About the Resourcing Strategy

The City of Parramatta's Resourcing Strategy 2018-2028 proposes a range of initiatives to address resourcing challenges over the next ten years. The Strategy will be reviewed each year to ensure it reflects and supports the major resourcing decisions of Council and the community.

Council's role

Council is not wholly responsible for delivering all elements of the Community Strategic Plan. This Delivery Program focuses on those activities where Council has a certain level of control over the outcome. Council's role is to:



DELIVER

Council delivers a range of programs and services including: waste collection, libraries, child care, maintenance of local roads and public spaces, recreation facilities and programs, community care, special events and regulatory functions.



PARTNER

Council builds and facilitates strategic partnerships with federal and state government agencies, the private sector, and/or a range of other service providers, who will all contribute to delivering the Strategic Plan.



ADVOCATE

Where not in direct control of programs and services, Council gives voice to the needs and aspirations of the community by advocating for changes in policy and action at the relevant levels of government and industry to bring about the best outcomes for our community.

The Resourcing Strategy provides a roadmap to meet our City's changing needs in the most affordable way. Council cannot afford to do everything, nor can it afford to undertake everything immediately. We must prioritise the most urgent and important activities, and undertake a phased approach to delivering programs and projects where necessary.

This Resourcing Strategy summarises Council's response to how we will prioritise and allocate the resources necessary to deliver the vision, priorities and aspirations of our community, as articulated in the Community Strategic Plan 2018-2038, all while ensuring financial sustainability.

The successful implementation of the Community Strategic Plan is not the sole responsibility of Council. Other levels of government, private enterprise, community groups, not-for-profits and/or other providers will play a role in its delivery. The Resourcing Strategy largely focuses on programs, projects and services that are the responsibility of Council.

Council's role, depending on the activity being undertaken, is to Deliver, Partner or Advocate (see page 4). By building effective partnerships, taking a strong leadership role, and delivering on its commitments, Council plays a pivotal role in shaping places and supporting local people to lead fulfilling lives.

Through the Delivery Program 2018-2021 and Operational Plan 2018/19, Council has identified the principal activities it will carry out over the next three years, and the assets, budget and people required to make them happen.

This Resourcing Strategy takes a longer-term view. Importantly, the Resourcing Strategy responds to the operational needs of Council with regards to the long-term management of our finances, people (workforce), assets and information communication technology. It takes into consideration both Council's current and future capacity to deliver.

The Resourcing Strategy will be reviewed each year to ensure we are continually responsive and flexible in a changing environment. A full and comprehensive review of the Resourcing Strategy will be carried out every four years as part of the review of the Community Strategic Plan.

The Structure

The Resourcing Strategy is made up of three integrated components:

1. Asset Management Strategy and plans
2. Long Term Financial Plan
3. Workforce Strategy and Plan

A fourth component, Information Communication and Technology (ICT), is currently in development and will be included as part of our review in 2019. Though not required under current legislation, we consider ICT to be a crucial component of our resourcing strategy, given the investment we make in ICT infrastructure. Optimising our ICT is critical to providing high quality customer service and effective and efficient operations.

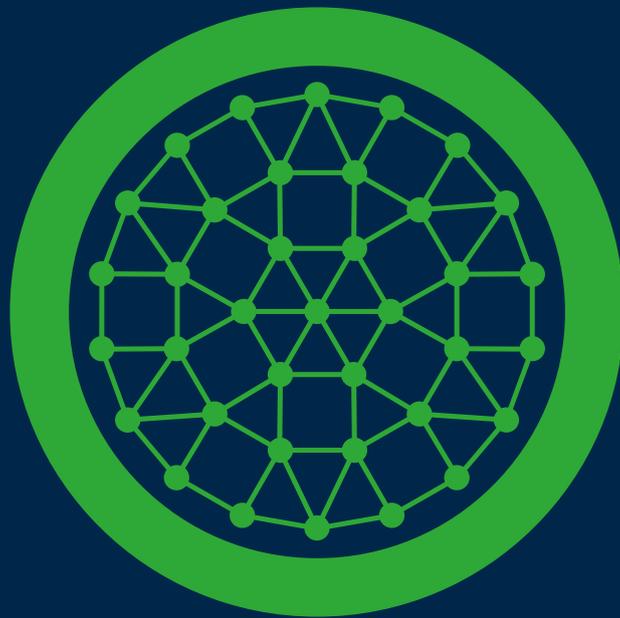
About the resourcing components

The **Asset Management Strategy** includes Council's Asset Management Policy and plans. It sets out the broad framework for undertaking structured and coordinated asset management over the next ten years, outlines why and how asset management will be undertaken, and provides key principles that underpin our approach to asset management. It also looks at the main challenges we may face when delivering assets over the next ten years, and takes into consideration our community's expectations around acceptable levels of service.

The **Long Term Financial Plan** is a decision-making and problem-solving tool that tests long-term community aspirations and goals against financial realities. It is not intended to be set in concrete. Rather, it is a guide for future planning and action. The modelling helps Council to respond to unexpected events and manage risks. It also provides Council with the ability to identify financial issues early in the process, and mitigate or manage the effect of these issues in the long term.

The **Workforce Strategy** takes a long-term view of Council's workforce needs. It aims to ensure Council's workforce is well resourced and structured, with the capacity to respond to and deliver the commitments defined in the Community Strategic Plan 2018-2038 and Delivery Program 2018-2021.

The **ICT Strategy and Plan** will support Council to improve customer service, both internally and externally. Council has already made a substantial investment in ICT infrastructure, including corporate information systems, websites, data centres, data and voice networks, desktop and mobile computers, and mobile devices. The ICT Strategy will prioritise mobile and online electronic solutions, optimise Council's existing systems and applications, enhance productivity, accessibility and customer experience, and support innovation.



Integrated planning and reporting

The main benefit of prudent forward planning for ratepayers is its focus on delivering efficient, best value for money services, facilities, and adequate infrastructure, now and in the future.

The Local Government Act (Planning & Reporting) 2009 (NSW), established an Integrated Planning and Reporting (IPR) framework designed to improve long-term financial sustainability, asset management, community engagement, and organisational planning in local government. This legislation requires all councils to take a rigorous approach to strategic planning and financial management.

The IPR framework connects Council's various strategic plans. Drawing these plans and resources together supports a closer collaboration between Council, the community and our partners, as we commit to realising our shared vision.

The **Community Engagement Strategy** is based on the social justice principles of access, equity, participation and rights. It identifies relevant stakeholder groups in the community and outlines how Council will engage with each of these groups to develop and implement the Community Strategic Plan.

The **Community Strategic Plan** identifies the main priorities and aspirations for our City, the strategies we will employ to achieve these objectives, and how we will measure our progress.

The **Resourcing Strategy** details how Council will provide the financial, human and infrastructure resources needed to achieve the objectives of the Community Strategic Plan and Delivery Program.

The **Delivery Program** sets out the activities that Council will undertake in this three-year period to meet the community aspirations detailed in the Community Strategic Plan.

The **Operational Plan** incorporates all the actions Council will undertake in the financial year, includes an overview of the responsible Council business unit, and details how the delivery of these actions will be measured.

Annual and six-monthly reports (as a minimum) will be prepared by Council to measure its performance against targets set out in the Delivery Program, along with an End of Term Report at the end of Council's term of office. This report will focus on the outcomes of the strategies implemented from the Community Strategic Plan.

COMMUNITY ENGAGEMENT

Identifies community needs and priorities, and informs the development of Council's plans.

COMMUNITY STRATEGIC PLAN 20 YEARS

Highest level plan that council prepares. The purpose of this plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals.

STATE AND REGIONAL PLANS

ECONOMIC DEVELOPMENT PLAN

ENVIRONMENTAL SUSTAINABILITY STRATEGY

SOCIALLY SUSTAINABLE PARRAMATTA FRAMEWORK

CULTURAL PLAN

RECONCILIATION ACTION PLAN

OTHER COUNCIL PLANS

DELIVERY PROGRAM 3 YEARS

Sets out the principal activities that Council will deliver to the community during the Council term.

RESOURCING STRATEGY 10 YEARS

Contains the Long Term Financial Plan, Asset Management Strategy, Workforce Strategy and Technology Strategy.

OPERATIONAL PLAN 1 YEAR

Sets out the details of the Delivery Program – the individual projects, activities and budget for the financial year.

ANNUAL REPORT

ONGOING MONITORING AND REVIEW

Strategic Outlook

The Resourcing Strategy has been developed to support the implementation of the Community Strategic Plan 2018-2038.

The Resourcing Strategy has a ten-year life span, with key actions and performance targets to ensure the financial position of the City is continually improving and sustainable. Council will engage with the community to jointly agree affordable and acceptable levels of service.

Council will continue to work towards achieving its key commitments for the next three years. These include, but are not limited to:

- Continuing the delivery, partnership and advocacy of transformational projects, including Parramatta Square, Light Rail, Parramatta Aquatic Centre, Museum of Applied Arts and Sciences, and State Government Priority Precincts;
- Engaging with the community on affordable and acceptable levels of service, to ensure we are delivering community priorities in a financially sustainable way;
- Ensuring financial sustainability by reducing the infrastructure backlog and providing value for money from rates and other revenue;
- Continuing to increase our focus on business improvement and innovation, to increase effectiveness and efficiency; and

- Ensuring a best practice approach to communicating and engaging with the community on the business of Council.

Priorities

In February and March 2018, City of Parramatta Councillors participated in a series of New Futures workshops aimed at identifying and clarifying Councillor and community priorities. Councillors not only considered the big issues, but also potential solutions (strategies) to overcome them. Councillors were guided by the results of recent community engagement activities where people were asked the question: Where should Council focus its activities over the three years? The responses to this question helped Council to focus its resources on the matters considered most urgent and important.

We will revisit these priorities each year as part of the annual review of the Operational Plan to ensure we remain responsive to our community, our environment and our economy. This approach will also help to build resilience in a changing and sometimes unpredictable landscape.

Top 12 Priority Areas for 2018/19

Council has identified and ranked 12 priority areas, number one being the most urgent and important for this financial year:

1. CBD planning (includes strategic planning and major CBD projects, e.g. Parramatta Square)
2. Traffic, transport and parking management
3. Local infrastructure and community assets
4. Footpaths
5. Financial sustainability (the budget)
6. Place management
7. Parramatta Aquatic Centre
8. Local libraries
9. Trees and green canopies
10. Innovation and technology
11. Advocacy
12. Waste management

To achieve our vision and reflect the aspirations of our community, we developed six strategic, long-term strategic objectives:

Achieving **our vision**

In order to achieve our vision, the following long-term community goals have been developed to reflect the community's aspirations for the City of Parramatta. Supporting strategies provide a roadmap to achieving these goals, and are outlined over the next pages along with measures to track our progress.



FAIR

We can all benefit from the opportunities our city offers.



ACCESSIBLE

We can all get to where we want to go.



GREEN

We care for and enjoy our environment.



WELCOMING

We celebrate culture and diversity - past, present and future.



THRIVING

We benefit from having a thriving cbd and local centres.



INNOVATIVE

We collaborate and champion new ideas to create a better future.

Community Engagement

The Resourcing Strategy identifies how much Council's services will cost, how we will pay for these services, and the choices available to the community regarding levels of service.

The Long Term Financial Plan provides a transparent view of the costs associated with the services Council provides. The quality, condition and function of these services can be increased or decreased depending on the budget allocated and the levels of service expected by the community.

It is therefore essential that Council engages with the community regarding all aspects of service delivery, including the crucial assets it is responsible for, such as footpaths, local roads, community buildings, parks, sports fields, street furniture and paving.

Understanding levels of service

In early 2018, Council conducted a survey and held focus groups to better understand community expectations when it comes to providing community infrastructure.

Council sought community opinion on which assets are most important, and which may need upgrading in the future.

Community levels of service measure how the community receives the service. They relate to:

- **Quality** – How good is the service?
- **Function** – Does it meet user needs?
- **Capacity or utilization** – Is the service over- or under-utilised?

Council translates the community's needs into technical levels of service, which are then used to measure Council performance and establish forward works programs, maintenance schedules, and short and long-term service delivery.

The technical levels of service are detailed in the asset management plans.

Council has identified three scenarios that will inform our approach and drive us towards achieving the commitments outlined in the Community Strategic Plan 2038. By establishing these resourcing scenarios, we are better positioned to understand and respond to the needs of our community, recognise and take opportunities, and minimise risks associated with unforeseen events.

The development process for the Asset Management Strategy and Long Term Financial Plan involved the financial modelling of different scenarios to provide Council with an idea of flexible our planning process is, and how much latitude we have with various projects and programs.

These models are important when discussing the financial implications of the Community Strategic Plan with the community. They also assist Councillors in the development of the Delivery Program.

Council has modelled three scenarios:

Scenario 1

Continue providing a level of service driven by existing budget allocation – the current balanced Asset Management Plan and the Long Term Financial Plan. This scenario results in an overall deterioration of the average asset portfolio.

Scenario 2

Allocate funding to maintain Council's current level of service into the future – represented by the 10-year Resourcing Strategy – while maintaining the current asset portfolio at conditions 2 and 3 over the next 10 years.

Scenario 3

Allocate funding to meet the desired levels of service agreed with the community. This scenario adjusts funding levels based on risk management and levels of service (i.e. eliminating assets in poor and very poor condition, and increasing the number of condition 1, 2 and 3 assets) to achieve the minimum acceptable conditions ascertained through community feedback.

Scenarios

Developing the Strategy

Council has undertaken extensive internal and external engagement to inform and develop the Community Strategic Plan, the Resourcing Strategy, the Delivery Program 2018-2021 and Operational Plan 2018/19.

Asset Management Strategy

Phase 1 of a three-part Community Engagement Strategy and Plan was delivered in partnership with Micromex Research and Cred Consulting in early 2018. This included conducting telephone surveys and focus groups with stakeholders and the community to understand acceptable levels of service.

Information from these sessions was considered in the context of other recent engagement activities undertaken to establish the community's vision and aspirations for the future, and set the direction for the Community Strategic Plan.

Long Term Financial Plan

During the Delivery Program 2018-2021 and Operational Plan 2018/19 development process, managers reviewed their operations and services in response to the changing needs of the community and Council. They also ran reality checks against budget constraints.

Managers and staff were asked to consider how they might deal with the uncertainties and challenges that impact their budgets. Three overarching approaches emerged:

1. Focus our business units on delivering the principal activities and projects as per the Delivery Program.
2. Improve our approach to service delivery through the Service Excellence Program. Outcomes of this program not only help us to become more efficient, but allow us to:

- ✓ be a more customer-focused organisation;
 - ✓ deliver exceptional customer experiences and outcomes;
 - ✓ perform regular and consistent reviews of our services;
 - ✓ engage, enable and empower our people to deliver improved services;
 - ✓ improve cross-functional team collaboration and digitisation;
 - ✓ drive tangible value and benefits for our customers and the community; and
 - ✓ be a 'best-in-class' council.
3. Continuously improve our approach to program delivery and project management.



Workforce Strategy

Staff consultation and engagement through the Consultative Committee and Work Health and Safety Committee have been paramount to keeping Council's workforce well-informed throughout this process. These committees support transparent decision-making and promote good working relationships between Council, employees and unions.

Council also conducts an annual Consultation and Engagement Survey to gather feedback from its workforce. This process of consultation and engagement supports regular employee involvement, growth and business improvement.

The 2017 survey, conducted by AON HEWITT, revealed that 50% of the 59% of employees who participated are highly engaged.

Council continues to recognise the significant benefits associated with maintaining and expanding a culture of consultation and engagement in the workplace. These include:

- ✓ a more productive workplace based on cooperation and collaboration;
- ✓ better and more informed decision-making and successful implementation of ideas;
- ✓ attraction and retention of skilled and positive staff;
- ✓ a workplace that is better able to cope with change; and
- ✓ less industrial action.

Resourcing Challenges

The Resourcing Strategy addresses the following resourcing challenges:

Our Assets

Different assets present different challenges in terms of maintenance, risks and life cycle management. As assets age and deteriorate, the cost of maintaining them increases. All assets are managed according to Council's Asset Management Policy, which aims to deliver the levels of service required by our community, now and in the future, in a cost effective and sustainable manner.

The formation of City of Parramatta Council following the May 2016 proclamation resulted in a larger local government area with a larger number of assets (or asset portfolio). Areas from The Hills, Hornsby and the former Auburn and Holroyd councils (now Cumberland) now form part of our City, and Woodville Ward now forms part of Cumberland Council.

Because of these changes, the Parramatta local government area (LGA) increased from 61 km² to 84 km² and resulted in an asset portfolio totaling \$3.07 billion as at 30th June 2017.

Council's asset portfolio includes roads, pathways, bridges, buildings, drainage, land, parks, swimming pools and sportsgrounds. Our City is growing, and Council is delivering several major new assets, currently under-construction or in planning, to support this growth.

Asset Backlog

City of Parramatta's current combined infrastructure backlog is estimated to be \$57 million, or a backlog ratio of 3%, slightly above the industry benchmark of 2%. If existing conditions remain the same, the backlog is projected to increase over the next ten years. This means a potential decline in services and satisfaction with services.

As our City grows, we will require additional infrastructure assets. Existing assets will also need to be managed differently to accommodate the increased demand. By focusing on these key challenges, and setting improvement targets for each asset class over the period of the Delivery Program, Council aims to improve its financial health and adopt a sustainable approach to meeting agreed levels of service level in the long term.

Council is committed to addressing the infrastructure backlog and ensuring the community has the footpaths, parks, playgrounds, roads, community halls, sporting fields, and other key assets it needs to meet the Strategic Objectives in the Community Strategic Plan.

Our Finances

Financial planning supports the delivery and realisation of Council's vision, as set out in the Community Strategic Plan, while ensuring Council's continued financial sustainability. The Long Term Financial Plan addresses challenging questions, such as:

- How financially resilient are we in the face of uncertainty?
- Can we afford what the community is asking for?
- What are the opportunities for new revenue and economic growth?
- How do we effectively phase delivery of activities over time?

In addition to 'business as usual' services, Council is delivering several significant projects. Reflected in our financial planning, these projects respond to the needs of our growing and diverse population. While Council anticipates these projects will benefit the community significantly, they come with a substantial financial investment which must be carefully managed.

In addition to delivering these major projects, other long-term challenges include:

a) Achieving and maintaining a healthy operating surplus in an environment of:

- income constraints – including rate capping;
- increasing operating expenditure due to CPI (price impact), ongoing service enhancements (volume impact), and ageing infrastructure maintenance;
- increasing employee numbers /costs (price and volume impact);
- capital expenditure funding, given:
- demands of ageing infrastructure (capital renewal);
- implementing strategic asset management plan requirements;
- competing priorities for funding; and
- major projects and property development, such as 5 Parramatta Square.

b) Debt management and servicing:

- interest rate exposure management;
- reserves;
- maintaining adequate reserve levels, including contingency funds, where appropriate;
- optimum utilisation of reserves; and
- maintaining adequate working funds.

Our Workforce

The extraordinary growth in our City will be both challenging and rewarding. It presents opportunities for Council and its employees to grow and develop. It is likely Council will need to expand or increase its capacity to service a growing City.

In order to meet these challenges and capitalise on opportunities, we must have the right workforce in place with the required skills and capabilities. This will ensure that we continue to maintain and enhance the quality of life of our community.

As a result of this rapid growth, Council has already seen a significant rise in the services required by the community. In response, we have focused our energies on recruiting the workforce required to deliver those services. Changing demographics may lead to further spikes in demand for services as well as infrastructure, which in turn will require adjustments to our workforce.

Local governments are traditionally stable working environments with low staff turnover. Variations in Council's workforce data during the 2016/17 financial year may have been influenced by the NSW Government's local government reform. Although Council employees are protected for three years (May 2016–May 2019), recent increases in industrial action may be symptomatic of general unease, perceived or real, about workplace stability and structure. Conversely, the reform has provided opportunities for some employees to move into new roles. Further information on these workforce trends is provided in the Workforce Strategy.

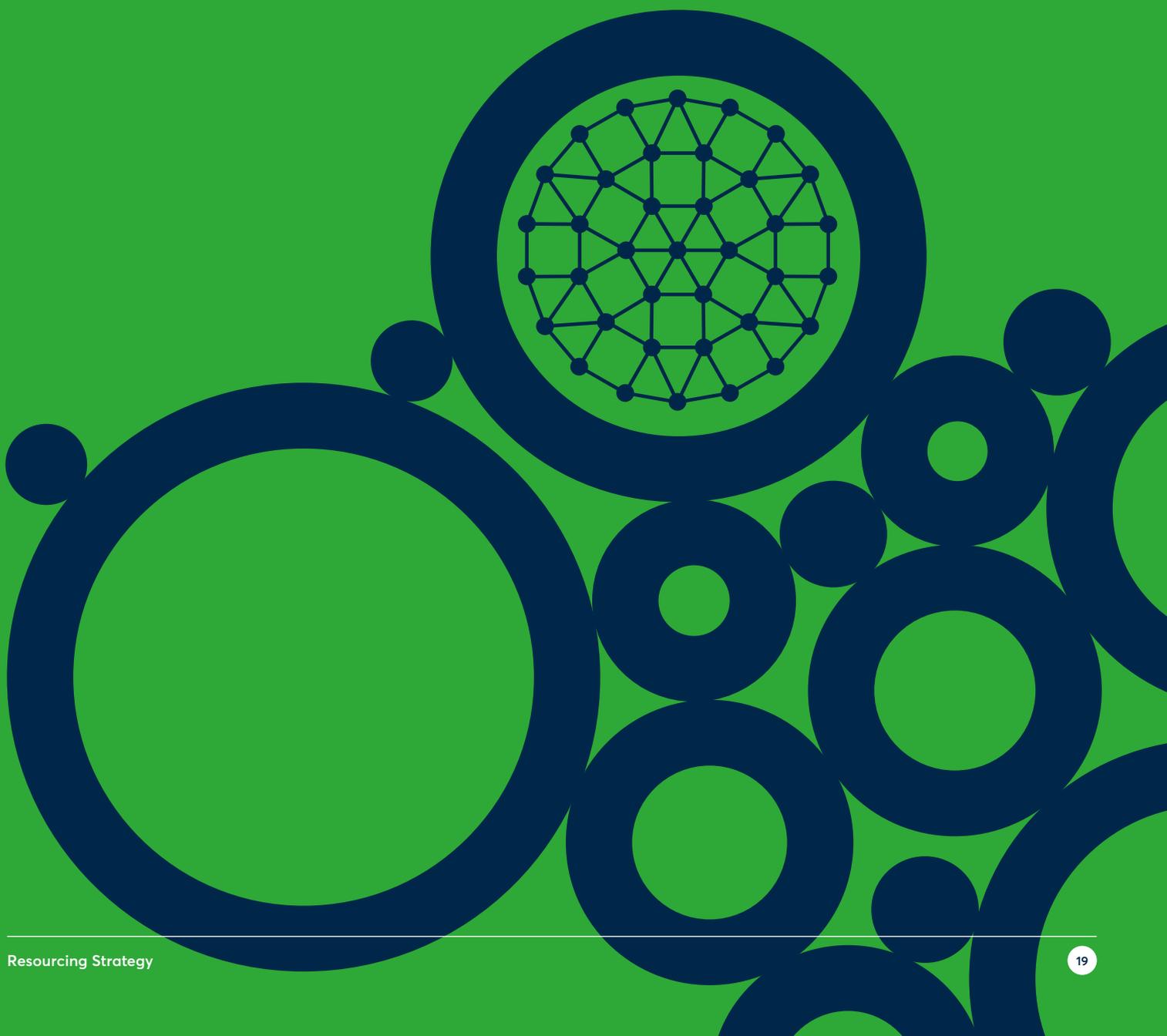
Forecasting the funds required to accommodate a growing workforce is a constant challenge. Workforce costs are not limited to employing more people to provide services to the community; they include operating expenses and resources, as well as upgrades to systems, procedures and software.

Other key trends and emerging challenges we have considered while developing the Workforce Strategy include:

- an increase in resident population;
- difficulty attracting and retaining in-demand skills, and therefore experiencing skills shortages;
- knowledge loss when employees resign or retire;
- increasing workloads;
- work-life balance for employees; and
- improving Council's capacity for change.

Resourcing Overview

1. ASSET MANAGEMENT STRATEGY
2. LONG TERM FINANCIAL PLAN
3. WORKFORCE STRATEGY
4. INFORMATION COMMUNICATION TECHNOLOGY STRATEGY AND PLAN



Asset Management Strategy

About the Asset Management Strategy

To deliver services to the community, Council requires infrastructure assets. We are committed to ensuring these infrastructure assets are well-managed, meet the strategic direction of both Council and the community, and provide the required services within the financial capacity of Council. Council will continually improve the condition and management of its assets through implementation of the 10-year Asset Management Strategy.

The Asset Management Strategy sets out Council's approach to implementing the principles and objectives set out in its Asset Management Policy. It outlines the processes, resources, structures, roles and responsibilities required to establish and maintain the asset management system. The asset groups covered by this strategy are:

- transport;
- buildings;
- stormwater drainage;
- parks and reserves; and
- shared infrastructure.

The Asset Management Strategy highlights major issues across each of the asset classes that must be addressed over the next few years. The strategy also highlights the actions Council must take to help close the gaps in current asset management practice, and move towards a 'best appropriate practice' position in the future.

Asset Strategy Areas

Council has focused on five key strategy areas to address the gaps in asset management. All activities undertaken as part of the Asset Management Improvement Plan fall under one of these key strategies:

- 1. Asset knowledge and data processes:** Improve knowledge management to ensure appropriate data is accessible and supports asset management activities. These processes help us define, collect and specify information and data needs for asset management.
- 2. Strategic asset planning processes:** Align strategic long-term plans, requirements, and compliance with the practices and processes involved in managing and documenting assets in asset management plans.

3. Asset operations and maintenance: Identify operations and maintenance management improvement actions, including maintenance strategies and planning, service level agreements, and processes for managing planned and unplanned operational and maintenance activities and tasks.

4. Asset information systems: Improve Council's information systems, including asset registers and business, corporate and asset management system functionality/needs.

5. Organisational context: Ensure asset management drives organisation strategy for asset creation, use, management, maintenance, renewal, rationalisation and disposal of assets through strong integration with Council policies and strategies, levels of service, and Council's Long Term Financial Plan. This includes defining the roles and responsibilities of those managing asset management improvements.

Snapshot of our asset portfolio

Strategy

Major Asset Class	Gross Replacement Cost (CRC)	Written Down Value (WDV)	Annual Depreciation Expense
Transport Assets	\$1,518,790,000	\$1,199,171,000	\$21,293,000
Buildings	\$188,686,000	\$164,120,000	\$5,179,000
Stormwater Drainage	\$355,524,000	\$218,747,000	\$3,161,000
Open Space/Recreational Assets	\$146,358,000	\$115,760,000	\$3,550,000
Shared Infrastructure Assets	\$35,134,000	\$21,403,000	\$1,283,000
Total	\$2,244,492,000	\$1,719,201,000	\$34,466,000

*As of 30 June 2017

Condition

Major Asset Class	Asset Condition (% of CRC)					
	Very Good	Good	Fair	Poor	Very Poor	NA
Transport Assets	23%	47%	26%	1%	1%	1%
Buildings	45%	40%	14%	0%	0%	0%
Stormwater Drainage	11%	44%	33%	0%	12%	0%
Open Space/Recreational Assets	0%	0%	52%	6%	0%	41%
Shared Infrastructure Assets	6%	64%	22%	8%	0%	0%
Total	21%	46%	27%	1%	2%	2%

Inventory

Major Asset Class	Quantity	Major Asset Class	Quantity
Transport (Roads)	658 kms	Transport (Bridges)	98
Transport (Kerbs)	1207 kms	Buildings	205
Transport (Footpaths)	691 kms	Stormwater Drainage	407 kms

Expenditure and Reporting

10-year asset lifecycle expenditure

Council's Resourcing Strategy over the next ten years, as illustrated in Figure 1, reveals large spikes in capital between 2018-2021 for new projects committed to in Council's Delivery Program, including Wentworth Point Library, the proposed Parramatta Aquatic Centre and Parramatta Square development. New/ expanded capital from 2021 onwards have been informed by the 2017 Infrastructure Needs Study. The initial acquisition/ construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew and dispose of in the future.

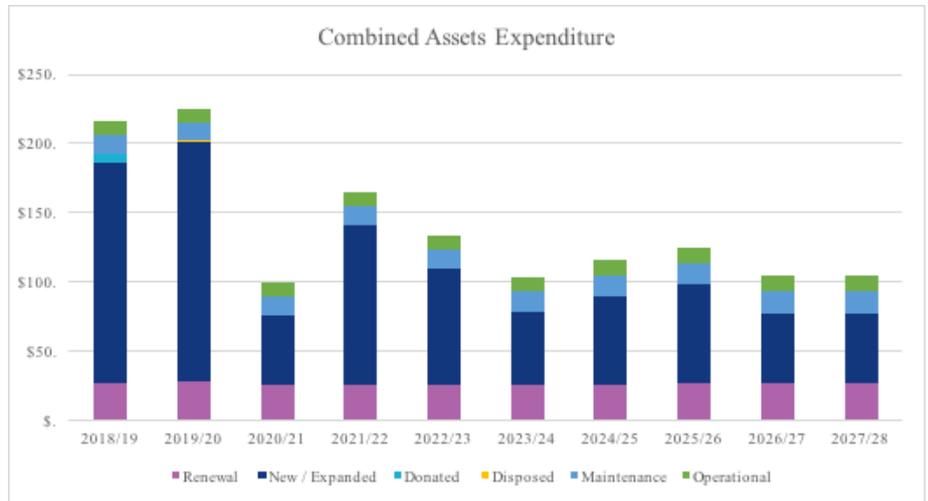


Figure 1 Combined asset expenditure per expenditure category

Key Risks and Gaps

Renewals

Combined Asset Renewals	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Actual Renewal (\$m)	\$26.9	\$27.6	\$25.6	\$26.1	\$26.	\$26.1	\$26.1	\$26.3	\$26.4	\$26.5
Req. Renewal/ Depreciation (\$m)	\$34.5	\$37.1	\$39.8	\$41.2	\$43.4	\$45.3	\$46.9	\$48.6	\$50.5	\$52.1
GAP (\$m)	\$7.6	\$9.5	\$14.2	\$15.1	\$17.4	\$19.2	\$20.7	\$22.3	\$24.0	\$25.6

Table – Combined asset renewals gap

The projected cost of required asset renewals over the next ten years is \$493.2 million. The estimated available 10-year average Long Term Financial Plan budget is \$287.8 million, which is 58% of the cost to provide the services required. This means a funding shortfall of \$205.4 million over ten years, and \$7.6 million in 2018/19.

The combined asset renewals ratio of Council in 2017/18 was 78%. It is projected to slowly decline over the 10-year term as shown in Figure 2. The increase in renewal shortfall amount over the 10-year term is due to the significant amount of additional new assets to be constructed and managed each year due to City of Parramatta's projected growth in population.

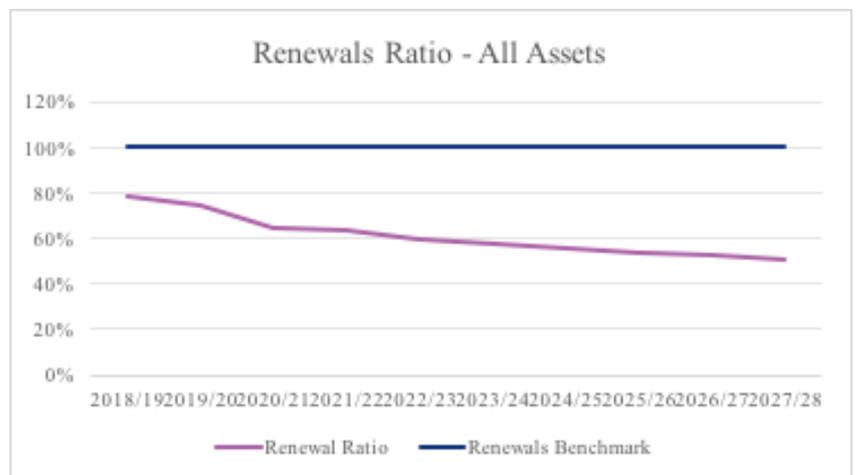


Figure 2 City of Parramatta combined assets renewals ratio

“Council has an infrastructure gap. In 2018/19 we will have a renewal shortfall of \$7.6 million.”

When comparing our financial data to the industry benchmark, there appears to be a shortfall of renewals across all asset classes. This is likely due to a combination of unclear classifications of renewals budgets and inconsistent reporting of depreciation, which may have artificially inflated the renewals' expense data. With the given budget allocation, the renewals gap is expected to increase each year over the 10-year term.

Although there appears to be a significant gap in renewals expenditure, the reported condition of the assets contradicts these shortfalls. Most assets are reported to be in good to very good condition, suggesting adequate renewals expenditure in the past. Noting the high depreciation of Council's asset portfolio, it seems likely that assets are being depreciated at a much higher rate than their actual useful lives. This creates higher renewals requirements, hence a shortfall. Further to this, classification of capital renewal, capital upgrade and new capital is currently under review and is likely not capitalised accurately, resulting in what appears to be a lower renewals budget. An organisational approach to capitalisation and disposal treatment of capital funds will ensure a more accurate and reliable result.

Backlog

Backlog is defined as assets that do not meet a satisfactory condition. The condition of any given asset is determined through community

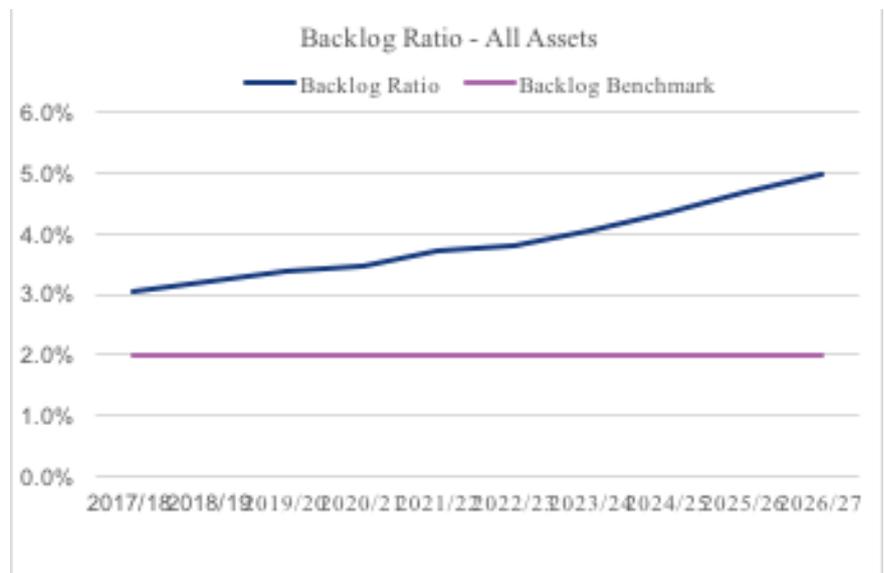


Figure 3 Combined backlog ratio projected over ten years

consultation, and generally results in a classification of a good to fair condition. Council's analysis of its backlog highlights a steadily increasing backlog trend over the next ten years. Refer to Figure 3.

City of Parramatta's current combined infrastructure backlog is estimated to be \$57 million, or a backlog ratio of 3%. The backlog is a combination of existing recorded backlog for transport and stormwater assets and calculated backlog for buildings, open spaces, and shared infrastructure assets, using a standardised approach to calculate the cost to achieve a satisfactory level. It is important to note that there is currently an inconsistent approach to calculating the backlog across asset classes. By adopting an organisation-wide approach to backlog calculation, we will benefit from a more consistent and reliable result.

However, in assessing the current estimated backlog, the combined backlog ratio of 3% is considered to be above the industry benchmark of 2%. In projecting the next ten years movement of the backlog, if existing condition are to stay the same, the

backlog is estimated to increase over time.

Please note: The backlog estimated in the Asset Management Strategy differs to the backlog calculated in the Long Term Financial Plan and Special Schedule 7 of 30 June 2017 Annual Financial Statements due to the difference in methodology for calculating backlog. The Long Term Financial Plan calculates backlog using a standardised approach to calculate the cost to achieve a satisfactory level, whereas the Asset Management Strategy uses a combination of existing recorded backlog for transport and stormwater assets and calculated backlog for buildings, open spaces, and shared infrastructure assets, using a standardised approach to calculate the cost to achieve a satisfactory level.

“Council's backlog is estimated to total \$57 million, with \$36.5 million contained in stormwater assets.”

Operational and Maintenance (O&M) expenses

estimate that an annual average expenditure of \$14.9 million is required over the next 10 years in operational and maintenance expenses to sustain the levels of service agreed with our community. Required operational and maintenance budgets are based on industry best practice for various asset groups, which range from 0.6% to 6% of current replacement cost of the assets.

Figure 4 indicates that the current maintenance ratio (the actual maintenance expenditure/required maintenance expenditure) is projected to range from 60% and 82% over the next ten years, compared to the industry benchmark of 100%

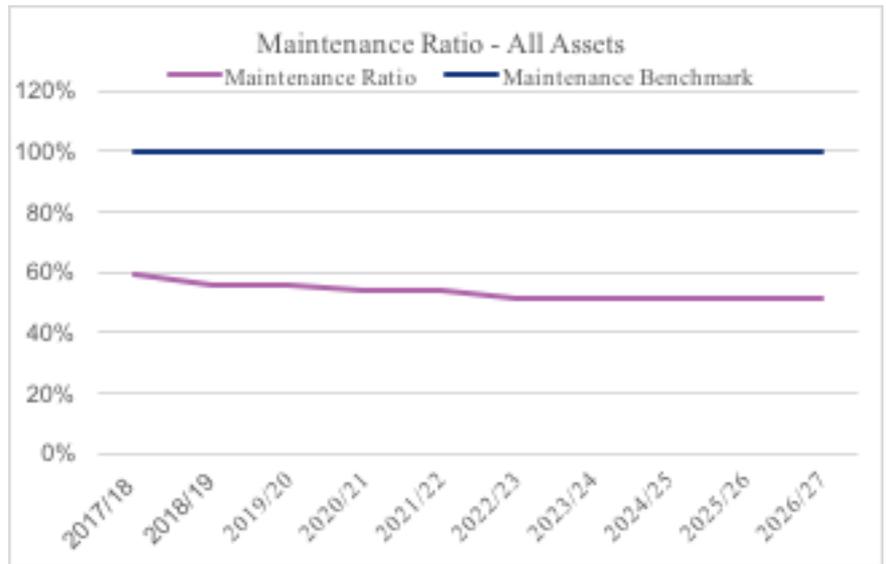


Figure 4 Current maintenance ratio over ten years

“Council's combined O&M expenditure gap is estimated to total \$5.5 million in 2018-19.”

Table 2: Combined O&M expenditure gap

Combined Asset O&M	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Actual O&M (\$m)	\$22.2	\$21.6	\$22.1	\$22.6	\$22.9	\$23.5	\$24.4	\$25.2	\$26.1	\$26.8
Req. O&M (\$m)	\$27.6	\$31.2	\$34.4	\$35.7	\$38.0	\$40.0	\$41.8	\$43.8	\$45.9	\$47.7
GAP (\$m)	\$5.5	\$9.6	\$12.3	\$13.1	\$15.1	\$16.5	\$17.4	\$18.6	\$19.8	\$20.9

Evidence suggests that the current service provision has been at a satisfactory level, and the annual O&M shortfall of \$5.5 million for 2018/19 highlighted in Table 2, therefore, appears to be excessive and incorrect. This supports Council's earlier assessment that its condition asset data is likely to be unreliable. Some assets are being depreciated at a higher rate than what is considered reasonable, and that possibly not all maintenance expenditure has been identified.

Asset strategies and actions

Based on observations and analysis of current asset management practices, Council has developed ten high level strategic actions that apply to all asset groups. These strategic actions, outlined in Table 2, will ensure we make adequate provisions for the long-term management of Council's infrastructure assets.

By adopting the following strategic actions and implementing good asset management practices, Council and the community will benefit from:

- ✓ more effective and sustainable decisions;
- ✓ enhanced customer service;
- ✓ more confidence in risk management; and
- ✓ strong governance and accountability.

Table 3: City of Parramatta high level strategic actions

Ref No.	High Level Strategic Actions	Priority	Deliver by
1.	Establish transparent and responsible asset management processes that align with best appropriate practice. This includes consistency across the Asset Management Strategy, Long Term Financial Plan, Assetic and Finance One systems, levels of service for all asset groups, data collection, validation and reporting.	High	Year 1 2018/19
2.	Review and establish clear assumptions and a consistent approach for calculating depreciation and backlog. Apply this approach across all asset groups to obtain the most accurate backlog. Assess the backlog against Council's infrastructure priorities, financial budgets, and the Long Term Financial Plan.	High	Year 1 2018/19
3.	Clearly identify all asset expenditure requirements and organise into four categories: renewals, new, maintenance, and operational. Establish clear budgets and reporting lines for each category.	High	Year 1 2018/19
4.	Allocate and clarify roles, resources and responsibilities for asset management. This includes establishing a good understanding of asset data, finance and budgets. Establish clear communication protocols between finance and the wider organisation.	High	Year 1 2018/19
5.	Review and establish agreed levels of service in consultation with the community and defined in the asset management plans.	Medium	Year 1 2018/19
6.	Review and estimate future life cycle costs in all decisions relating to new service levels and new assets donated or built.	Medium	Year 2 2019/20
7.	Review the future lifecycle costs and effects of donated assets on financial sustainability and the level of service delivery to the community. Create a disposal and donated assets plan that feeds information into the Long Term Financial Plan.	Medium	Year 2 2019/20
8.	Prioritise and plan asset renewals to meet agreed levels of service based on site inspections, infrastructure priorities and community importance.	Medium	Year 2 2019/20
9.	Identify and prioritise critical assets for Council. Establish emergency response plans and asset ownership for critical assets.	Medium	Year 2 2019/20
10.	Create an environment where Council employees take part in the overall management of Council assets by developing asset management awareness and capability throughout Council.	Medium	Year 2 2019/20

Supporting the Community Strategic Plan

The Asset Management Strategy is a key contributor to the following strategic objectives in the Community Strategic Plan:

Strategic Objective in the Community Strategic Plan 	Strategies to achieve Objectives 	Asset Management Strategy 
Fair – we can all benefit from the opportunities our City offers	Invest in services and facilities for our growing population Support people to live active and healthy lives Deliver effective, responsible and ethical decision-making, reflective of community needs and aspirations	Provide fit-for-purpose and cost-effective infrastructure that meets community needs Enable provision of infrastructure that supports healthy lifestyles, e.g. parks and sports fields, footpaths and cycleways Engage the community by collaborating on levels of service and testing satisfaction
Accessible – we can all get to where we want to go	Design our City for people of all ages and abilities Make our City more enjoyable and safer for walking and cycling Provide and upgrade roads and improve safety for all road users	Provide places to walk, ride and drive, and meeting points for the community Manage the maintenance and renewal of local footpaths and cycleways Manage the maintenance and renewal of local roads
Green – we care for and enjoy our environment	Protect and enhance our natural environment Provide green spaces for recreation, relaxation and enjoyment Prepare for and lessen the impacts of extreme weather events	Promote ecologically sustainable development, meeting the needs of the present without compromising the ability of future generations to meet their own needs Support conservation and enhancement of the City's environment; promote energy, water and waste efficiencies Provide the community with open spaces including playgrounds, parks and sports fields Help to manage the impact of planned and unplanned events on existing assets
Thriving – we benefit from having a thriving CBD and local centres	Plan and deliver a vibrant, attractive and safe CBD and local centres	Facilitate and support the growth of our City, businesses and community through the provision of infrastructure
Welcoming – we celebrate culture and diversity – past, present and future.	Recognise that Parramatta has always been a gathering place, and our diversity is our strength	Provide and advocate for facilities that are inclusive, enabling people and communities to connect Provide for renewal of heritage buildings
Innovative – we collaborate and champion new ideas to create a better future	Embrace technology, creativity and innovation to solve complex problems and improve our City Manage our City's assets and financial resources in a responsible manner, and provide the best possible services for the community	Improve our knowledge management practices to ensure appropriate data is accessible and supports asset management activities Keep Council accountable, responsible and sustainable in planning the infrastructure needs for the future Ensure asset management drives Council strategy for asset creation, use, management, maintenance, renewal, rationalisation, and disposal through strong integration with Council policies and strategies, levels of service and Council's Long Term Financial Plan Provide risk management and decision-making frameworks



Long Term Financial Plan

About the Long Term Financial Plan

Projected growth for the City of Parramatta will create demand for new services and infrastructure, while placing additional demands on existing services. Although Council has appointed more resources to provide leadership and services to our growing City, significant challenges lie ahead.

The role of the Long Term Financial Plan is to strengthen financial sustainability, manage risks, and balance levels of service with available revenue. This strategy aims to meet the future service and infrastructure needs of the City with available funding.

In addition to being a resource plan, the Long Term Financial Plan endeavours to:

- establish a prudent and sound financial framework, combining and integrating financial strategies to achieve planned outcomes;
- establish measures against which Council's strategies, policies, and financial performance can be measured; and
- ensure that Council employs sound financial management principles, complies with legislation, and has a plan for its long-term financial sustainability.

With the help of key assumptions, we have developed the financial models that underpin the Long Term Financial Plan forecasts, with the three-year 2018/19–2020/21 budget providing the base point. We have also taken into careful consideration the Parramatta Square redevelopment and other significant projects.

Council has forecast its future financial position based on a continuance of 'normal operations'. The key areas of focus are:

- focused management of the budget as being critical to future operations of Council;
- agreement on service levels to support infrastructure asset maintenance and renewal;
- careful management of current revenue streams and identification of new revenue streams;
- careful management of expenditure growth over the next three years – to determine where expenditure could be held flat, reduced, or stopped, and identify efficiency gains;
- implementation of a process to support the potential for a special rate request in the future;
- identification of a mix of key performance indicators to ensure adjustments can be made early to address

movements; and

- management of community, stakeholder and Council expectations.

Council will review and revise the Long Term Financial Plan regularly to maintain alignment with Council's Community Strategic Plan.

Financial Strategies and Objectives

The following are the key objectives applied to the Council's LTFP:

- Developing strategies in future years to return a surplus each year based on 2% of untied revenue.
- Optimising our investment, liquidity and debt strategies.
- Building up and use of unrestricted cash and investments.
- Ensuring adequate levels of liquidity are maintained by keeping Unrestricted Current Ratio greater than 1.5%. (Variations to this in the early years of the plan are associated with timing of key asset sales).
- Delivering an improved Balance Sheet position incorporating known property development projects.
- Ongoing management of Debt and Debt Servicing and ensuring the debt service cover ratio remains greater than 2%.

- Maintaining renewal expenditure on our assets in line with depreciation.
- Planning for and funding Council's expenditure for Parramatta Square and other initiatives.
- Utilising unspent cash reserves over the life of the Long Term Financial Plan.
- Working towards the achievement of TCorp Financial Sustainability Benchmarks.

Changes in relation to Parramatta Square (PS)

Council is currently reviewing a range of options for the Parramatta Square site. Included in this review is the development of a program for the delivery of new Council and community facilities, including a new library, new civic offices and Council Chambers.

Financial estimates in relation to Parramatta Square in the budget include servicing of the existing Parramatta Square debt, specific project management costs, proposed sales of some of the development sites and allowances in capital and operating expenditure for Council facilities

Council Mergers

The former Parramatta City Council ceased to exist on 12 May 2016 as a result of the state government

proclamation which resulted in the City of Parramatta Council. The new Council expanded to include parts of the The Hills, Hornsby Shire, Auburn and Holroyd Councils, and lost the former Woodville ward to Cumberland Council (Auburn and Holroyd). All new revenue and expenditure items resulting from the mergers have been included in all years of the plan.

Surplus Site Sales

A number of planned surplus sites sales are included in the LTFP financial estimates. The proceeds from the sale of the surplus sites are transferred to the property reserve.

Major Projects

The following strategic projects have been included in the last update of Operational Plan and LTFP:

- 5 Parramatta Square Development - New Council Facilities
- New Aquatics & Leisure Facility
- Parramatta Square Public Domain Development
- Capital Renewal Programs
- City River Program of Works
- Escarpment Boardwalk Construction
- Wentworth Point Library and Community Centre

Operating Statement Assumptions

A review has been made of the assumptions applied to the previous LTFP. General assumptions have been applied to categories where specific information is not known. Historical revenue and expenditure trends have also been factored into forecasts.

- Targeting flat material and contract increases excluding contracted provisions.
- Depreciation and Amortisation increases are forecasted due to the high level of capital expenditure.
- Other General Expenses targeted to be held flat (0% increase) excluding contracted provisions.
- Estimated annual growth in the term of the LTFP will be in the 2.3-3.5% range but this may have to be reviewed given the most recent data available.
- Interest rates have been estimated at 3.45% in the long term, calculated over estimated investment balances.
- Parramatta Square – impacts of the development have been included in line with contractual and development approvals.

Supporting the Community Strategic Plan

The Long Term Financial Plan is a key contributor to the following strategic objectives in the Community Strategic Plan;

Strategic Objective in the Community Strategic Plan 	Strategies to achieve Objectives 	Long Term Financial Plan 
<p>Fair – we can all benefit from the opportunities our City offers</p>	<p>Invest in services and facilities for our growing population</p> <p>Deliver effective, responsible and ethical decision-making, reflective of community needs and aspirations</p>	<p>Identifies investment strategies and budgets inclusive of the ongoing costs associated with delivering services and facilities to our community</p> <p>Provides Council and the community with financial modelling for different scenarios, to help inform decision-making and test our resilience</p>
<p>Innovative – we collaborate and champion new ideas to create a better future</p>	<p>Manage the City's assets and financial resources responsibly, and provide the best possible services for our community</p>	<p>Helps to ensure Council's long term financial sustainability through robust planning and future proofing</p>

Workforce Strategy

About the Workforce Strategy

Council's Workforce Strategy 2018-2028 takes a long-term view of its workforce needs over a 10-year planning horizon. The accompanying plan, however, is focused on the needs and priorities of the workforce over the next three years. This is to ensure Council's workforce is well-structured and has the capacity to deliver the programs and priorities outlined in Council's three-year Delivery Program 2018-2021.

As at 2 February 2018, Council had 1,176 employees. This figure has increased over the last four years to service our growing population, and takes into account the boundary changes to City of Parramatta that resulted from 'Fit for the Future' in 2016. The average tenure of our workforce is eight years. Of our workforce, 56% have been with Council under five years, and 15% for more than five years but less than ten years.

Council's Aboriginal and Torres Strait Islander Employment Strategy (2017-2020) aims to increase the number of Aboriginal and Torres Strait Islander employees, and to provide tailored support to those already employed by Council. We are also implementing a Disability Inclusion Action Plan that includes strategies to attract and retain people with disability.

Council is committed to meeting its strategic and operational objectives. We will ensure our workforce is

qualified, capable, and has the capacity to meet our community's priorities and aspirations.

Council, its employees, and the community will receive the following benefits from workforce planning:

- recruiting, developing and deploying a diverse workforce with the required skill sets to meet future workforce needs;
- positioning Council as innovative, creative and outcomes-focused;
- improving productivity through better job design and resourcing decisions;
- reducing staff turnover and retaining top talent;
- ensuring corporate knowledge is built, retained and accessible;
- building workforce capacity and capability;
- ensuring Council is responsive to changing business requirements, challenges and possibilities;
- making evidence-based workforce decisions;
- fostering an agile, high performance culture through common understanding and goals; and
- linking individual performance directly to delivery of the Community Strategic Plan through the Delivery Program 2018-2021.

Workforce Strategies and Actions

Council has developed six strategies to address the challenges of providing appropriately qualified and experienced staff today and in the future.

From these strategies, we have developed a Workforce Strategy Action Plan. Over the next three years, we will undertake a number of actions to ensure we have the right workforce in place to deliver the outcomes detailed in the Community Strategic Plan.

Workforce Strategy 1 – Improving workforce planning and professional development to enhance Council's long term sustainability

	Actions	Deliver by
1.1	Collaboratively collect data on Council's skills shortages, skills gaps, emerging skills and workforce challenges to inform education and training policies, programs, and workforce strategies.	Year 1 2018/19
1.2	Develop and promote guidelines, tools and professional development programs to support the development of workforce planning	Year 1 2018/19

Workforce Strategy 2 - Retaining and attracting a diverse workforce

	Actions	Deliver by
2.1	Provide professional development to Managers to encourage inclusive recruitment practices	Year 2 2019/20
2.2	Implement succession planning with Managers to support councils in managing their workforce	Year 1 2020/21
2.3	Investigate and reduce procedural barriers to recruiting people from diverse backgrounds	Year 1 2018/19
2.4	Implementation of the Disability Inclusion Action Plan and Reconciliation Action Plan	Year 1 2018/19

Workforce Strategy 3 - Investing in skills that supports a high performance culture

	Actions	Deliver by
3.1	Identify the long-term trends in demand for professional and critical roles in Council and develop strategies to address potential skills shortages	Year 1 2018/20
3.2	Work with VET, TAFE and universities to explore ways to increase the number of students and graduates working in Council.	Year 2 2019/20
3.3	Establish a secondment program to provide professional development opportunities for those seeking to gain experience working in higher level or new roles, and to address skills gaps and skills shortages across the council.	Year 2 2019/20
3.4	Review Council's Procurement Policy regarding engagement of Labour Hire and Contractors to understand and respond to Organisational skills gaps or areas of need that may require employees to upskill or to support the recruitment of specialist employees.	Year 2 2019/20

Workforce Strategy 4 - Improving productivity and leveraging technology

	Actions	Deliver by
4.1	Research and promote case studies of innovative technologies and shared services models that increase productivity.	Year3 2020/21
4.2	Deliver the technical skills required by the workforce to adapt to new technologies in the workplace.	Year 2 2019/20
4.3	Increase management and staff awareness of cyber security issues.	Year 2 2019/20

Workforce Strategy 5 – Improving management and leadership capability

	Actions	Deliver by
5.1	Develop and promote leadership and management programs that support Councils values	Year 1 2018/19
5.2	Continue to build multiple communication channels and learning platforms throughout the organisation.	Year 2 2019/20
5.3	Implement targeted leadership development MyCareer.	Year 2 2019/20
5.4	Develop a range of initiatives across business units to support good governance, risk management, continuous improvement, and fair and ethical behaviour.	Year 2 2019/20

Workforce Strategy 6 – Assessing success and relevance through an evaluation framework

	Actions	Deliver by
6.1	Establish working groups to develop project plans and timeframes for delivery of actions	Year 1 2018/19
6.2	Establish resourcing requirements to deliver all actions in the Workforce Strategy and seek funding for actions, where necessary.	Year 2 2019/20
6.3	Design and implement an evaluation framework to monitor the progress of workforce development.	Year 2 2019/20
6.4	Monitor progress in implementing actions in line with Council’s Integrated Planning and Reporting cycle.	Year 3 2020/21

Supporting the Community Strategic Plan

The Workforce Strategy is a key contributor to the following objectives in the Community Strategic Plan:

Strategic Objective in the Community Strategic Plan 	Strategies to achieve Objectives 	Workforce Strategy 
Fair – we can all benefit from the opportunities our City offers	Deliver effective, responsible and ethical decision-making, reflective of community needs and aspirations	Provide Council with current and projected workforce data to enable better decision-making and to structure Council effectively and appropriately
Thriving – we benefit from having a thriving CBD and local centres	Accelerate local jobs growth and support people in finding employment	Support Council’s role as a significant local employer (28% of staff live within the local government area)
Innovative – we collaborate and champion new ideas to create a better future	Manage the City’s assets and financial resources responsibly and provide the best possible services to the community	Inform, and continue to be informed by, Council’s Long Term Financial Plan to ensure ongoing sustainability and quality of service delivery

Information Communication Technology (ICT) Strategy and plan

Information Communication Technology (ICT) supports all Council functions, including its decision-making processes and delivery of services. As with assets, finance and our workforce, ICT is considered a critical resource. Best practice ICT planning provides us with a solid and sustainable foundation for service delivery, both internally (across the organisation) and externally (to the community of Parramatta).

Council is currently developing its first ICT Strategy and Plan, which will support implementation of the Delivery Program 2018-2021 and beyond. This is an evolving initiative and the strategy and plan are due for completion in 2019. They will be updated each year to ensure planning continues to appropriately support the Strategic Objectives of the Community Strategic Plan and Council.

ICT Strategies and Actions

The first iteration will have four strategy areas. These are;

1. Service management
2. Lifecycle management
3. Information management
4. Key projects (Delivery Program 2018-2021).

1. Service management

The aim of the first strategy is to ensure defined service levels are achieved for all critical applications and systems in order to support both community and organisational objectives. Levels of service include hours of availability, performance and responsiveness to incidents. Council will undertake regular service level reporting, as agreed in internal and external service levels. Periodic reviews will help to ensure that these service levels continue to meet the needs of the community and Council.

2. Lifecycle management

Our lifecycle management strategy involves maximising the value obtained through our investments in ICT, including hardware, software and services. To do this, we will consider all aspects of the total cost of ownership, from product selection through to support and business continuity. When defining lifecycles, we will anticipate changes in technology, and ensure Council has the flexibility and agility to assess and adopt new technologies as appropriate.

3. Information management

Council's information management strategy will ensure all data and information collected by Council throughout the course of daily operations is managed effectively. The definition, storage, protection, retention and destruction of data needs will be managed in line with policy and legislative requirements.

4. Key projects

The final strategy is in direct response to Council initiatives relating to the enhancement or improvement of existing services, or the introduction of a new service. Current examples of key projects include:

- **Customer Care** – improving access and responsiveness to the services provided by Council to the community.
- **Mobility** – leveraging mobile technology to automate and simplify the processes and procedures used by Council staff in their roles. This includes the WorxOnline program for field staff.
- **Digital Transformation** – providing access to Council information and services through multiple channels – mobile, web, telephone or onsite – while ensuring adherence to requirements around privacy and open data.



Monitoring Our Performance

Council will review the Resourcing Strategy each year to ensure we are remaining responsive and flexible in a changing environment. This review process will also ensure our decision-making is continually informed by evidence, and that activities are undertaken in a sustainable way.

Councils are required to prepare Quarterly Budget Review Statements (QBRS). The QBRS present a summary of the council's financial position at the end of each quarter. It is the mechanism whereby the councillors and community are informed of the council's progress against the Operational Plan (original budget) and the last revised budget along with recommended changes and reasons for major variances. (OLG IP&R Manual and Guidelines 2012)

Council will continue to provide, at a minimum:

- six-monthly reporting on the Delivery Program;
- quarterly reporting on the Budget (which in turn informs the Long Term Financial Plan);
- annual reporting on all Council operations, including the performance of our asset portfolio; and
- end of term reporting on the Community Strategic Plan.

These reports will be made publicly available on our website in various accessible formats. For more information, please contact our Customer Contact Centre.





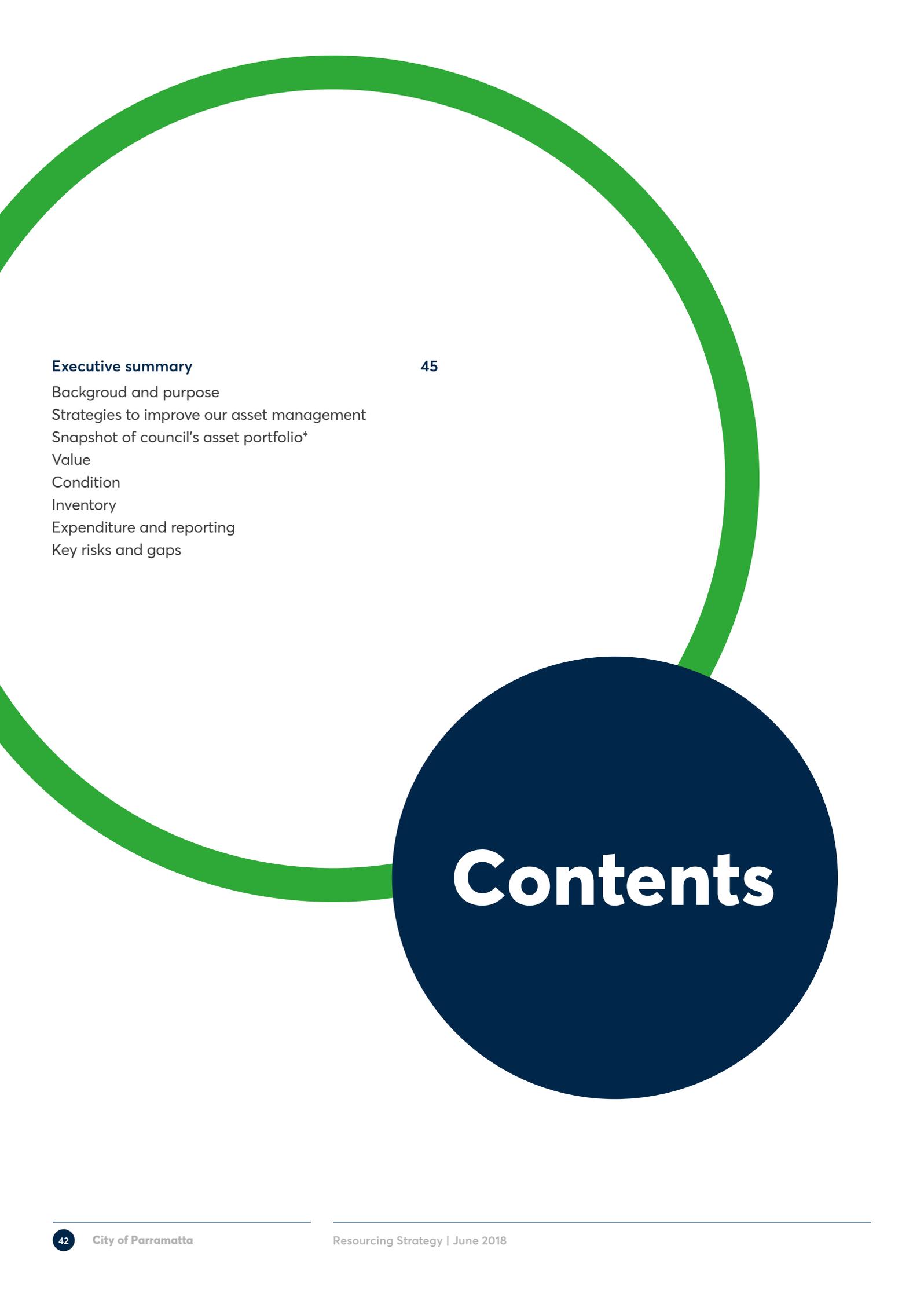




**CITY OF
PARRAMATTA**

ASSET MANAGEMENT STRATEGY

JUNE 2018



Executive summary

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Executive Summary

Background and purpose

Background and purpose

This Asset Management Strategy details City of Parramatta Council's approach to managing and continually improving its assets over the next ten years, so that Council can meet the changing needs of our City and community.

Council's infrastructure assets are a critical component of its service delivery to the community. The asset groups covered by this strategy are transport, buildings, stormwater drainage, open space and recreation, and shared infrastructure. Council is committed to managing, upgrading and acquiring assets for the community within its financial capacity, while ensuring these assets are managed to meet the strategic direction of Council and the community.

This Asset Management Strategy states the approach implementing the principles and the objectives set out in the Asset Management Policy. It outlines the processes, resources, structures, roles and responsibilities necessary to establish and maintain the asset management system.

The Asset Management Strategy also highlights the major issues Council must address for each asset class over the next few years. It details the actions Council will take to help close the gaps in current asset management practice and move towards a "best appropriate practice" position in the future.

Strategies to improve our asset management

Council will begin addressing gaps in asset management by focusing on five key strategy areas. All activities undertaken as part of the Asset Management Improvement Plan fall under one of these key areas.

1. Asset knowledge and data processes	Focuses on improving knowledge management and making asset data more accessible in order to support asset management activities. It defines, collects, and specifies information and data needs for asset management.
2. Strategic asset planning processes	Recommends alignment of strategic long-term plans, requirements, and compliance with the practices and processes involved with managing and documenting assets within asset management plans.
3. Asset operations and maintenance	Identifies operations and maintenance management improvement actions, including maintenance strategies and planning, service level agreements, and processes for managing planned and unplanned operational and maintenance activities and tasks.
4. Asset information systems	Improves Council's information systems, including its asset registers and business, corporate and asset management system functionality/needs.
5. Organisational context	Ensures asset management drives Council strategy for asset creation, use, management, maintenance, renewal, rationalisation, and disposal of assets through strong integration with Council policies and strategies, levels of service, and the Long Term Financial Plan; includes defining roles and responsibilities for those managing asset management improvements.

Snapshot of council's asset portfolio

Strategy

Major Asset Clas	Gross Replacement Cost (CRC)	Written Down Value (WDV)	Annual Depreciation Expense
Transport Assets	\$1,518,790,000	\$1,199,171,000	\$21,293,000
Buildings	\$188,686,000	\$164,120,000	\$5,179,000
Stormwater Drainage	\$355,524,000	\$218,747,000	\$3,161,000
Open Space/Recreational Assets	\$146,358,000	\$115,760,000	\$3,550,000
Shared Infrastructure Assets	\$35,134,000	\$21,403,000	\$1,283,000
Total	\$2,244,492,000	\$1,719,201,000	\$34,466,000

*As of 30 June 2017

Condition

Major Asset Clas	Asset Condition (% of CRC)					
	Very Good	Good	Fair	Poor	Very Poor	NA
Transport Assets	23%	47%	26%	1%	1%	1%
Buildings	45%	40%	14%	0%	0%	0%
Stormwater Drainage	11%	44%	33%	0%	12%	0%
Open Space/Recreational Assets	0%	0%	52%	6%	0%	41%
Shared Infrastructure Assets	6%	64%	22%	8%	0%	0%
Total	21%	46%	27%	1%	2%	2%

Inventory

Major Asset Class	Quantity	Major Asset Class	Quantity
Transport (Roads)	658 kms	Transport (Bridges)	98
Transport (Kerbs)	1207 kms	Buildings	205
Transport (Footpaths)	691 kms	Stormwater Drainage	407 kms

Expenditure and reporting

10-year asset lifecycle expenditure

Council's 10-year Resourcing Strategy, as illustrated in Figure 1, displays large spikes in capital between 2018-2021 for new projects committed to in Council's Delivery Program, including Wentworth Point Library, the proposed Parramatta Aquatic Centre and Parramatta Square development. New/ expanded capital from 2021 onwards have been informed by the 2017 Infrastructure Needs Study. The initial acquisition and construction costs of any asset represent only a portion of the

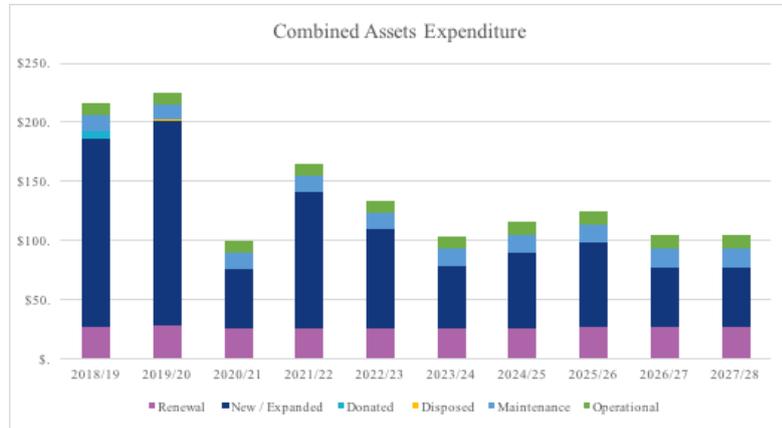


Figure 1 Combined asset expenditure per expenditure category

costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

Key Risks and Gaps

Renewals

Combined Asset Renewals	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Actual Renewal (\$m)	\$26.9	\$27.6	\$25.6	\$26.1	\$26.	\$26.1	\$26.1	\$26.3	\$26.4	\$26.5	\$287.8
Req. Renewal/ Depreciation (\$m)	\$34.5	\$37.1	\$39.8	\$41.2	\$43.4	\$45.3	\$46.9	\$48.6	\$50.5	\$52.1	\$493.2
GAP (\$m)	\$7.6	\$9.5	\$14.2	\$15.1	\$17.4	\$19.2	\$20.7	\$22.3	\$24.0	\$25.6	\$205.4

Table 1 Combined asset renewals gap 2018/19 to 2027/28

The projected cost of required asset renewals over the next ten years is \$493.2 million. The estimated available 10-year average Long Term Financial Plan budget is \$287.8 million, which is 58% of the cost to provide the services required. This means a funding shortfall of \$205.4 million over ten years, and \$7.6 million in 2018/19.

The combined asset renewals ratio of Council in 2017/18 was 78%. It is projected to slowly decline over the 10-year term as shown in Figure 2. The increase in renewal shortfall amount over the 10-year term is due to the significant amount of additional

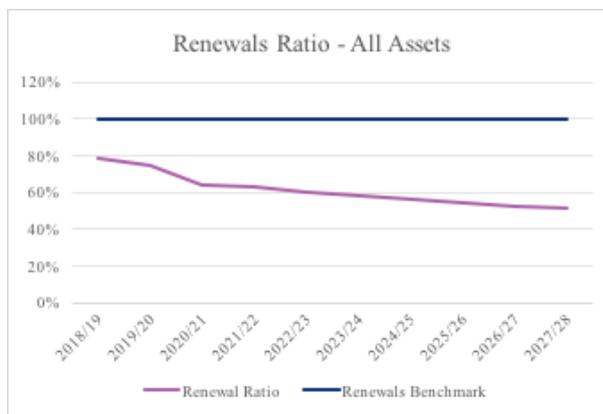


Figure 2 Renewals ratio projected over ten years

new assets to be constructed and managed each year due to City of

Parramatta's projected growth in population.

“Council has an infrastructure gap. In 2018/19 we will have a renewal shortfall of \$7.6 million.”

When compared to the industry’s benchmark, and based on the financial information in council’s systems, there appears to be a shortfall of renewals in all asset classes. This is likely due to combination of unclear classification of renewal budgets and inconsistent reporting of depreciation which creates a higher requirement for renewals expense than required. With the given budget allocation, the renewals gap is expected to increase each year over the 10-year term.

Although there appears to be a significant gap in renewals expenditure, the reported condition of the assets contradicts these shortfalls. Most assets are reported to be in good to very good condition, suggesting adequate renewals expenditure in the past. Noting the high depreciation of Council’s asset portfolio, it seems likely that assets are being depreciated at a much higher rate than their actual useful lives. This creates higher renewals requirements, hence a shortfall. Further to this, classification of capital renewal, capital upgrade and new capital is currently under review and is likely not capitalised accurately, resulting in what appears to be a lower renewals budget. An organisational approach to capitalisation and disposal treatment of capital funds will ensure a more accurate and reliable result.

Backlog

Backlog is defined as assets that do not meet a satisfactory condition.

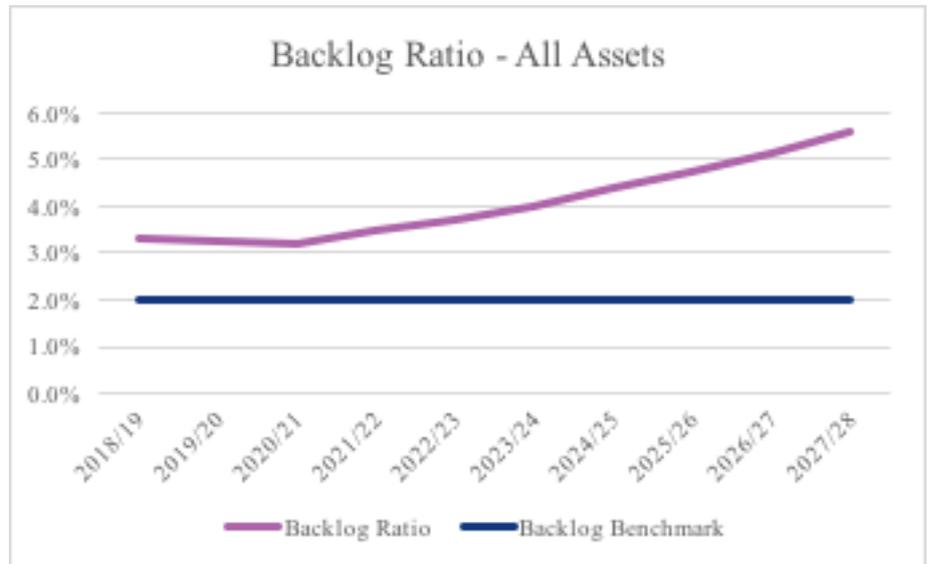


Figure 3 Combined backlog ratio projected over ten years

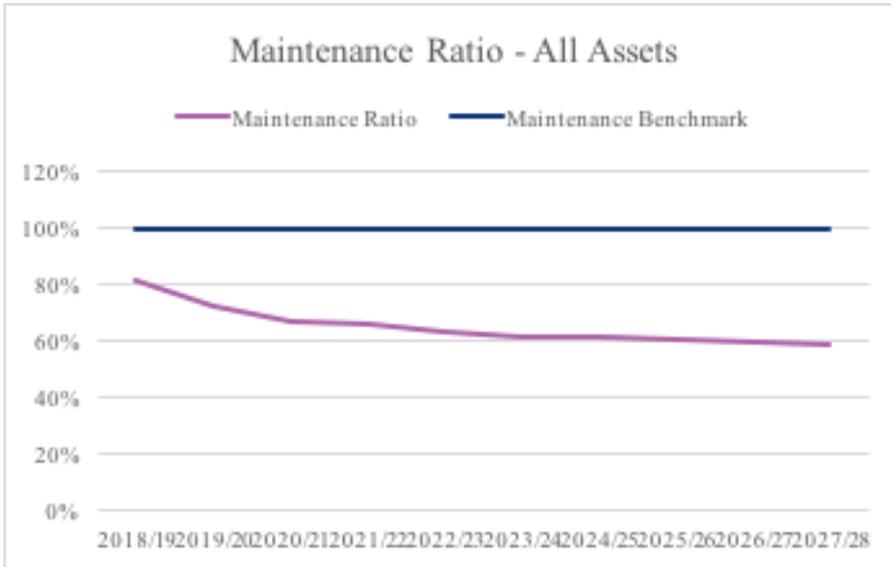
The condition of any given asset is determined through community consultation, and generally results in a classification of a good to fair condition. Backlog at Council is calculated inconsistently using several methodologies across asset classes and between business units. This is a common problem across all industries including local and state government.

The backlog estimated in the Asset Management Strategy differs to the backlog calculated in the Long Term Financial Plan and Special Schedule 7 of 30 June 2017 Annual Financial Statements due to the difference in methodology for calculating backlog. The Long Term Financial Plan calculates backlog using a standardised approach to calculate the cost to achieve a satisfactory level, whereas the Asset Management Strategy uses a combination of existing recorded backlog for transport and stormwater assets and calculated backlog for buildings, open spaces, and shared infrastructure assets, using a standardised approach to calculate the cost to achieve a satisfactory level. Council’s analysis of its backlog highlights a steadily

increasing backlog trend over the next ten years.

Council’s current combined infrastructure backlog is estimated to be \$57 million, or a backlog ratio of 3%. The backlog is a combination of existing recorded backlog for transport and stormwater assets and calculated backlog for buildings, open spaces, and shared infrastructure assets, using a standardised approach to calculate the cost to achieve a satisfactory level. It is important to note that there is currently an inconsistent approach to calculating the backlog across asset classes. By adopting an organisation-wide approach to backlog calculation, we will benefit from a more consistent and reliable result.

However, in assessing the current estimated backlog, the combined backlog ratio of 3% is considered to be above the industry benchmark of 2%. In projecting the next ten years’ movement of the backlog, if existing condition are to stay the same, the backlog is estimated to increase over time.



“Council's combined O&M expenditure gap is estimated to total \$5.5 million in 2018-19.”

Figure 4 Combined maintenance ratio projected over ten years

Table 2 Combined O&M expenditure gap

Combined Asset O&M	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Actual O&M (\$m)	\$22.2	\$21.6	\$22.1	\$22.6	\$22.9	\$23.5	\$24.4	\$25.2	\$26.1	\$26.8	\$264.7
Req. O&M (\$m)	\$27.6	\$31.2	\$34.4	\$35.7	\$38.0	\$40.0	\$41.8	\$43.8	\$45.9	\$47.7	\$428.4
GAP (\$m)	\$5.5	\$9.6	\$12.3	\$13.1	\$15.1	\$16.5	\$17.4	\$18.6	\$19.8	\$20.9	\$148.8

Operational and Maintenance

is estimated that an annual average expenditure of \$14.9 million is required over the next 10 years in operational and maintenance (O&M) expenses to sustain the desired service levels. The required operational and maintenance budgets are based on industry best practice for various asset classes, which range from 0.6% to 6% of the current replacement cost of the assets.

Figure 4 indicates that the current maintenance ratio (the actual maintenance expenditure/required maintenance expenditure) is projected to range from 60% and 82% over the next ten years, compared to the industry benchmark of 100%.

Evidence suggests that the current service provision has been at a satisfactory level, and the annual O&M shortfall of \$5.5 million for 2018/19 highlighted in Table 1, therefore, appears to be excessive and incorrect. This supports

Council's earlier assessment that its condition asset data is likely to be unreliable. Some assets are being depreciated at a higher rate than what is considered reasonable, and that possibly not all maintenance expenditure has been identified.



High Level Strategic Actions

Based on observations and analysis of current asset management practices, Council has developed high level strategic actions that apply to all asset classes. These strategic actions, outlined in Table 2, will ensure we make adequate provisions for the long-term management of our infrastructure assets.

Adopting the following Strategic Actions and implementing good asset management across council offers the following benefits:

- By adopting the following strategic actions and implementing good asset management practices, Council and the community will benefit from:
 - o more effective and sustainable decisions;
 - o more efficient allocation of capital and recurrent expenditure, making the best use of available funds; and
 - o stronger focus on long-term planning, making long-term financial sustainability more achievable.
- Enhanced customer service:
 - o improved understanding of service requirements and options;
 - o improved performance and control of service delivery to the community's required standards; and
- o agreed levels of service and improved systems to ensure responsiveness.
- More confidence in risk management:
 - o reduced risk by identifying critical and high risk assets and ensuring they are addressed as priority;
 - o demonstrated compliance with legal and regulatory requirements; and
 - o improved safety by the timely identification of risks and the proactive maintenance of Assets;
- Strong governance and accountability
 - o demonstrate to the community and stakeholders that services are being delivered effectively and efficiently
 - o transparent and auditable basis for making service/risk/price trade off decisions;
 - o improved accuracy of financial information relating to assets; and
 - o improved understanding of funding limitations and their impacts.

Table 3: City of Parramatta high level strategic actions

Ref No.	High Level Strategic Actions	Priority	Deliver by
1.	Establish transparent and responsible asset management processes that align with best appropriate practice. This includes ensuring consistency across the Asset Management Strategy, Long Term Financial Plan, Assetic and Finance One systems, levels of service for all asset classes, data collection, validation and reporting.	High	Year 1 2018/19
2.	Review and establish clear assumptions and a consistent approach to calculating depreciation and backlog. Apply this approach across all asset classes to obtain the most accurate backlog. Assess the backlog against Council's infrastructure priorities, financial budgets and Long Term Financial Planning.	High	Year 1 2018/19
3.	Clearly identify all asset expenditure requirements into four categories: renewals, new, maintenance, and operational. Establish clear budgets and reporting lines for each category.	High	Year 1 2018/19
4.	Allocate and clarify roles, resources and responsibilities for asset management. This includes establishing a good understanding of asset data, finance and budgets. Establish clear communication protocols between finance and the wider organisation.	High	Year 1 2018/19
5.	Review and establish agreed levels of services in consultation with the community, outlined in the asset management plans.	Medium	Year 1 2018/19
6.	Review and estimate the future lifecycle costs of all decisions relating to new service levels and new assets, donated or built.	Medium	Year 2 2019/20
7.	Review the future lifecycle costs and effects of donated assets on financial sustainability and the level of service delivery to the community. Create a disposal and donated assets plan that feeds information into the Long Term Financial Plan.	Medium	Year 2 2019/20
8.	Prioritise and plan asset renewals to meet agreed service levels based on site inspections, infrastructure priorities and community importance.	Medium	Year 2 2019/20
9.	Identify and prioritise critical assets for Council and its community. Establish emergency response plans and asset ownership for critical assets.	Medium	Year 2 2019/20
10.	Create an environment where Council employees take part in the overall management of Council assets by developing asset management awareness and capability throughout the organisation.	Medium	Year 2 2019/20

Introduction: Asset Management Planning

City of Parramatta Council provides numerous services to residents and visitors across the local government area. Many of these services, such as local roads, libraries, parks and play-spaces, require the use of council assets and are critical everyday necessities of life that need to be kept at a satisfactory level of service for residents and visitors to have a reasonable quality of life.

Council's community assets affect how we travel (roads, footpaths, cycle paths), how we relax and play (parks, sports fields, libraries), where we meet (public areas, town halls, community centres) and the environment around us (stormwater, natural assets, bushland).

This strategy details:

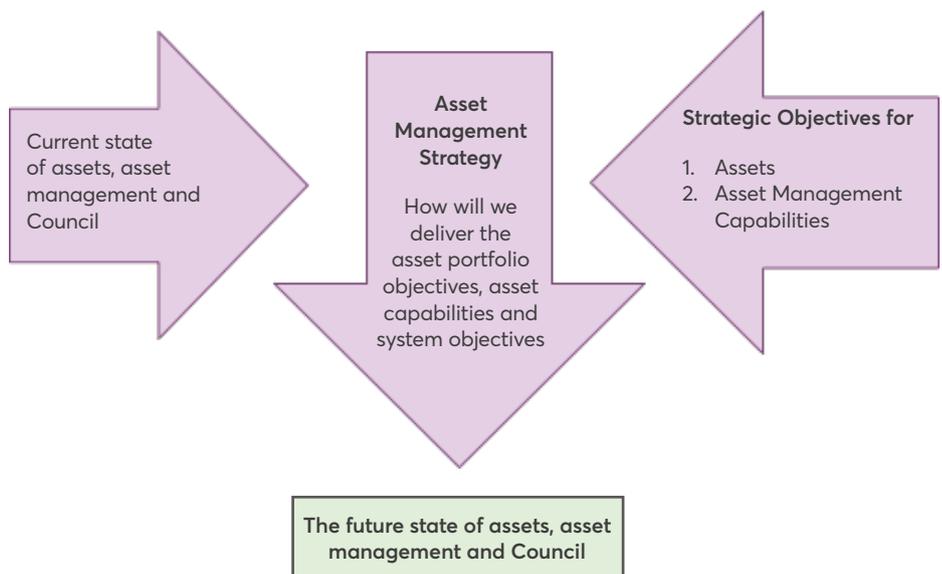
- what assets Council uses to provide community services, including their **current condition, value, and performance**;
- how we take Council objectives and turn them into **asset objectives, plans, and defined levels of service**;
- where we can **make improvements on how we manage assets**, including Council's systems, processes, culture, and mapping; and

- why decisions on **asset renewals and maintenance** are prioritised for different asset types.

The document can be read either from start to finish, or by selecting sections based on your own interests or needs.

An Asset Management Strategy coordinates the activities of Council to realise value from assets in the delivery of services. It involves balancing costs, risks and benefits over time, while providing an understanding of how to best align the asset portfolio so it best meets the service delivery needs of the community.

Effective asset management of Council infrastructure assets will help deliver the vision for the City of Parramatta by contributing towards the following strategic objectives from the Community Strategic Plan.



Supporting the Community Strategic Plan

The Asset Management Strategy is a key contributor to the following strategic objectives in the Community Strategic Plan:

Strategic Objective in the Community Strategic Plan 	Strategies to achieve Objectives 	Asset Management Strategy 
Fair – we can all benefit from the opportunities the City offers	Invest in services and facilities for our growing population Support people to live active and healthy lives Deliver effective, responsible and ethical decision-making, reflective of community needs and aspirations	Provide fit-for-purpose and cost-effective infrastructure that meets community needs Enable provision of infrastructure to enable healthy lifestyles, for example parks and sports fields, footpaths and cycleways Engage the community on levels of service and test satisfaction
Accessible – we can all get to where we want to go	Design our City so that it is usable by people of all ages and abilities Make our City more enjoyable and safe for walking and cycling Provide and upgrade roads and improve safety for all road users	Council's infrastructure provides places to walk, ride and drive, and meeting points for the community. Includes the plans that manage the maintenance and renewal of local footpaths and cycleways Includes the plans that manage the maintenance and renewal of local roads
Green – we care for and enjoy our environment	Protect and enhance our natural environment Provide green spaces for recreation, relaxation and enjoyment Prepare for and lessen the impacts of extreme weather events	Promote ecologically sustainable development, meeting the needs of the present without compromising the ability of future generations to meet their own needs Support conservation and enhancement of the City's environment, and promote energy, water and waste efficiencies Provide the community with open spaces, including playgrounds, parks and sports fields Help to manage the impact of planned and unplanned events on existing assets
Thriving – we benefit from having a thriving CBD and local centres	Plan and deliver a vibrant, attractive and safe CBD and local centres	Facilitate and support the growth of our City, businesses and community through the provision of infrastructure
Welcoming – we celebrate culture and diversity – past, present, and future	Recognise that Parramatta has always been a gathering place, and our diversity is our strength	Provide and advocate for facilities that are inclusive, enabling people and communities to connect Provide for renewal of heritage buildings
Innovative – we collaborate and champion new ideas to create a better future	Embrace technology, creativity and innovation to solve complex problems and improve our City Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community	Improve our knowledge management to ensure appropriate data is accessible and supports asset management activities Keep Council accountable, responsible, and sustainable when planning our future infrastructure needs Ensure asset management drives Council strategy for asset creation, use, management, maintenance, renewal, rationalisation and disposal of assets through strong integration with Council policies and strategies, levels of service, and Council's Long Term Financial Plan Provide risk management and decision-making frameworks

Asset management strategy – approach, inputs and outputs

Approach to strategic asset planning

- **Alignment:** Align the Asset Management Strategy to Council goals and broader objectives.
- **Engagement:** Foster ongoing communication and consultation with community, councillors and stakeholders.
- **Information and evidence based decision making:** Accurate asset data and tools to support decision-making and Council-wide planning.

Inputs into strategic asset planning

- Program and Council priorities
- Legislation and standards
- Capital plans and forecasts
- Strategic plans – i.e. social sustainability framework, environmental plan
- Community and Councillor input
- Asset data (location, condition, age, cost)
- Council, Western Sydney and NSW context and information

Outputs of strategic asset planning

- Whole-of-life approach for all assets under Council's control, spanning the planning, acquisition, operation and maintenance, renewal, and disposal phases of each asset's lifecycle.
- Long-term objectives of Council's asset portfolio.
- Clear understanding of the asset portfolio by asset class and program area (i.e. community facilities, transport infrastructure, stormwater).
- Optimised 10-year work programs to meet asset management objectives.
- Coordinated capital plans.

Purpose of this strategy

The purpose of Council's Asset Management Strategy is to:

- communicate information about Council's asset portfolio (including condition and performance);
- outline how Council will provide services that meet the Community Strategic Plan strategic objectives at service levels that are affordable and acceptable to the community by identifying strategies and actions required to provide defined levels of service;
- prioritise and address asset renewal and maintenance to ensure ongoing service priority to the community;
- set out a plan for improving Council's asset management capabilities, systems and culture;
- detail how Council's asset management approach will be based on:
 - o Legislative requirements, risk and best value service delivery
 - o Community expectations
 - o Council's strategies, plans and frameworks
- support long-term financial planning across all asset classes.

Asset management policy and principles

Council's Asset Management Policy was adopted on 19 April 2010 and reviewed on 10 July 2017. It provides a framework for managing infrastructure assets to support the service delivery needs of the community. The Asset Management Policy also supports the requirements of Council's organisational goal of creating 'efficient asset management'.

The objective of the policy is to ensure:

- a) the average condition of existing assets by classification is Condition 3;
- b) legislative requirements are met;
- c) the adequate provision of assets in response to future growth; and
- d) the sustainable management of existing assets.

Expanding on the objectives of the Asset Management Policy, the key asset management principles at Council that underpin this strategy are:

- Prioritise and manage assets currently in poor, very poor condition or at risk with appropriate planning and action.
- Demonstrate fiscal responsibility by implementing the Asset Management Improvement Program, to ensure asset risks are effectively managed and available resources are prioritised.
- Utilise community consultation to identify community levels of service and validate satisfactory conditions of assets. Community engagement results are used to identify representative insights that reflect the community's expectations for the condition of Council's assets, and to drive and prioritise programs and budgets on asset maintenance and renewal – i.e. determining

satisfactory levels so Council can allocate the optimal resourcing to deliver that level of service.

- Establish affordable service level targets in the asset management plans. Any future service level upgrades or new services will have a corresponding service level trade off or increased revenue. In turn, the Long Term Financial Plan and Asset Management Strategy will be updated.
- Implement the Asset Management Strategy to demonstrate that Council is providing the best balance of service levels and risk within its financial capacity.
- Continue to engage with the community, reviewing and readjusting service levels in line with community priorities and available resources.

Asset management plans

Council has developed five class specific asset management plans: transport, buildings, stormwater, parks and reserves, and shared infrastructure.

The purpose of an asset management plan is to define the services, how the services are provided, the funds required to provide the services, and the actions required to meet agreed levels of service – all in the most economical manner. The plan also outlines how much investment is needed across each asset class to meet these defined service standards over the next ten years.

The asset management plans are prepared as a core asset management plan in accordance with the International Infrastructure Management Manual. It is prepared to meet legislative and organisational requirements for sustainable service delivery and long-term financial planning and reporting.

Asset Group	Lifecycle activities			
	Operational	Maintenance	Renewal	Upgrade/New
Transport	Street sweeping, cleaning, planning	Road patching, pavement repairs, joint sealing, pothole and footpath repairs, kerb and gutter repairs, bridge painting/repairs, line marking	Road resurfacing, concrete road pavement replacement, footpath reconstruction	Streetscape upgrades, new traffic management facilities, bicycle paths, kerb ramps, bus shelters
Parks & Reserves	Mowing, weeding, cleaning, planning, testing	Playground equipment repairs, minor repairs and replacements	Replacement of multiple components/ assets, re-turfing, replacing trees	Upgrading the level of service of parks, playgrounds, amenity buildings, new facilities
Stormwater	Cleaning, planning, education	Repairs of pits and pipes	Relining of pipes, reconstruction of pits/ pipes	New pits/pipes/ bioretention system/ WSUD device, increase of capacity of pits/pipes
Buildings	Air conditioning, electrical tagging and testing, emergency exit lighting, fire services, hygiene, landscaping/plants, pest control, sanitary, security, trade waste agreements, water testing	Preventative and cyclical maintenance including fire equipment, exit and emergency lighting replacement, lifts, roof and gutter cleaning, air conditioning, reactive maintenance and repairs	Replacement of large building and facility components that have significant capital expenditure, for example, roof replacements, internal refits, replacement of HVAC units	Upgrading of existing buildings and facilities to meet community expectations and operational needs and the creation of new assets

Summary of Council's Asset Portfolio

Transport

Council's transport assets are valued at \$1,519 billion and include:

- 658 km of roads.
- 691 km of footpaths.
- 1207 km of kerb.
- 98 road bridges and foot bridges.

Table 4 shows the lifecycle budget expenditure for the transport assets in Council's three-year Delivery Program 2018-2021.

Table 4 City of Parramatta lifecycle budget expenditure for transport assets

Lifecycle Expenditure \$'000	2018/2019 Budget	2019/2020 Budget	2020/2021 Budget
Operational	\$3,000,000	\$3,066,000	\$3,133,452
Maintenance	\$10,981,862	\$10,716,019	\$10,997,302
Capital renewal	\$14,617,500	\$16,492,500	\$15,492,500
Capital upgrade and new	\$28,371,436	\$32,341,024	\$30,627,195
Total	\$56,970,798	\$62,615,543	\$60,250,449



Table 5 shows the average condition index (1-5) of building assets for each year based on the 2017/18 budget.

Table 5 City of Parramatta condition data for transport assets

	Roads SCI Predicted Condition Index	Footpath Predicted Condition Index
Year	Average condition (1-5)	Average condition (1-5)
2018-19	2.35	2.27
2019-20	2.58	2.27
2020-21	2.69	2.27
2021-22	2.75	2.27
2022-23	2.79	2.26
2023-24	2.86	2.27
2024-25	2.92	2.29
2025-26	2.91	2.31
2026-27	2.94	2.33
2027-28	2.98	2.35

10-year asset lifecycle expenditure

Council's Transport Assets 10-year Resourcing Strategy, as illustrated in Figure 5, displays large spikes in capital between 2018-2021 for new projects committed to in Council's Delivery Program, including the

Escarpment Boardwalk, programs of work for the River City, and the Civil Link Capital Program. New/expanded capital from 2021 onwards have been informed by the 2017 Infrastructure Needs Study. The

initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

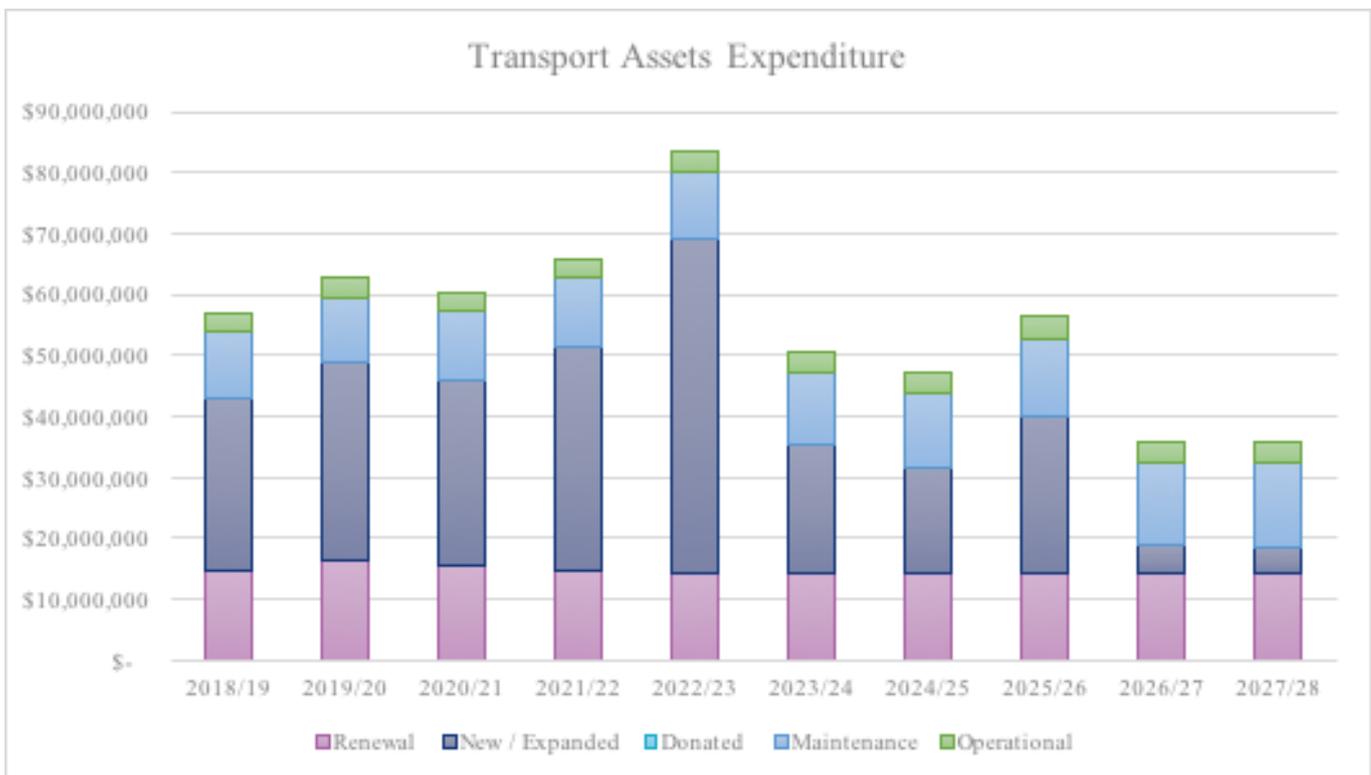


Figure 5 Transport assets expenditure forecast for 2017/18–2026/27

Buildings

Council's property infrastructure assets are valued at \$189 million. They include various types of building and functions:

- Amenity buildings
- Animal holding facility
- Aquatic facility
- Arts facilities
- Baby health centres
- Child care centres
- Clubhouses
- Commercial buildings
- Community facilities
- Community halls
- Depot
- Heritage and visitor information centres
- Libraries
- Operational buildings
- Operations centre
- Park operations
- Public parking stations
- Residential buildings
- Riverside Theatres
- Tennis courts
- Toilet blocks
- Town Hall



Table 6 below shows the lifecycle budget expenditure for Council's property assets in Council's three-year Delivery Program 2018-2021.

Table 6 City of Parramatta lifecycle budget expenditure for property assets

Lifecycle Expenditure \$'000	2018/2019 Budget	2019/2020 Budget	2020/2021 Budget
Operational	\$4,626,016	\$4,727,788	\$4,831,800
Maintenance	\$1,550,270	\$1,584,376	\$1,619,232
Capital renewal	\$3,665,955	\$3,006,837	\$2,054,473
Capital upgrade and new	\$120,893,396	\$130,629,162	\$13,375,900
Total	\$130,735,637	\$139,948,163	\$21,881,405

Table 7 shows the average condition index (1-5) of building assets for each year based on the 2017/18 budget.

Table 7 City of Parramatta condition data for property assets

	Structural OCI Predicted Condition (Structure)	Spaces OCI Predicted Condition (Fit out)
Year	Average condition (1-5)	Average condition (1-5)
2018-19	0.73	1.03
2019-20	0.73	1.60
2020-21	0.73	1.88
2021-22	0.73	2.27
2022-23	0.73	2.73
2023-24	0.73	2.87
2024-25	0.74	2.61
2025-26	0.74	2.57
2026-27	0.78	2.56
2027-28	0.79	2.69

10-year asset lifecycle expenditure

Council's Property Assets 10-year Resourcing Strategy, as illustrated in Figure 6, displays large spikes in capital between 2018-2021 for new projects committed to in Council's Delivery Program, including Wentworth Point Library,

the proposed Parramatta Aquatic Centre and Parramatta Square development. New/ expanded capital from 2021 onwards have been informed by the 2017 Infrastructure Needs Study. The initial acquisition and construction

costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

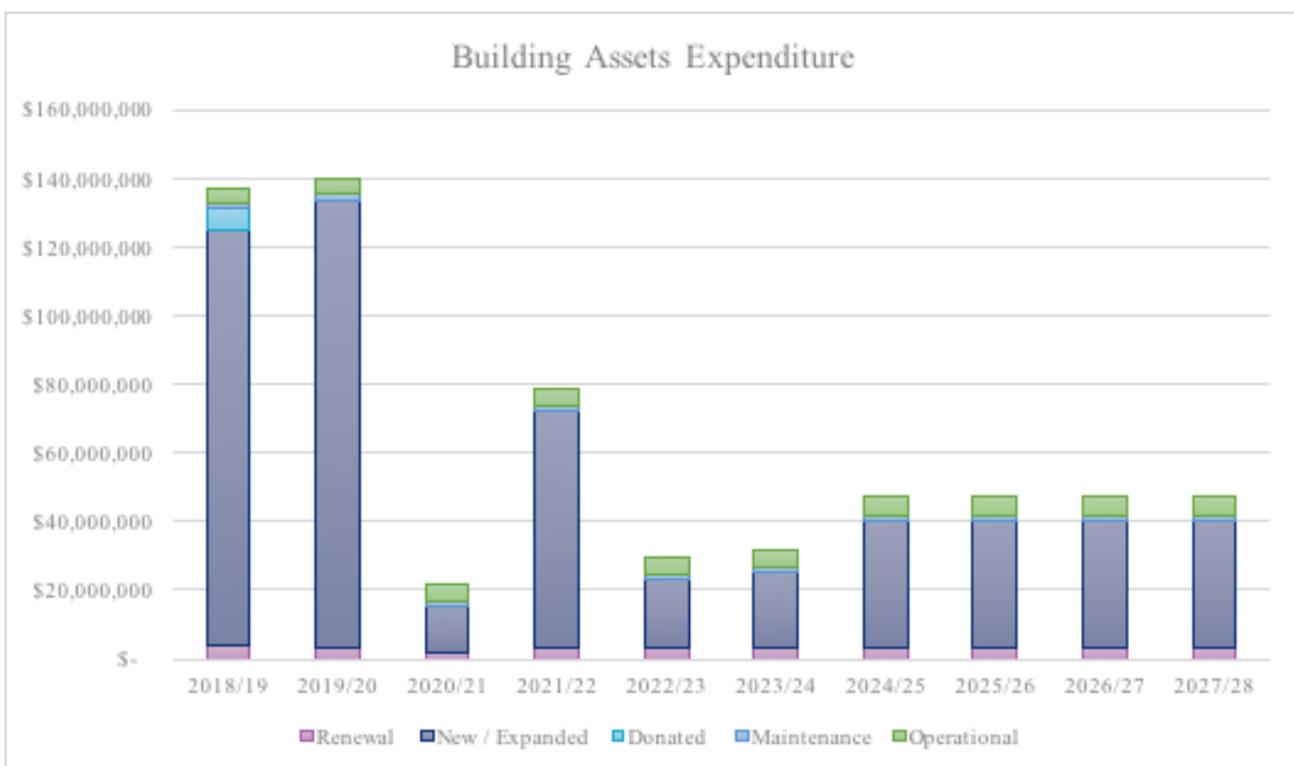


Figure 6 Building assets expenditure forecast for 2017/18–2026/27

Stormwater

Council's drainage assets are valued at \$355 million and include:

- 407 km of stormwater pipes;
- 21,000 stormwater structures (pits); and
- 65 gross pollutant traps.

Table 8 shows the lifecycle budget expenditure for drainage assets in Council's three-year Delivery Program 2018-2021.

Table 8 City of Parramatta lifecycle budget expenditure for stormwater assets

Lifecycle Expenditure \$,000	2018/2019 Budget	2019/2020 Budget	2020/2021 Budget
Operational	\$0	\$0	\$0
Maintenance	\$705,705	\$0	\$0
Capital renewal	\$4,165,000	\$3,570,000	\$3,575,000
Capital upgrade and new	\$4,590,000	\$5,510,000	\$3,160,000
Total	\$9,460,705	\$9,080,000	\$6,735,000

10-year asset lifecycle expenditure

Council's Stormwater Assets 10-year Resourcing Strategy, as illustrated in Figure 7, displays large spikes in capital between 2018-2021 for new projects committed to in Council's Delivery Program, including the

Flood Mitigation Program, major drainage construction projects, and the waterways restorations program. New/ expanded capital from 2021 onwards have been informed by the 2017 Infrastructure Needs Study.

The initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

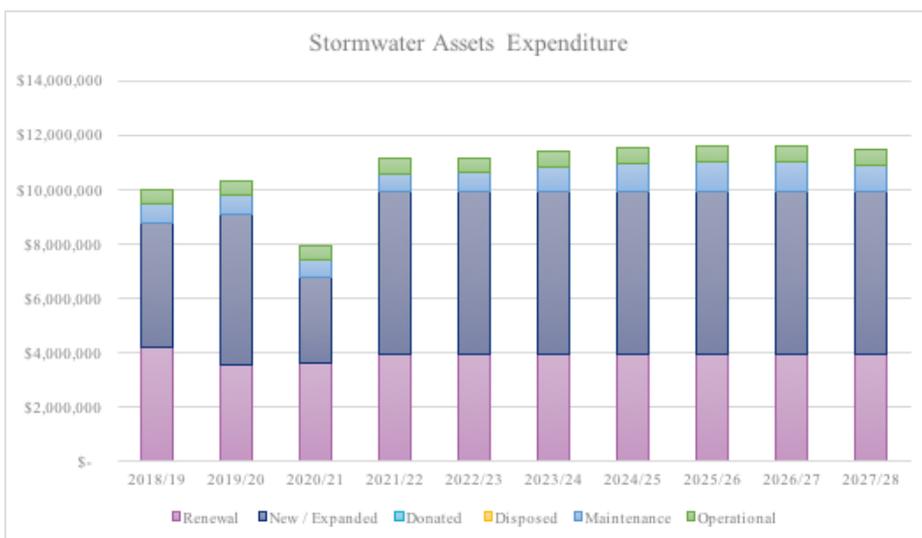


Figure 7 Stormwater assets expenditure forecast for 2017/18–2026/27

Table 9 shows the average condition index (1-5) of the stormwater assets for each year based on the 2017/18 budget.

Table 9 Average stormwater drainage condition index

Stormwater Drainage Predicted Condition Index	
Year	Average condition (1-5)
2018-19	2.6
2019-20	2.5
2020-21	2.5
2021-22	2.4
2022-23	2.4
2023-24	2.3
2024-25	2.3
2025-26	2.2
2026-27	2.2
2027-28	2.2



Parks and reserves

Council's parks and open space assets are valued at \$146 million. They include:

- external playing surfaces;
- landscaping and pathways;
- lighting;
- outdoor furniture; and
- playground equipment.

Table 10 below shows the lifecycle budget expenditure for the parks and reserves assets in Council's three-year Delivery Program 2018-2021.

Table 10 City of Parramatta lifecycle budget expenditure for parks and reserves assets

Lifecycle Expenditure \$'000	2018/2019 Budget	2019/2020 Budget	2020/2021 Budget
Operational	\$1,315,000	\$1,343,930	\$1,373,496
Maintenance	\$0	\$0	\$0
Capital renewal	\$4,228,875	\$4,263,000	\$4,157,000
Capital upgrade and new	\$4,590,000	\$5,510,000	\$3,160,000
Total	\$10,133,875	\$11,116,930	\$8,690,496

10-year asset lifecycle expenditure

Council's open space and recreation assets 10-year Resourcing Strategy, as illustrated in Figure 8, displays large spikes in capital between 2018-2021 for new projects committed to in Council's Delivery Program, including the Escarpment

Boardwalk, programs of work for the River City, and the Civil Link Capital Program. New/ expanded capital from 2021 onwards have been informed by the 2017 Infrastructure Needs Study. The initial acquisition and construction costs of any asset

represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

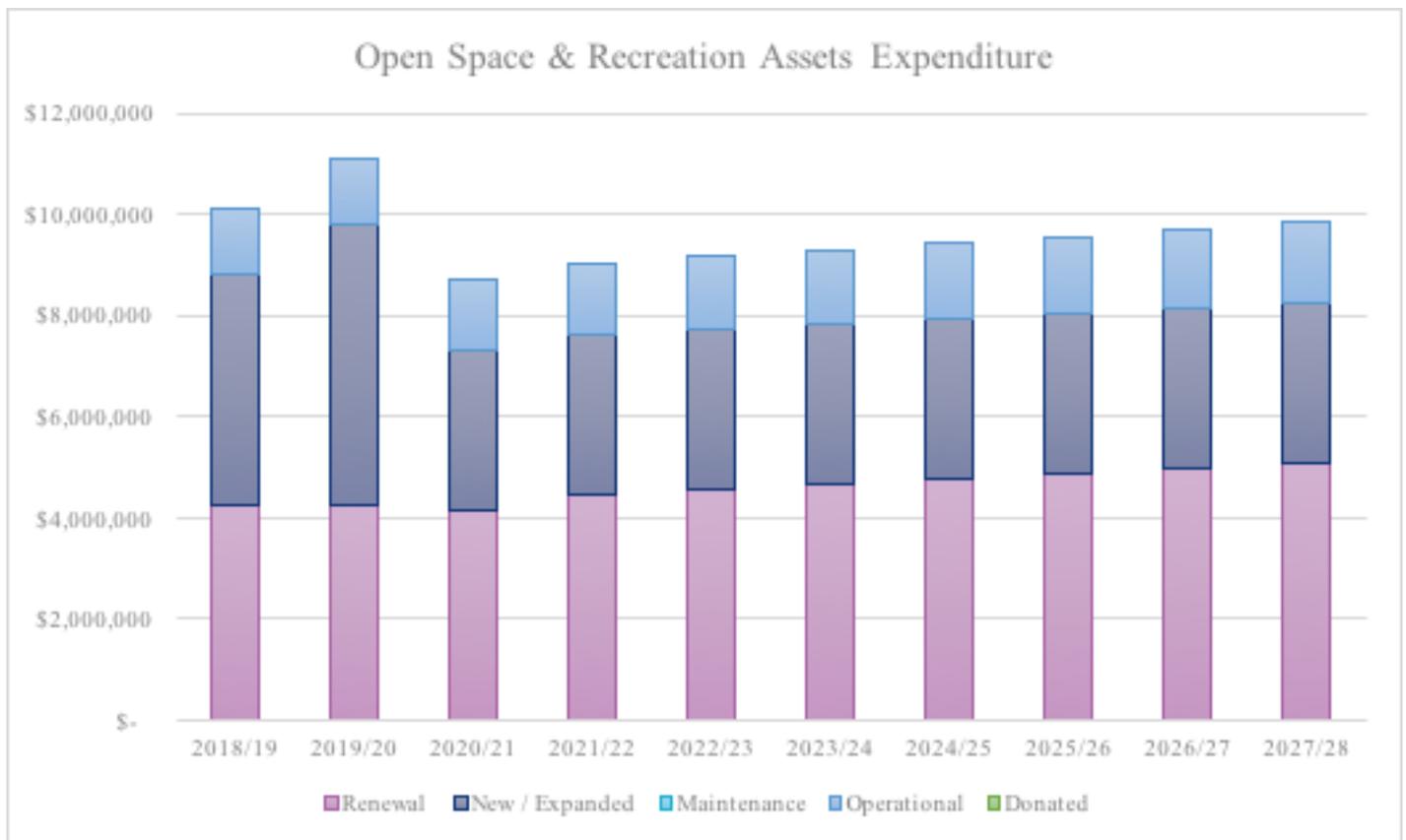


Figure 8 Transport assets expenditure forecast for 2017/18–2026/27

Shared Infrastructure

Council's shared infrastructure assets are valued at \$34 million. They include:

- bus shelters;
- street furniture;
- land improvements; and
- other structures such as sheds and shelters.

Table 11 below shows the lifecycle budget expenditure for shared infrastructure assets in Council's three-year Delivery Program 2018-2021.

Lifecycle Expenditure \$,000	2017/2018 Budget	2018/2019 Budget	2019/2020 Budget
Operational	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0
Capital renewal	\$270,000	\$275,940	\$282,011
Capital upgrade and new	\$900,000	\$0	\$0
Total	\$1,170,000	\$275,940	\$282,011

10-year asset lifecycle expenditure

Council's Shared Assets 10-year Resourcing Strategy, as illustrated in

Figure 9, consists of mainly renewal activities.

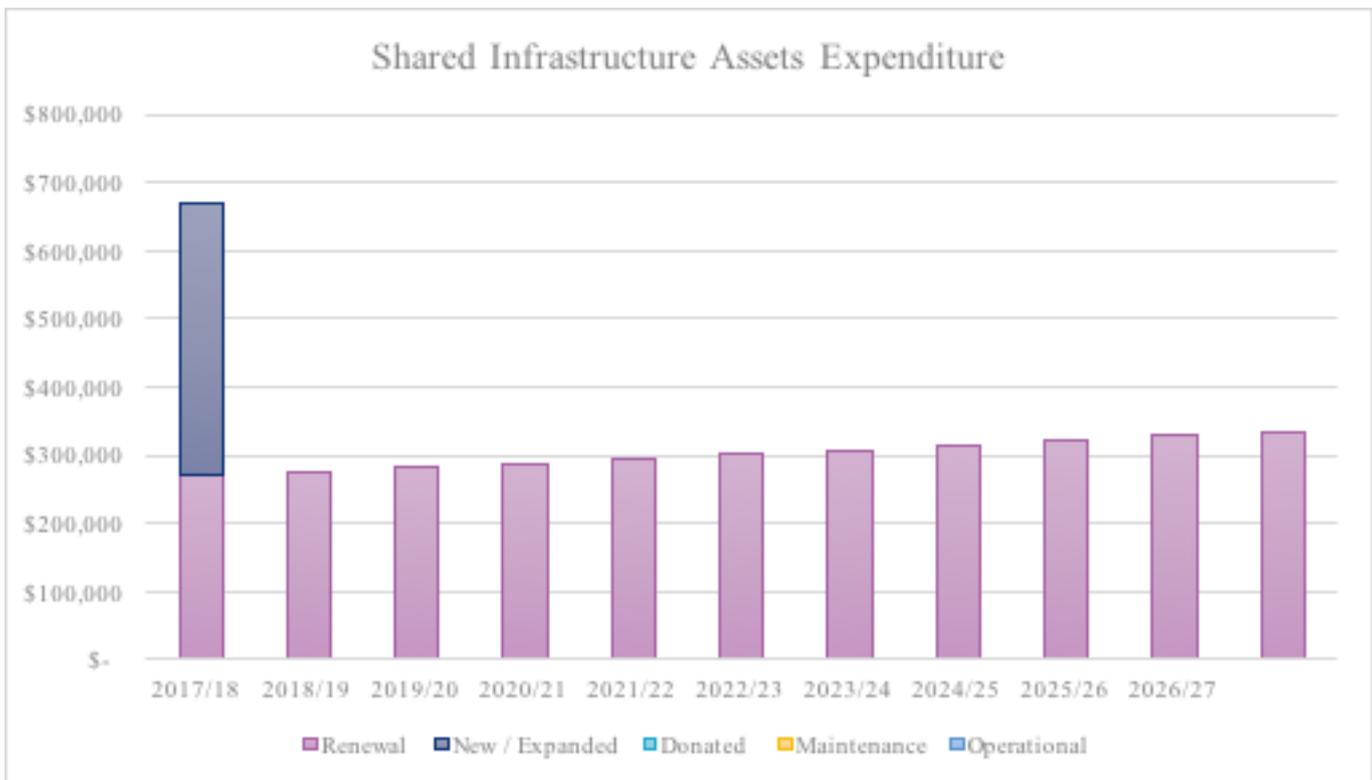


Figure 9 Shared assets expenditure forecast for 2017/18-2026/27

Looking Forward

City of Parramatta context

Parramatta is currently a city of 235,000 people. By 2038, Parramatta's population will nearly double to more than 400,000 people. By 2021, Parramatta's economic growth rate is also expected to nearly double, from 2.4 to 4.6 per cent per annum, and more than \$10 billion will be invested in the local economy. This growth forecast highlights the need for additional infrastructure assets, and for existing assets to be managed differently to accommodate growing demand.

When the NSW Government proclaimed the formation of the new City of Parramatta Council on 12 May 2016, the Parramatta local government area (LGA) increased from 61 km² to 84 km². Council's asset portfolio also increased to \$3.07 billion as at 30th June 2017, including land.

Demand drivers

Increased demand for open spaces, services and facilities. Our growing population, coupled with a move towards higher density living, will lead to greater demand for open spaces and community facilities, as well as new and upgraded assets.

Infrastructure. The infrastructure projects that will most impact our City and community over the next five years are Parramatta Square, the proposed Parramatta Aquatic Centre, and the construction of the Parramatta Light Rail.

Population growth. The NSW Government's Interim Plan for the Greater Parramatta Priority Growth Area forecasts an additional 72,000 dwellings, an increase in population of 75% from 235,000 to 400,000, and more than 113,000 jobs over the next 20 years in the Greater Parramatta and the Olympic Peninsula (GPOP), a 4,000 hectare area that covers Westmead to North

Parramatta, Parramatta CBD, Harris Park, Rosehill, Camellia, Rydalmere, Dundas and Telopea to Carlingford, Olympic Park and Strathfield. NSW Government estimates suggest that the area has the capacity to accommodate more than 100,000 new dwellings and 300,000 additional jobs.

Demographics. The over 55 population is expected to almost double over the next 20 years.

Demand management strategies

- 1. Environmental Sustainability Strategy:** The Environmental Sustainability Strategy outlines Council's key environmental directions and priorities. As we work towards our bigger goal of building Australia's next great city, it is essential that we protect our environment and focus on sustainable solutions. We want all residents, workers and visitors to enjoy the benefits of well-managed growth.
- 2. Culture and Our City:** Our cultural plan, Culture and Our City, prepares the City for the opportunities and challenges that unprecedented growth brings. It provides a roadmap that positions culture and the arts at the heart of our changing cityscape.
- 3. Socially Sustainable Parramatta Framework:** Sharing the Opportunities of Growth for All is Council's framework for advancing social sustainability. It sets out a new way of working that puts people first.
- 4. Social Infrastructure Strategy:** The Social Infrastructure Strategy outlines the City of Parramatta Council's long term direction for social infrastructure provision. It will be used to identify priorities for future social infrastructure, direct sound decision making about planning, funding, delivering and negotiating for social infrastructure. It will also assist with a coordinated approach within Council to undertake this work.

- 5. Economic Development Plan:** Council's five-year Economic Development Plan outlines the challenges and opportunities that lie ahead for our local economy. It sets out our key economic directions and priorities and recognises that employment growth is essential to ensuring the wellbeing of our community.
- 6. Transport planning:** Transport is critical to the future of a sustainable, liveable and productive city. Smart, multi-modal transport solutions are being considered and progressing to planning and delivery stages that will transform the joint futures of both the Sydney and Parramatta metro regions. They include:
 - a. Parramatta Light Rail;
 - b. Sydney Metro West;
 - c. Parramatta Bike Plan;
 - d. Parramatta Ways Walking Strategy; and
 - e. Western Sydney Airport.
- 7. Accessibility:** Council is actively addressing accessibility to comply with the Disability Discrimination Act 1992 (Cth) and the newly adopted Disability Inclusion Action Plan. We have addressed accessibility initiatives and projects in asset management plans and other Council strategies.

The current asset portfolio will continue to grow to meet the demands of growth and development within the LGA. With the help of developer contributions, we will acquire new assets. Council will continue to develop asset-based strategies to effectively manage the increased use of and demand for Council's assets.

Asset priorities

- The growing importance of the city centre
- Parramatta Square
- Local community facilities and infrastructure
- New council facilities and public domain
- Parramatta Light Rail
- Parramatta Aquatic Centre
- Western Sydney Stadium
- Major precincts:
 - o Parramatta North
 - o Westmead
 - o Camellia
 - o Granville
 - o Rydalmere
 - o Telopea
 - o Epping Town Centre
 - o Sydney Olympic Park
 - o 9 Carter Street.

How council funds its assets

This strategy identifies future funding requirements and service delivery in the context of:

- current asset condition and performance;
- levels of service;
- forecast demand for infrastructure and services; and
- funding constraints.

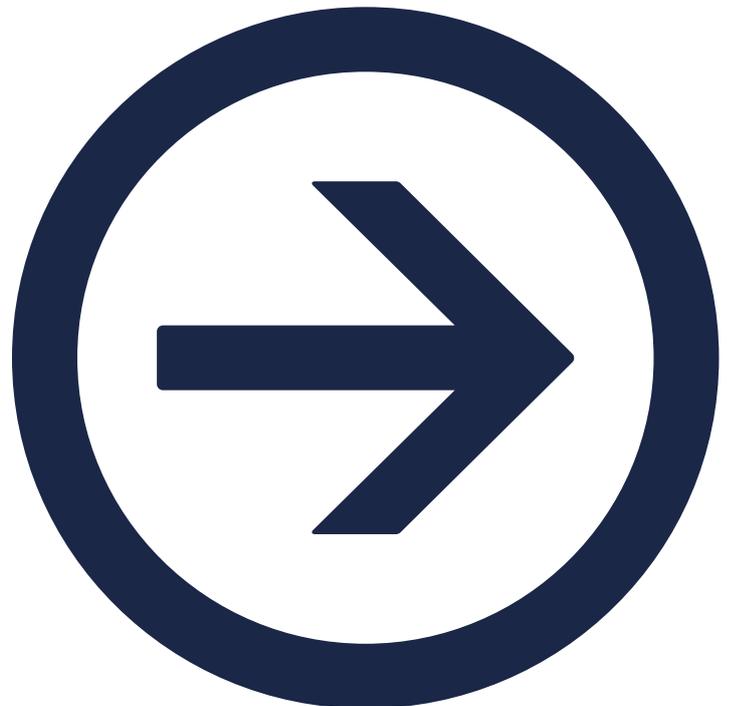
Council considers a wide range of alternative ways to fund the delivery of essential infrastructure, and takes a risk management-based approach. The Long Term Financial Plan outlines Council's funding strategies in further detail.

Challenges and risks

Funding the ongoing maintenance and operations of new assets in the pipeline and those forecast to meet growing demands. The cost of asset creation or acquisition is generally a portion of the lifecycle cost of an asset, which includes operation, maintenance, refurbishment and disposal. Before any asset is purchased or constructed, Council considers its lifecycle costs and risks, as it will inevitably have a long-term impact on Council's budget. In an extreme position, councils can make themselves financially unsustainable in the longer term with an aggressive asset creation program that does not consider the life cycle costs.

Assets to meet growth. The forecast growth highlights the need for additional infrastructure assets, and for existing assets to be managed differently to accommodate the additional demand.

Maintaining our growth into the future. The primary role of assets is to support services that deliver Council's long-term objectives. As Council's assets age, maintenance, refurbishment and disposal costs increase, which in turn increases the cost of the services they support.



Risk Management

Critical assets

Critical assets are defined as those assets where the likelihood of an asset failure, under a given scenario, would cause sufficiently negative consequences. The assets in the table below are critical to Council's operations. Council has undertaken a risk assessment to develop risk management strategies for these assets.

	Critical Asset	Why is asset critical?	How is the risk mitigated?
Roads	Regional roads High volume roads High risk roads	<p>Roads classed as regional roads experience high volumes of traffic, have a high percentage of heavy vehicles, and more severe accidents.</p> <p>Risk: Insufficient financial allocations to undertake remedial works and meet maintenance requirements resulting in increased asset failures, breakdowns, public liability, legal non-compliance, and risk to the environment, for example vehicle collision, public injury, significant pavement failures, class actions.</p>	<p>Regional roads are fully owned and managed by Council. Roads and Maritime Services provide grant funding for maintenance of regional roads.</p> <p>Council undertakes any minor works generated from service requests.</p> <p>Annual condition assessment surveys are conducted for whole road network. Condition data is used to prioritise and identify works programs, resealing and resurfacing priorities.</p> <p>Prioritisation of maintenance and repair works is based on risk and public safety, using best practice guidelines.</p>
Drainage	Stormwater	<p>Risk: Insufficient financial allocations to undertake remedial works and meet maintenance requirements, resulting in increased asset failures, breakdowns, public liability, legal non-compliance, and risk to the environment, for example major pipeline breaks, surcharging onto private property, and property and public infrastructure damage with the potential to expose Council to significant liabilities.</p>	<p>Additional funding provided in future operational budgets.</p>
	Lake Parramatta Dam	<p>Risk: The failure of the dam will cause major flooding downstream around North Parramatta, and potentially loss of life and property.</p>	<p>Council has invested substantial capital to monitor movement and seepage in the dam and rainfall data via a telemetry system. The dam is also inspected three times a week as per the Dam Safety Committee requirement.</p> <p>Emergency plans are in place with Council's Local Emergency Management Officer when there is imminent danger of the dam failing.</p>
	Briens Road culvert	<p>The culvert located beneath Briens Road drains a large catchment. It is approximately 20 metres wide and 15 metres deep and consists of four box culverts.</p> <p>The culvert has experienced partial blockages during storm events.</p> <p>Risk: A full blockage could occur during a 1-in-50- or 1-in-100-year storm and would cause flooding to private properties.</p>	<p>Briens Road culvert is inspected quarterly, and during and/or following storm events.</p>

	McCoy Park Basin Toongabbie	<p>The basin is a flood mitigation structure to control and reduce the impact of flooding to downstream properties.</p> <p>Risk: A full blockage could occur during a 1-in-50- or 1-in-100-year storm and would cause flooding to private properties.</p>	<p>This structure is inspected on a monthly basis in accordance with Dam Safety Committee Requirements. Capital has been invested in a monitoring system to monitor water depths in the basin during flood events via a telemetry system. Emergency Plans are also in place with Council's LEMO when there is any imminent danger of the basin failing.</p>
Footpaths	CBD, highly trafficked footpaths, and accessibility-critical footpaths	<p>Footpaths in the CBD have a high volume of pedestrians and pose a high risk to Council.</p> <p>Footpaths near hospitals need to be monitored as pedestrian accessibility is more critical.</p> <p>Risk: Trip hazards due to structural failures</p>	<p>Footpaths in the CBD are inspected daily as part of Council cleaning duties.</p> <p>While there are no response times documented, Council is currently undertaking a combi joint review to identify and set expectations around key performance indicators.</p> <p>Trip hazards are given highest maintenance priority by operational staff.</p> <p>Failures are risk-rated and fixed using Council's adopted risk-based system and with operational funds available.</p>
Bridges	Moxhams Road bridge	<p>Risk: Moxhams Road bridge is a timber bridge that is prone to termite attack.</p>	<p>Termite inspections are undertaken every six months. Timber components of the bridge are replaced about every ten years.</p>
Parks and open spaces	<p>Destination parks used by large numbers of the public</p> <p>Historic cemeteries</p> <p>Parks with heritage significance (Prince Alfred Square, St Patricks Cemetery, Lake Parramatta Reserve)</p>	<p>Council classifies parks and reserves as critical based on a number of criteria:</p> <ul style="list-style-type: none"> geographical area being serviced (catchment); size (ha); level of use, for example major events; and Significance. <p>Historic cemeteries are to be protected and have limited capacity and suitability for recreation uses by the community</p> <p>Risk: Adoption of new areas and assets without commensurate budget; failure to meet community expectations; emergence of new/ changes in recreational trends.</p>	<p>No action is taken by Council to mitigate the risk of critical land assets.</p> <p>Playgrounds are audited annually by KICO Playground Inspection Services and inspected quarterly by Parks staff.</p> <p>When master plans or enhancements to parks and reserves are being planned, consultation is undertaken with the community and a balance between heritage principles and significant heritage elements identified are prioritised and balanced with principles and priorities to deliver effective open and recreation spaces and facilities aligned to community needs.</p>
Buildings	<p>Administration Building</p> <p>Rydalmere Operations Centre</p> <p>Council Chambers (Marist Centre)</p> <p>Riverside Theatres</p> <p>Enterprise House</p> <p>Child Care Centres</p> <p>Parramatta Town Hall</p> <p>Community Neighbourhood Centres</p>	<p>Buildings classed as critical have high occupancy rates, are used by vulnerable groups, and/or are used during emergency operations.</p>	<p>No inspections are undertaken on building assets, however Council has established required response times for service requests on defects.</p>

Community Engagement

Levels of service

The levels of service decision-making hierarchy at Council flows from:

- legislative requirements, to
- community expectation, to
- Council strategies.

Council uses the levels of service to measure its performance and establish forward works programs, maintenance schedules and delivery programs for short- and long-term planning.

Community Levels of Service

Council translates what the community needs into technical levels of service. We measure the achievement of desired levels of service through customer satisfaction surveys, customer feedback, service requests and correspondence, and community engagement.

Community levels of service measure how the community receives the service, in terms of:

- Quality – How good is the service?

- Function – Does it meet the user's needs?
- Capacity/utilisation – Is the service over or under used?

The community levels of service, including performance measures, current levels of service and optimal levels of service, are listed in the detailed asset management plans. The community levels of service below describe the quality, function and safety expected from Council's assets.

Asset groups	Quality	Function	Safety
Roads	Smooth roads and footpaths that remain clear and offer a pleasant experience.	Provide access to facilities and transport, accessible with clear signage, and water drains away quickly by kerb and gutter.	Traffic volume is monitored to ensure no injuries from accidents nor unexpected delays in travel time.
Footpaths	Smooth roads and footpaths that remain clear and offer a pleasant experience.	Provide access to facilities and transport, accessible with clear signage, and water drains away quickly by kerb and gutter.	Footpath free of trip hazards
Stormwater	Use of roads and footpaths is not obstructed by flooding.	Flooding of private property is minimised.	Stormwater drains are appropriate for stormwater discharge. High hazard local flooding is reduced.
Buildings including public toilets	Appealing to use, clean and in useable condition.	Accessible for use for required event or purpose.	Safe and accessible buildings and toilets in adequate locations.
Playgrounds	Appealing to use, clean and in useable condition.	Accessible for use as a playground.	Safe and accessible playgrounds in adequate location.

Community consultation

It is important that our community has a say. Obtaining community feedback on the condition of our assets is important for council to understand as it impacts how we prioritise work, allocate Council budget, make recommendations to Councillors on future budget decisions, including the level of rates required to fund important infrastructure and improve safety and quality of life for our community.

Council must maintain community infrastructure to acceptable standards for safety and functional usage. However, when determining the community levels of service, we look beyond the minimum standards and work with the community to define acceptable standards for a range of assets, so we can better align resources with community priorities.

Council consulted with the community in February 2018 on the condition of its infrastructure assets as part of the development of the Community Strategic Plan and Resourcing Strategy.

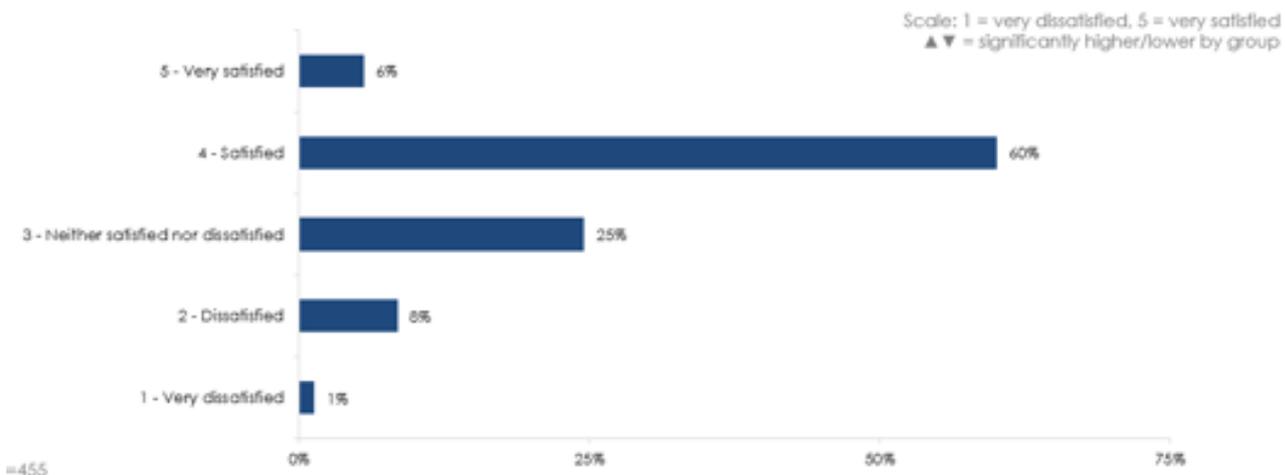
Community Survey Results

Council conducted a two-stage quantitative and qualitative community engagement program:

- Quantitative engagement: Telephone survey with an initial 455 residents, followed by 300 re-contact interviews after participants had received and reviewed an asset information pack.
- Qualitative engagement: Five workshops/focus groups:
 - 1 x internal stakeholders workshop
 - 1 x external stakeholders workshop
 - 3 x community focus groups.

Satisfaction with Current Community Assets

Overall, residents are satisfied with the quality of community assets, with two-thirds stating they are "satisfied" or "very satisfied".



Usage, Acceptable Standards and Investment

The table below presents the results of the community consultation exercise. It plots the major asset classes against community usage of assets, the minimum acceptable standard of assets, and Council assets identified as requiring more investment. An interesting result

worth noting is that while footpaths and local urban roads are the most used assets, they have the highest percentage of the community accepting a fair conditioned asset standard over a good standard asset.

Rank	Asset	Usage % used regularly/ occasionally	Acceptable Standard % good condition	Investment % more investment Post-info pack (N=300)
Primary	Park amenities (toilets) 	37%	48%	64%
Secondary	Community facilities and buildings 	42%	44%	57%
Tertiary	Footpaths 	91%	39%	56%
	Major town centres 	64%	61%	56%
	Local suburban roads 	95%	37%	55%
	Parks infrastructure and sporting fields 	72%	58%	55%
	Parramatta CBD 	52%	65%	53%

Asset Management Practices and Capabilities

Strategic priorities for asset management at council

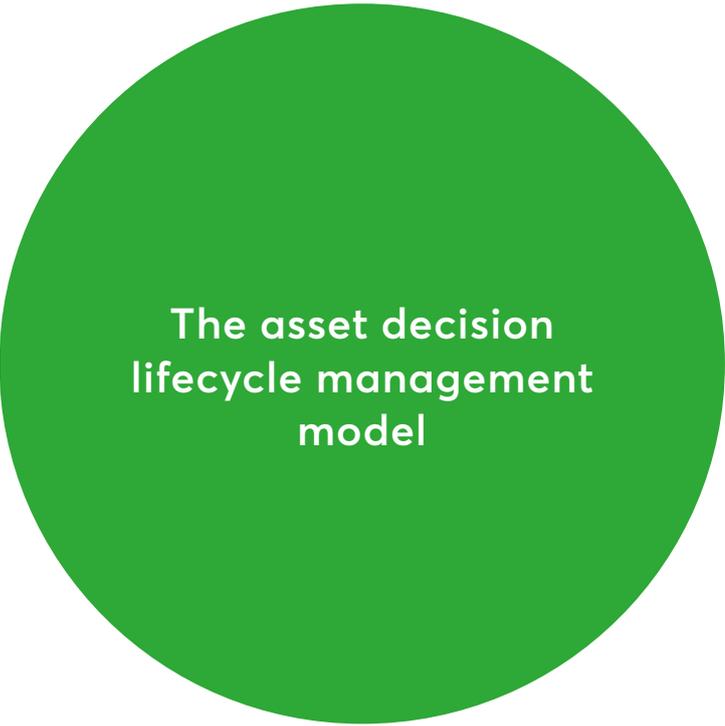
Council is working towards implementing uniform processes across the whole organisation to better evaluate investment and forecast operations, maintenance, renewals and new works requirements.

Such processes involve linking Council corporate goals to asset investments and works programs by:

- applying best appropriate lifecycle processes and practices;
- acquiring and maintaining necessary data and knowledge;
- storing this data and knowledge in appropriate asset management information systems;
- preparing asset management plans so that the strategy is transparent across Council; and
- adopting appropriate and best value commercial tactics.

An independent asset management maturity assessment identified the following key strategic themes:

- data governance;
- asset management culture;
- budget, valuation, financial policy and models;
- asset creation and handover;
- policy and strategy update;
- risk management plans;
- Integrated Planning and Reporting; and
- asset management system development.



The asset decision lifecycle management model

Council utilises technical expertise and systems based on extensive research on deterioration of asset components based on key criteria and environmental conditions.

All works programs developed by asset managers need to be flexible to allow for further inspections of all the assets from the programs in order to determine the scope of works at each location, estimate costs and allocate priority.

Criteria considered in Council's lifecycle model (based on the Asset Management Council's framework) include:

- Physical condition based on the asset lifecycle affected by:
 - o Usage (wear and tear);
 - o Design life / deterioration profile (material, construction type);
 - o Environmental or other external effects (coastal, marine, landslips, storms, vandalism); and
 - o Asset (technical) performance (breakdowns, utility costs).
- Asset criticality in terms of:
 - o Health and safety (asbestos, lead, mould, fire safety);
 - o Impact on overall asset system (roofing, services);
 - o Impact on service (aesthetics);
 - o Regulatory/legislative requirements (building code); and
 - o Asset risk tolerance (likelihood/consequence).
- Other considerations (where applicable), for example heritage.
- Cost of construction/replacement/maintenance/monitoring.

Asset management system – current practices

It is mandatory for Council, and all local governments, to develop asset management plans. Council's Asset Management Strategy and plans follow the Integrated Planning and Reporting Guidelines for Local Government in NSW that accompany the Local Government Amendment (Planning and Reporting) Act 2009 (NSW).

The primary role of assets is to support services that deliver Council and the community's long-term objectives. As Council's assets age, maintenance, refurbishment and disposal costs increase, which in turn increases the cost of the services they support.

Figure 10 shows the relationship between the various plans and resourcing strategies that make up our asset management system.

The components of the asset management system are:

- **Community Strategic Plan** – outlines what the community wants, defines the objectives of the community, and sets strategies to achieve those objectives.
- **Resourcing Strategy** – details the resources available to Council to deliver the Community Strategic Plan.

- **Delivery Program and Operational Plan** – how Council will use the resources that it has to meet the objectives in the Community Strategic Plan, specifically where Council has been identified as responsible or as a supporting partner in the identified strategies
- **Annual Report** – provides Council with a mechanism to report on the activities and actions proposed in its Delivery Program and Operational Plan.

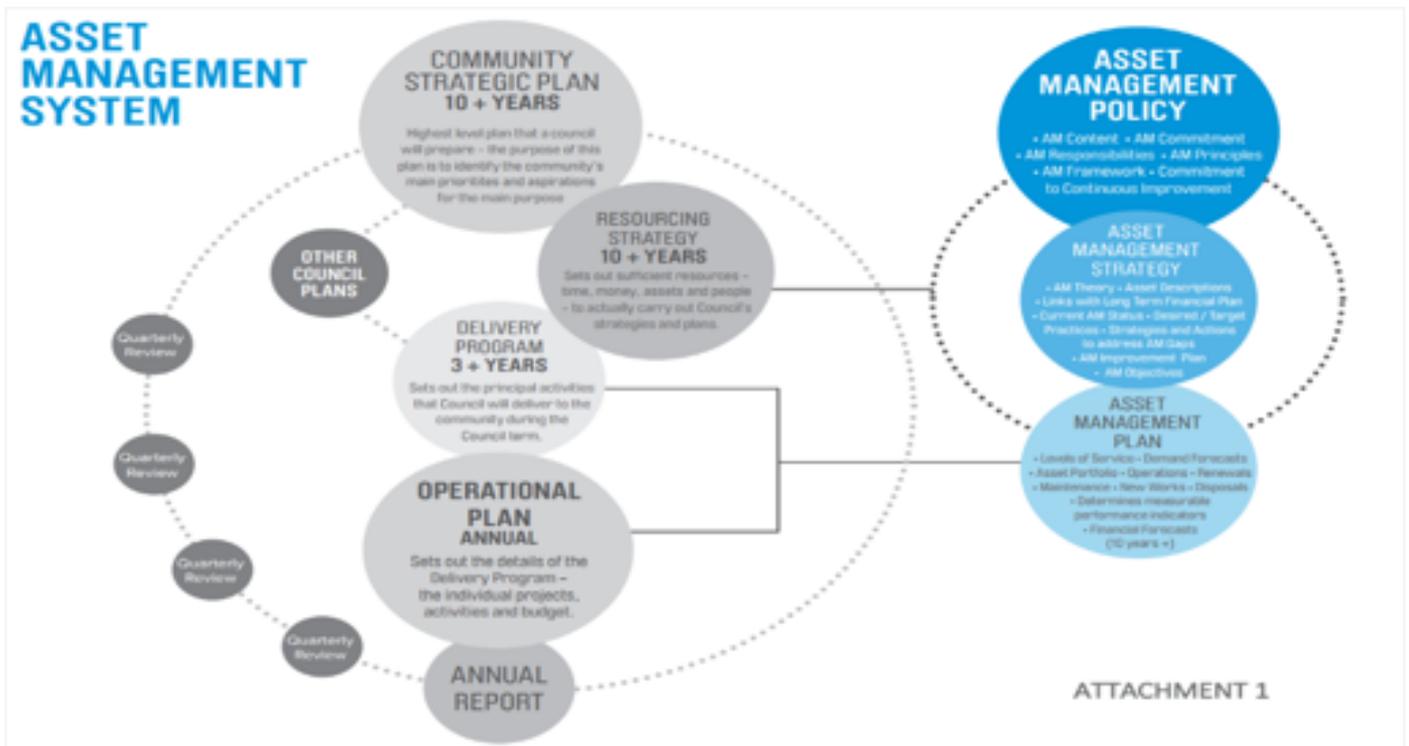


Figure 10 City of Parramatta Relationship between plans and strategies – Asset Management linkage

Council's asset performance

- Depreciation
- 10-year renewal forecasts
- Backlog ratio
- Asset maintenance ratio (operational and maintenance)

Depreciation

Council's reporting of annual depreciation amongst all asset classes is inconsistent, and is higher than industry standards in some cases. Based on independent research of good practice by consultants Morrison Low, the total annual depreciation of infrastructure assets should be approximately 1.2% of the current replacement cost of the assets. Based on the available

data, Council's overall rate of depreciation is approximately 1.4%, which is high for councils of its size. This indicates that Council may be over-depreciating its asset portfolio by up to \$4.4m per annum.

Furthermore, based on the available data, Council's building and open space assets are also reporting a high annual depreciation amount when compared to other asset classes, as shown in Table 12 below.

Table 12 Annual depreciation of assets as a percentage of CRC

Asset Class	Annual Depreciation as a Percentage of CRC
Transport	1.3%
Buildings	3%
Stormwater drainage	0.9%
Open space/recreational	5.7%
Shared infrastructure	1.3%
Overall	1.4%

10-year renewal forecasts

Industry best practice suggests Council's annual renewals expenditure should match the annual depreciation of its assets. Therefore, 100% is the renewals benchmark against which Council compares its renewal ratio. Council's combined asset renewals ratio in 2017/18 is 78%, which is forecast to slowly decline over the 10-year term, as shown in Figure 10 below.

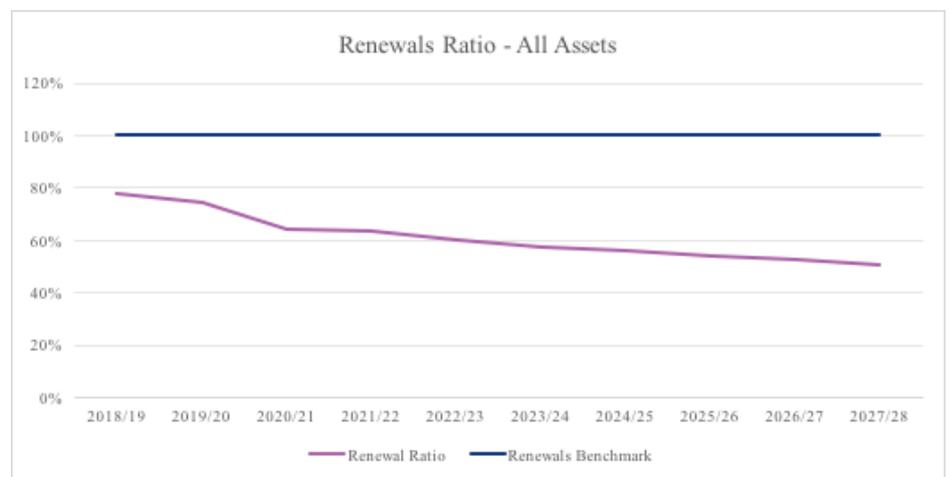


Figure 10 City of Parramatta asset renewals ratios 2017/18

Table 13 Combine asset renewals gap over 10-year term – depreciation 1.4% (LTFP)

Combined Asset Renewals	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Actual renewal (\$m)	\$26.9	\$27.6	\$25.6	\$26.1	\$26.	\$26.1	\$26.1	\$26.3	\$26.4	\$26.5	\$287.8
Req. renewal/ depreciation (\$m)	\$34.5	\$37.1	\$39.8	\$41.2	\$43.4	\$45.3	\$46.9	\$48.6	\$50.5	\$52.1	\$493.2
GAP (\$m)	\$7.6	\$9.5	\$14.2	\$15.1	\$17.4	\$19.2	\$20.7	\$22.3	\$24.0	\$25.6	\$205.4

The projected cost of required asset renewals over the next ten years is \$493.2 million. The estimated available 10-year average Long Term Financial Plan budget is \$287.8 million, which is 58% of the cost to provide the services required. This means a funding shortfall of \$205.4 million over ten years, and \$7.6 million in 2018/19.

When compared to the industry's benchmark, and based on the financial information in council's systems, there appears to be a shortfall of renewals in all asset classes. This is likely due to combination of unclear classification

of renewal budgets and inconsistent reporting of depreciation which creates a higher requirement for renewals expense than required. With the given budget allocation, the renewals gap is expected to increase each year over the 10-year term.

Although there appears to be a significant gap in renewals expenditure, the reported condition of the assets contradicts these shortfalls. Most assets are reported to be in good to very good condition, suggesting adequate renewals expenditure in the past. Noting the high depreciation of Council's asset

portfolio, it seems likely that assets are being depreciated at a much higher rate than their actual useful lives. This creates higher renewals requirements, hence a shortfall. Further to this, classification of capital renewal, capital upgrade and new capital is currently under review and is likely not capitalised accurately, resulting in what appears to be a lower renewals budget. An organisational approach to capitalisation and disposal treatment of capital funds will ensure a more accurate and reliable result.

Backlog

Backlog is defined as assets that do not meet a satisfactory condition. The condition of any given asset is determined through community consultation, and generally results in a classification of a good to fair condition.

Backlog at Council is calculated inconsistently using several methodologies across asset classes and between business units. This is a common problem across all industries including local and state government.

Important - The backlog estimated in the Asset Management Strategy differs to the backlog calculated in the Long Term Financial Plan and Special Schedule 7 of 30 June 2017 Annual Financial Statements due to the difference in methodology for calculating backlog. The Long

Term Financial Plan calculates backlog using a standardised approach to calculate the cost to achieve a satisfactory level, whereas the Asset Management Strategy uses a combination of existing recorded backlog for transport and stormwater assets and calculated backlog for buildings, open spaces, and shared infrastructure assets, using a standardised approach to calculate the cost to achieve a satisfactory level. Council's analysis of its backlog highlights a steadily increasing backlog trend over the next ten years.

Council's current combined infrastructure backlog is estimated to be \$57 million, or a backlog ratio of 3%. The backlog is a combination of existing recorded backlog for transport and stormwater assets and calculated backlog

for buildings, open spaces, and shared infrastructure assets, using a standardised approach to calculate the cost to achieve a satisfactory level. It is important to note that there is currently an inconsistent approach to calculating the backlog across asset classes. By adopting an organisation-wide approach to backlog calculation, we will benefit from a more consistent and reliable result.

However, in assessing the current estimated backlog, the combined backlog ratio of 3% is considered to be above the industry benchmark of 2%. In projecting the next ten years movement of the backlog, if existing condition are to stay the same, the backlog is estimated to increase over time.

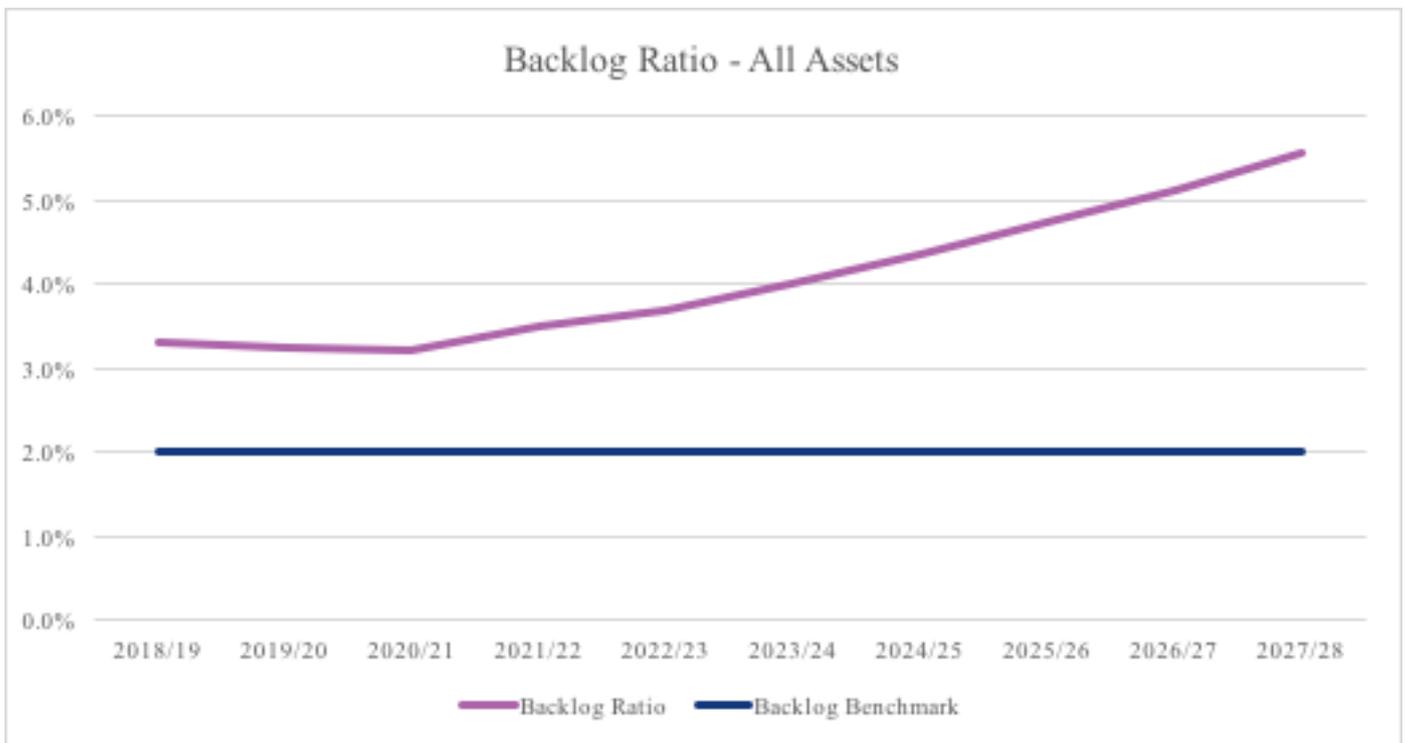


Figure 11 City of Parramatta backlog ratio – 2017/18–2026/27

Operational and maintenance

It is estimated that an annual average expenditure of \$14.9 million is required over the next 10 years in operational and maintenance (O&M) expenses to sustain the desired service levels. The required operational and maintenance budgets are based on industry best practice for various asset classes, which range from 0.6% to 6% of the current replacement cost of the assets.

Figure 12 reveals that the current maintenance ratio – the actual maintenance expenditure/required maintenance expenditure – ranges from 60% to 82% over the next ten years, compared to the benchmark of 100%.

Evidence suggests that the current service provision has been at a satisfactory level, and the annual O&M shortfall of \$5.5 million for 2018/19 highlighted in Table 14, therefore, appears to be excessive and incorrect. This supports Council's earlier assessment that its condition asset data is likely to be unreliable. Some assets are being depreciated at a higher rate than what is considered reasonable, and that possibly not all maintenance expenditure has been identified.

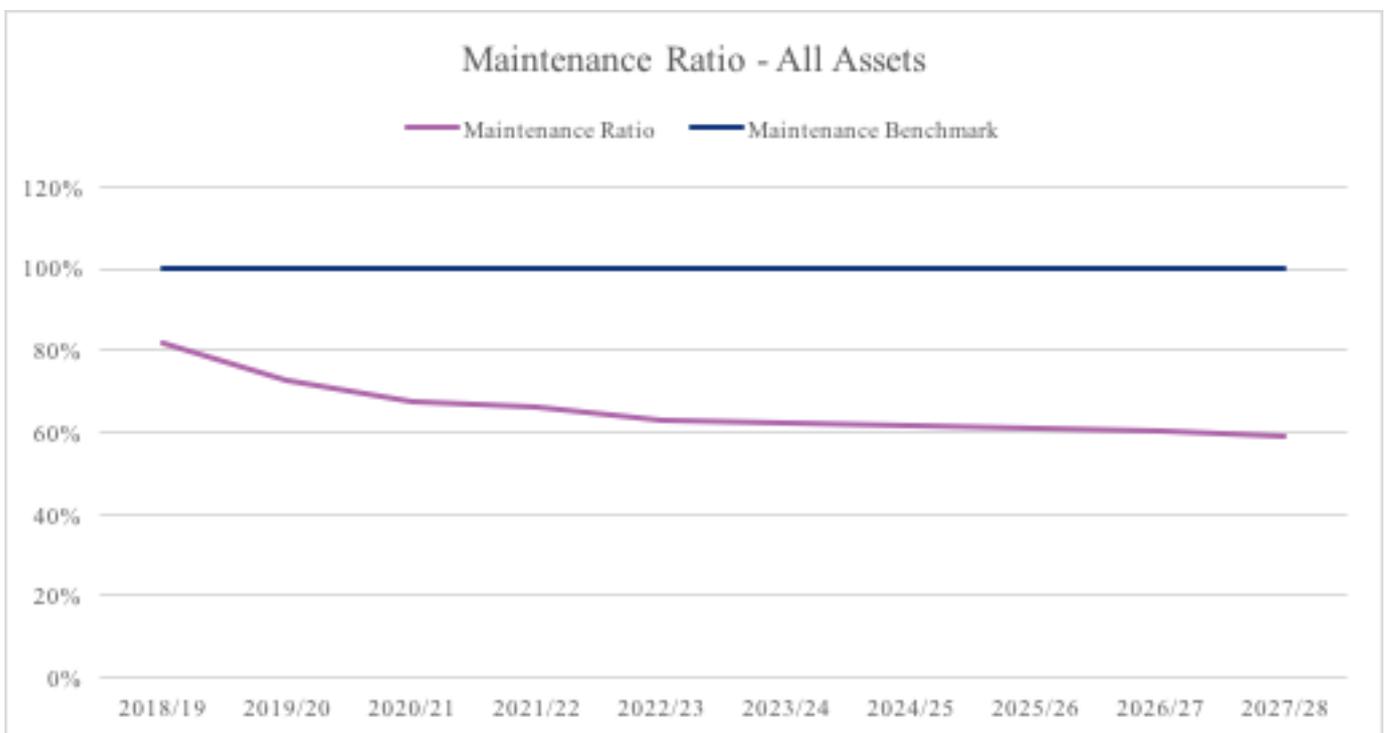


Figure 12 City of Parramatta asset maintenance ratio 2019/18–2026/27

Table 14 Combined O&M expenditure gap

Combined Asset O&M	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Actual O&M (\$m)	\$22.2	\$21.6	\$22.1	\$22.6	\$22.9	\$23.5	\$24.4	\$25.2	\$26.1	\$26.8	\$264.7
Req. O&M (\$m)	\$27.6	\$31.2	\$34.4	\$35.7	\$38.0	\$40.0	\$41.8	\$43.8	\$45.9	\$47.7	\$428.4
GAP (\$m)	\$5.5	\$9.6	\$12.3	\$13.1	\$15.1	\$16.5	\$17.4	\$18.6	\$19.8	\$20.9	\$148.8

Managing the asset gap

Demand for new services will be met through a combination of managing and upgrading existing assets, and providing new assets as required. New technologies will provide opportunities to deliver better products with lower lifecycle costs.

Demand for new services will be met through a combination of managing and upgrading existing assets, and providing new assets as required. New technologies will provide opportunities to deliver better products with lower lifecycle costs.

Council has identified three scenarios that will inform our approach and drive us towards achieving the commitments outlined in the Community Strategic Plan. By establishing these resourcing scenarios, we are better positioned to understand and respond to the needs of our community, recognise and take opportunities, and minimise risks associated with unforeseen events.

The development process for the Asset Management Strategy and Long Term Financial Plan

incorporated financial modelling of different scenarios to provide Council with an idea of how much flexibility we have built into our planning and how much latitude we have with various projects and programs.

These models are important when discussing the financial implications of the Community Strategic Plan with the community and also assist Councillors in the development of the Delivery Program.

The three scenarios we modelled were:

Scenario 1 – Continue to provide a level of service driven by existing budget allocation – the current balanced Asset Management Plan and Long Term Financial Plan. This scenario results in an overall deterioration of the average asset portfolio.

Scenario 1

Capital	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Transport	14,617,500	16,492,500	15,492,500	14,472,963	14,284,470	14,271,326	14,176,502	14,202,183	14,258,099	14,184,234
Buildings	3,665,955	3,006,837	2,054,473	2,999,146	2,999,403	2,999,341	2,999,852	2,999,397	2,999,798	2,999,903
Stormwater	4,165,000	3,570,000	3,575,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000
Open spaces	4,228,875	4,263,000	4,157,000	4,457,724	4,555,794	4,656,021	4,758,454	4,863,140	4,970,129	5,079,472
Shared	270,000	275,940	282,011	288,215	294,556	301,036	307,659	314,427	321,345	328,414
Total	26,119,076	26,214,831	26,019,785	26,118,048	26,034,223	26,127,724	26,142,467	26,279,147	26,449,370	26,492,023

Maintenance	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Transport	11,064,218	10,915,407	11,192,722	11,469,611	11,540,175	11,822,387	12,451,811	13,027,547	13,647,495	14,079,379
Buildings	1,550,270	1,584,376	1,619,232	1,654,855	1,691,262	1,728,470	1,766,496	1,805,359	1,845,077	1,885,669
Stormwater	705,705	689,754	690,860	685,292	723,252	923,479	1,063,099	1,081,846	1,126,106	958,014
Open spaces	1,315,000	1,343,930	1,373,496	1,403,713	1,434,595	1,466,156	1,498,412	1,531,377	1,565,067	1,599,498
Shared	0	0	0	0	0	0	0	0	0	0
Total	14,635,193	14,533,467	14,876,311	15,213,472	15,389,284	15,940,492	16,779,818	17,446,129	18,183,745	18,522,560

Scenario 2 – Allocate funding to maintain Council's current level of service into the future – represented by the 10-year Resourcing Strategy – while maintaining the current asset portfolio at conditions 2 and 3 over the next 10 years.

Scenario 2

Capital	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Transport	16,696,209	16,951,575	16,524,443	16,059,122	16,323,988	16,043,665	16,398,054	16,014,125	16,456,586	16,085,399
Buildings	2,996,613	3,298,850	3,599,073	4,999,219	6,999,068	6,999,751	6,999,636	6,992,731	6,999,938	6,999,599
Stormwater	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
Open spaces	4,176,000	4,267,872	4,361,765	4,457,724	4,555,794	4,656,021	4,758,454	4,863,140	4,970,129	5,079,472
Shared	270,000	275,940	282,011	288,215	294,556	301,036	307,659	314,427	321,345	328,414
Total	27,438,822	28,094,237	28,067,292	29,104,280	31,473,406	31,300,473	31,763,803	31,484,423	32,047,997	31,792,884

Maintenance	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Transport	11,024,988	10,885,210	11,195,775	11,387,375	11,575,453	11,863,512	12,108,742	12,737,436	13,450,381	13,910,151
Buildings	1,550,270	1,584,376	1,619,232	1,654,855	1,691,262	1,728,470	1,766,496	1,805,359	1,845,077	1,885,669
Stormwater	1,777,618	2,266,151	2,316,006	2,366,959	2,419,032	2,472,250	2,526,640	2,582,226	2,639,035	2,697,094
Open spaces	1,315,000	1,343,930	1,373,496	1,403,713	1,434,595	1,466,156	1,498,412	1,531,377	1,565,067	1,599,498
Shared	0	0	0	0	0	0	0	0	0	0
Total	15,667,876	16,079,667	16,504,510	16,812,902	17,120,342	17,530,389	17,900,290	18,656,398	19,499,560	20,092,412

Scenario 3 – Allocate funding to meet the desired levels of service agreed with the community. This scenario adjusts funding levels based on risk management and levels of service (i.e. eliminating assets in poor and very poor condition, and increasing the number of condition 1, 2 and 3 assets) to achieve the minimum acceptable conditions ascertained through community feedback.

Scenario 3

Capital	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Transport	21,586,843	21,842,209	21,415,077	20,949,756	21,214,622	20,934,299	21,288,688	20,904,759	21,347,220	20,976,033
Buildings	2,996,613	3,298,850	3,599,073	4,999,219	6,999,068	6,999,751	6,999,636	6,992,731	6,999,938	6,999,599
Stormwater	4,981,222	4,981,222	4,981,222	4,981,222	4,981,222	4,981,222	4,981,222	4,981,222	4,981,222	4,981,222
Open spaces	4,176,000	4,267,872	4,361,765	4,457,724	4,555,794	4,656,021	4,758,454	4,863,140	4,970,129	5,079,472
Shared	270,000	275,940	282,011	288,215	294,556	301,036	307,659	314,427	321,345	328,414
Total	34,010,678	34,666,093	34,639,148	35,676,136	38,045,262	37,872,329	38,335,659	38,056,279	38,619,853	38,364,740

Maintenance	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Transport	11,024,988	10,885,210	11,195,775	11,387,375	11,575,453	11,863,512	12,108,742	12,737,436	13,450,381	13,910,151
Buildings	1,550,270	1,584,376	1,619,232	1,654,855	1,691,262	1,728,470	1,766,496	1,805,359	1,845,077	1,885,669
Stormwater	1,777,618	2,266,151	2,316,006	2,366,959	2,419,032	2,472,250	2,526,640	2,582,226	2,639,035	2,697,094
Open spaces	1,315,000	1,343,930	1,373,496	1,403,713	1,434,595	1,466,156	1,498,412	1,531,377	1,565,067	1,599,498
Shared	0	0	0	0	0	0	0	0	0	0
Total	15,667,876	26,964,877	27,700,285	28,200,277	28,695,795	29,393,901	30,009,032	31,393,834	32,949,941	34,002,563

What we will commit to doing

It is important that our asset management processes and practices over the next ten years support the aspirations of our community, as outlined in the Community Strategic Plan. We therefore commit to:

- collecting and analysing better information (condition assessment, data collection, analytics);
- developing better processes (strategic asset planning, levels of service, financial planning and capital);

- implementing better systems (system integration, GIS-finance-asset management linkages and business processes);
- making better decisions (risk management, decision-making framework); and
- developing a more supportive and aligned organisational context (PD alignment with AM, roles and responsibilities, training).

We will keep Council sustainable by:

- extending the useful lives of our ageing facilities and infrastructure;
- optimising or rationalising our poor or non-performing facilities; and
- finding innovative ways and technologies to maximise limited resources and address challenges.

Improvement program

Based on these observations and analysis of current asset management practices, Council has developed a range of strategic actions that apply to all asset groups. These strategic actions will ensure adequate provision is made for the long-term management of Council's infrastructure assets.

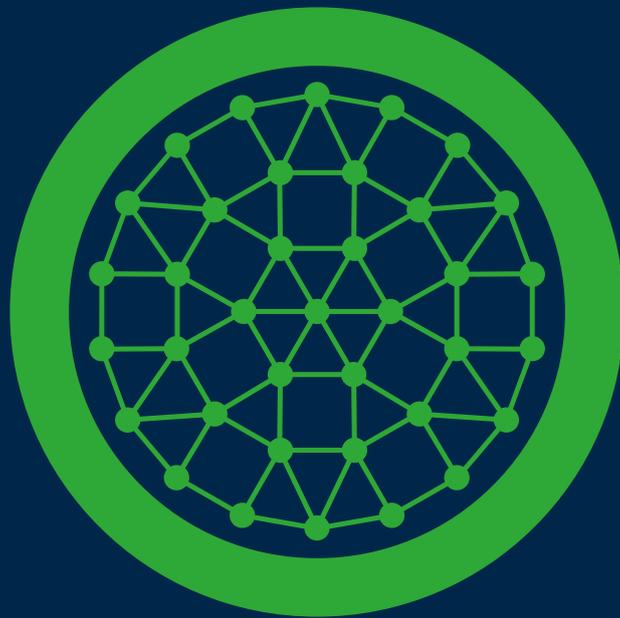
Table 15: City of Parramatta high level strategic actions

Ref No.	High Level Strategic Actions	Priority	Deliver by
1.	Establish transparent and responsible asset management processes that align with best appropriate practice. This includes ensuring consistency across the Asset Management Strategy, Long Term Financial Plan, Assetic and Finance One systems, levels of service for all asset groups, data collection, validation and reporting.	High	Year 1 2018/19
2.	Review and establish clear assumptions and a consistent approach to calculating depreciation and backlog. Apply this approach across all asset groups to obtain the most accurate backlog. Assess the backlog against Council's infrastructure priorities, financial budgets, and the Long Term Financial Plan.	High	Year 1 2018/19
3.	Clearly identify all asset expenditure requirements and organise them into four categories: renewals, new, maintenance, and operational. Establish clear budgets and reporting lines for each category.	High	Year 1 2018/19
4.	Allocate and clarify roles, resources and responsibilities for asset management. This includes establishing a good understanding of asset data, finance and budgets. Establish clear communication protocols between finance and the wider organisation.	High	Year 1 2018/19
5.	Review and establish agreed levels of service in consultation with the community, outlined in the asset management plans.	Medium	Year 1 2018/19
6.	Review and estimate the future lifecycle costs of all decisions relating to new service levels and new assets, donated or built.	Medium	Year 2 2019/20
7.	Review the future lifecycle costs and effects of donated assets on financial sustainability and the level of service delivery to the community. Create a disposal and donated assets plan that feeds information into the Long Term Financial Plan.	Medium	Year 2 2019/20
8.	Prioritise and plan asset renewals to meet agreed levels of service based on site inspections, infrastructure priorities and community importance.	Medium	Year 2 2019/20
9.	Identify and prioritise critical assets for Council and its community. Establish emergency response plans and asset ownership for critical assets.	Medium	Year 2 2019/20
10.	Create an environment where Council employees take part in the overall management of Council assets by developing asset management awareness and capability throughout the organisation.	Medium	Year 2 2019/20

A detailed Asset Management Improvement Plan has been prepared that highlights areas of improvement across the following areas:

- asset knowledge and data processes;
- strategic asset planning processes;
- asset operations and maintenance;
- asset information systems; and
- organisational context.

Improvement actions have been assigned to each asset class to continue developing and enhancing Council's asset management planning practices.





**CITY OF
PARRAMATTA**

LONG TERM FINANCIAL PLAN

JUNE 2018

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Executive Summary

The Long Term Financial Plan (LTFP) assists with the delivery of the outcomes expressed in the Community Strategic Plan in a financially sustainable and responsible manner.

In addition to acting as a resource plan, the LTFP endeavours to:

- establish a prudent and sound financial framework, combining and integrating financial strategies to achieve planned outcomes
- establish measures against which Council's strategies, policies and financial performance can be measured
- ensure that Council employs sound financial management principles, complies with legislation and has a plan for the long-term financial sustainability of Council.

The LTFP is reviewed and revised regularly to maintain alignment with the aspirations and needs of the community. Key assumptions have been made to enable us to develop the financial models underpinning the LTFP forecasts with the 3 year 2018/19 – 2020/21 budget providing the base point. Careful consideration has also been given to the Parramatta Square redevelopment and property development programs.

Council's future financial position has been forecast on the basis of a continuance of 'normal operations'. The key areas of focus will include:

- focused management of the budget is critical to future operations of Council
- agreement on service levels to support infrastructure asset maintenance and renewal
- careful management of current revenue streams and identification of new revenue streams
- careful management of expenditure growth over next 3 years – determine what to hold flat, reduce or stop - identify efficiency gains
- implementation of a process to support the potential for a special rate request in the next council term
- identification of a mix of KPI's to ensure adjustments can be made early to address movements
- management of community and stakeholder expectations.

Introduction

Council's Long Term Financial Plan (LTFP) is a requirement under the Integrated Planning and Reporting framework for NSW Local Government and forms part of the Resourcing Strategy. The LTFP must be for a minimum of 10 years with the purpose of making clear the financial direction of Council as well as the impact of that direction on achieving community priorities.

The main purpose of the LTFP is to guide and inform decision making. The LTFP establishes the framework for sound financial decisions and provides an insight as to the financial sustainability of the Council over the planning period of this document.

Key assumptions have been made to enable us to develop the financial models underpinning the LTFP forecasts with the 2018/19 budget providing the base point. Careful consideration has also been given to the Parramatta Square redevelopment program.

Council's future financial position has been forecast on the basis of a continuance of 'normal operations'.

Financial Strategies and Objectives

The following are the key objectives applied to the Council's LTFP:

- Developing strategies in future years to return a surplus each year based on 2% of untied revenue.
 - Optimising our investment, liquidity and debt strategies.
 - Building up and use of unrestricted cash and investments.
 - Ensuring adequate levels of liquidity are maintained by keeping Unrestricted Current Ratio greater than 1.5%. (Variations to this in the early years of the plan are associated with timing of key asset sales).
 - Delivering an improved Balance Sheet position incorporating known property development projects.
 - Ongoing management of Debt and Debt Servicing and ensuring the debt service cover ratio remains greater than 2%.
 - Maintaining renewal expenditure on our assets in line with depreciation.
 - Planning for and funding Council's expenditure for Parramatta Square and other initiatives.
 - Utilising unspent cash reserves over the life of the Long Term Financial Plan.
- Working towards the achievement of TCorp Financial Sustainability Benchmarks.

Long Term Financial Plan Key Challenges

Achieving & maintaining a healthy operating surplus in an environment of:

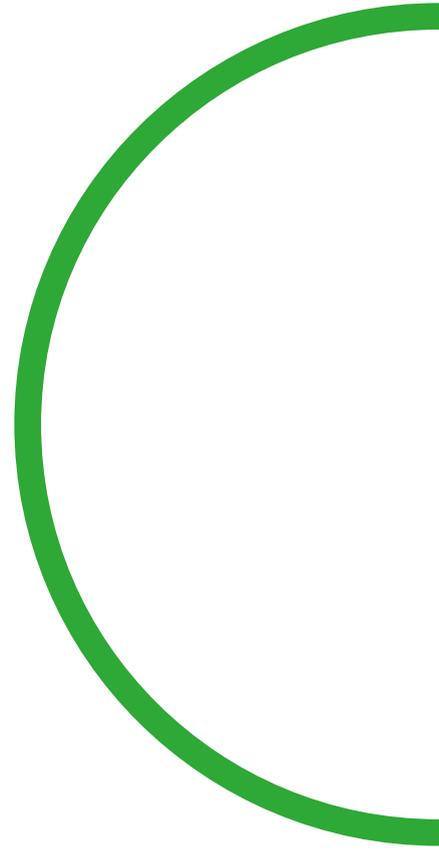
- Income Constraints – including rate capping
- Increasing Operating expenditure due to CPI (price impact), ongoing service enhancements (volume impact) and ageing infrastructure maintenance
- Increasing employee numbers / costs (price and volume impact)
- Capital Expenditure Funding given:
 - Demands of aging infrastructure (capital Renewal)
 - Implementing strategic asset management plan requirements
 - Competing priorities for funding
 - New projects / property development i.e. Parramatta Square

Debt Management & Servicing

- Interest rate exposure management
- Reserves
- Maintaining adequate reserve levels including contingency funds where appropriate
- Optimum utilisation of reserves
- Maintaining adequate working funds
- Investment management - maximise returns and minimise risk to interest rate fluctuations

Supporting the Community Strategic Plan

The Long Term Financial Plan is a key contributor to the following strategic objectives in the Community Strategic Plan:



Strategic objective in the Community Strategic Plan 	Strategies to achieve objective 	Long Term Financial Plan 
Fair – we can all benefit from the opportunities our City offers	Invest in services and facilities for our growing population Deliver effective, responsible and ethical decision-making, reflective of community needs and aspirations	Identifies investment strategies and budgets inclusive of the ongoing costs associated with delivering services and facilities to our community Provides Council and the community with financial modelling for different scenarios, to help inform decision-making and test our resilience
Innovative – we collaborate and champion new ideas to create a better future	Manage the City's assets and financial resources responsibly, and provide the best possible services for our community	Helps to ensure Council's long-term financial sustainability through robust planning and future proofing

Major updates to financial estimates in the LTFP

Assumptions

Major income and expenditure items have been reviewed and revised to capture changed circumstances particularly relating to future rate peg increases, interest rates for loans and investment, employee cost and other expenditure items. Full details of the assumptions used in developing the LTFP can be found on pages 9 - 12.

Changes in relation to Parramatta Square (PS)

Council is currently reviewing a range of options for the Parramatta Square site. Included in this review is the development of a program for the delivery of new Council and community facilities, including a new library, new civic offices and Council Chambers.

Financial estimates in relation to Parramatta Square in the budget include servicing of the existing Parramatta Square debt, specific project management costs, proposed sales of some of the development sites and allowances in capital and operating expenditure for Council facilities

Council Mergers

The former Parramatta City Council ceased to exist on 12 May 2016 as a result of the state government proclamation which resulted in the City of Parramatta Council. The new Council expanded to include parts of the The Hills, Hornsby Shire, Auburn and Holroyd Councils, and lost the former Woodville ward to Cumberland Council (Auburn and Holroyd). All new revenue and expenditure items resulting from the mergers have been included in all years of the plan.

Surplus Site Sales

A number of planned surplus sites sales are included in the LTFP financial estimates. The proceeds from the sale of the surplus sites are transferred to the property reserve.

Major Projects

The following strategic projects have been included in the last update of Operational Plan and LTFP:

- 5 Parramatta Square Development - New Council Facilities
- New Aquatics & Leisure Facility
- Parramatta Square Public Domain Development
- Capital Renewal Programs
- City River Program of Works
- Escarpment Boardwalk Construction
- Wentworth Point Library and Community Centre



Financial Planning Assumptions

Operating Statement Assumptions

A review has been made of the assumptions applied to the previous LTFP. General assumptions have been applied to categories where specific information is not known. Historical revenue and expenditure trends have also been factored into forecasts.

- Targeting flat material and contract increases excluding contracted provisions.
- Depreciation and amortisation increases are forecasted due to the high level of capital expenditure.
- Other General Expenses targeted to be held flat (0% increase) excluding contracted provisions.
- Estimated annual growth in the term of the LTFP will be in the 2.3-3.5% range but this may have to be reviewed given the most recent data available.
- Interest rates have been estimated at 3.45% in the long term, calculated over estimated investment balances.
- Parramatta Square – impacts of the development have been included in line with contractual and development approvals.

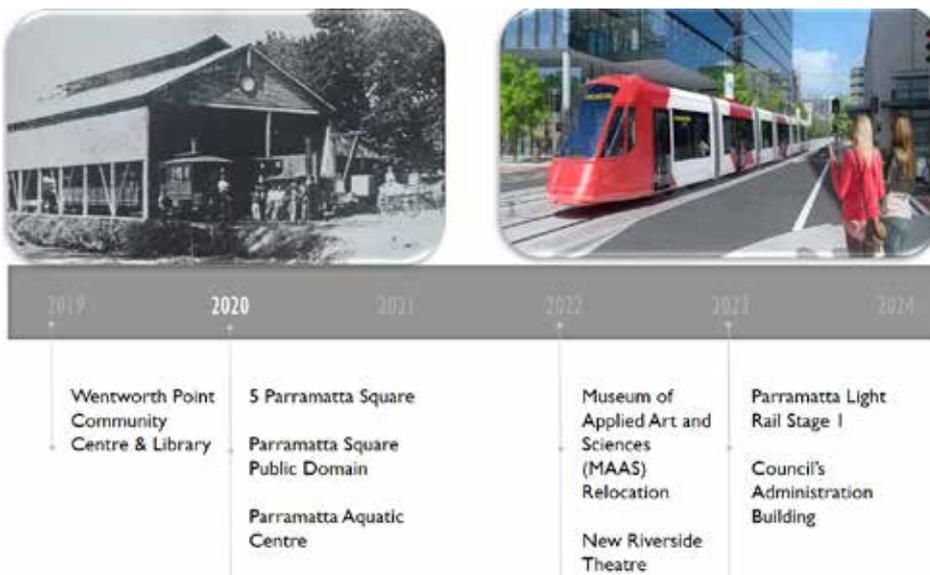


Figure 1 Operational Budget Impacts over the next 5 years

Relationship between LTFP and Asset Management Strategy

The Long Term Financial Plan responds to and informs the management of assets and other resources. City of Parramatta Council has a portfolio of infrastructure assets with a current replacement cost of \$2.8 billion. Council's current combined infrastructure backlog is estimated to be \$38 million or at a backlog ratio of 1%. The combined backlog ratio of 1% is considered to be just below the industry benchmark of 2%. In projecting the next 10 years' movement of the backlog, if existing condition are to stay the same, the backlog is estimated to remain constant over time.

The growth forecast highlights the need for additional infrastructure assets and for existing assets to be managed differently to accommodate the additional demand. Council's current and past community consultations will be reviewed. Council will continue to work to identify stakeholder needs and expectations. In consideration of stakeholder expectations, the Integrated Planning and Reporting cycle provides an opportunity for community, stakeholder, Councillors and internal staff consultation to occur. The Asset Management Strategy discusses both the community engagement undertaken to date and what we have planned for the future.

Please note *The backlog estimated in the Asset Management Strategy differs to the backlog calculated in the Long Term Financial Plan and Special Schedule 7 of 30 June 2017 Annual Financial Statements due to the difference in methodology for calculating backlog. The Long Term Financial Plan calculates backlog using a standardised approach to calculate the cost to achieve a satisfactory level, whereas the Asset Management Strategy uses a combination of existing recorded backlog for transport and stormwater assets and calculated backlog for buildings, open spaces, and shared infrastructure assets, using a standardised approach to calculate the cost to achieve a satisfactory level. Council's analysis of its backlog highlights a steadily increasing backlog trend over the next ten years.*

The LTFP financial statements have been based on the three (3) scenarios outlined in the Asset Management Strategy:

Council has modelled three scenarios:

Scenario 1 – Continue providing a level of service driven by existing budget allocation – the current balanced Asset Management Plan and the Long Term Financial Plan. This scenario results in an overall deterioration of the average asset portfolio.

Scenario 2 – Allocate funding to maintain Council's current level of service into the future – represented by the 10-year Resourcing Strategy – while maintaining the current asset portfolio at conditions 2 and 3 over the next 10 years.

Scenario 3 – Allocate funding to meet the desired levels of service agreed with the community. This scenario adjusts funding levels based on risk management and levels of service (i.e. eliminating assets in poor and very poor condition, and increasing the number of condition 1, 2 and 3 assets) to achieve the minimum acceptable conditions ascertained through community feedback.

Note: Adoption of scenarios 2 and 3 will lead to an operating deficit in the out years of the long term financial plan and adoption of scenario 3 will force Council into overdraft in the last two years of the plan. Remedies to this would be applying for a special rate variation, seeking additional loan borrowings or placing any surpluses made in the opening years of the plan into a specific cash reserve. Council may wish to utilise surplus's in years 2019/20 and 2020/21 to invest in either scenario 2 or 3.

By focusing on key areas and setting improvement targets for each of them over the period of the Resourcing Strategy and Delivery Program Council aims to improve the financial health of the organisation to a desirable level that can be sustained in the long term.

Relationship between the LTFP and Workforce Strategy

The Workforce Strategy takes a long term view to ensure Council's workforce is structured and has the capacity to deliver the programs and priorities outlined in both the Community Strategic Plan 2038 and Council's three-year Delivery Program 2018-2021.

Workforce costs comprise 44% of Councils' total operating costs. Salary growth of 3% is greater than rate revenue growth of 2.5% and this gap poses challenges for Council over the term of the Long Term Financial Plan.

Revenue Assumptions (out years in LTFP)

Category	Commentary	Factor 2021/22 – 2027/28
Rates	Indexed by estimated rate pegging. Included special rates variation application estimates	2.5% plus allowance for supplementary rates
Annual Charges and Domestic Waste	To reflect costs of providing service	3.5%
User Charges and Fees	Indexed to CPI	3.5% per annum. Statutory fees per determination. Some fees varied by other than 3.5%
Interest and Investment Revenue	Not indexed to CPI, based on average real expected return across portfolio as determined by financial advisors on forecast average balances per long term financial model	3.45% of estimated cash and investment balances
Grants and Contributions – Operating	Indexed to CPI	3.5%
Grants and Contributions – Capital	Indexed to CPI. Capital grants from State and Federal Agencies. These grants are used in the construction and improvement of roads, cycle ways and the natural environment.	Varies due to levels of expenditure and available funding from state and federal government. In general 3.5% plus specific know additional grants
Other Revenue	Indexed to CPI Incorporates parking fines and property lease rentals	3.5%

Expenditure assumptions

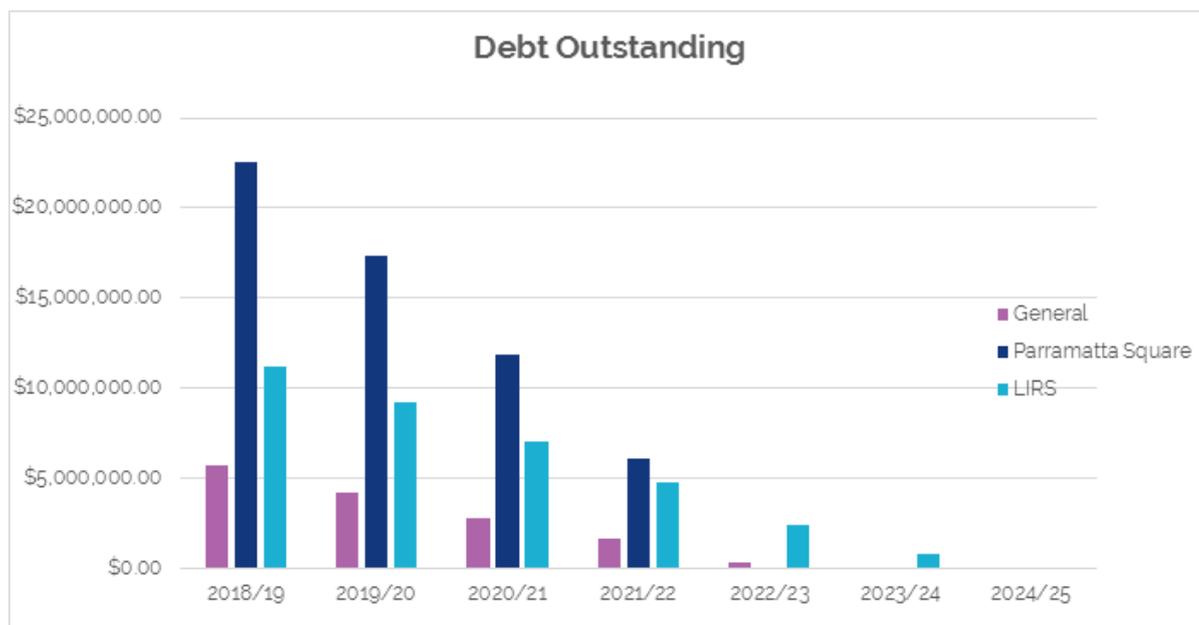
Category	Commentary	Factor 2021/22 – 2027/28
Employee Expenditure, Benefits and On Costs	Indexed to Council's salary system and annual award movements. The legislated future changes to the superannuation guarantee levy (to progressively increase from the current level of 9.5% to 12% by 2025/26 starting with a 0.5% increase in 2021/22) has now been included in the estimates	3% plus incremental adjustments in 2021/22 – 2025/26 to accommodate increases to the superannuation guarantee levy.
Materials and Contracts	The plan currently assumes a flat increase across all materials and contract expenditure and has not specifically included the following information that may be available for outer year projections: DWM, Parking Meters, Car parks	3%
Borrowing Costs	Based on current loan portfolio and Council's Borrowing Policy. No future borrowings have been factored into these estimates.	Varies – refer to commentary
Depreciation and Amortisation	Assumes maintenance of existing arrangements for the purchase and sale of assets. Directly impacted by the Strategic Asset Management Plan and the impact of any revaluation in asset classes.	Per asset register balances and annual capital expenditure
Other Expenses	Incorporates Insurance, Telecommunication, Utility charges, etc.	3%
Operating projects	Various—depending on availability of funding sources	3%



Loan Borrowings and Policy

This policy guides Council in its borrowing decisions, emphasising the need for maintaining Council's financial viability in terms of debt servicing and overall debt level.

Projected debt levels at the end of each year are shown in the graph below:



Council recognises that loan borrowings for capital works are an important funding source for Local Government. It provides the opportunity to bring unfunded projects forward and ensures the full cost of infrastructure is not borne entirely by present-day ratepayers.

The proceeds of any loan borrowings may only be utilised to fund the following:

- Land acquisitions
- Asset acquisitions for strategic property holding.
- New assets constructed, e.g. roads, sports/aquatic centre, sporting field, arts centre etc.
- An asset replacement, e.g. a road reconstruction.

- An asset upgrade, e.g. a footpath widening.
- A specific and significant one-time asset renewal, i.e. replacement or refurbishment of significant asset components.

As a point of principle, borrowings should not be used to fund general operations and maintenance projects as subsequent loan repayments will reduce funds otherwise available.

Key Financial Reports

Scenario 1

CITY OF PARRAMATTA COUNCIL LONG TERM FINANCIAL PLAN											
PROJECTED INCOME STATEMENTS											
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	Forecast										
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Revenue from continuing operations											
Ordinary Rates	134,861	139,440	144,124	150,227	156,545	163,085	169,855	176,861	184,111	191,613	
Special Rates	7,330	7,499	7,671	7,863	8,060	8,261	8,468	8,679	8,896	9,119	
Rates	142,191	146,939	151,795	158,090	164,605	171,347	178,323	185,540	193,007	200,732	
Annual Charges	35,430	36,349	36,849	38,080	39,354	40,672	42,037	43,449	44,911	46,424	
Rates and Annual Charges	177,622	183,288	188,644	196,170	203,959	212,019	220,359	228,990	237,918	247,156	
User charges and fees	37,626	38,047	39,009	40,374	41,787	43,250	44,764	46,330	47,952	49,630	
Interest and investment revenue	8,735	8,813	9,118	9,917	10,726	11,544	12,372	13,215	14,074	14,947	
Grants and contributions provided for operating purposes	21,279	18,889	18,914	19,576	20,261	20,970	21,704	22,464	23,250	24,064	
Grants and contributions provided for capital purposes	103,322	60,700	39,111	40,480	41,897	43,364	44,881	46,452	48,078	49,761	
Other revenues	15,795	16,272	16,822	17,411	18,020	18,651	19,304	19,979	20,679	21,402	
Gain on disposal of assets	0	0	0	0	0	0	0	0	0	0	
Total revenues from continuing operations	364,379	326,009	311,619	319,929	333,187	344,368	356,195	368,424	381,154	394,358	
Expenses from continuing operations											
Employee benefits and on-costs	114,793	116,310	118,943	123,106	127,414	131,874	136,489	141,267	145,505	149,870	
Materials and contracts	59,451	56,155	57,244	58,962	60,731	62,552	64,429	66,362	68,353	70,403	
Borrowing costs	2,264	1,800	1,344	886	463	98	24	0	0	0	
Depreciation, amortisation and impairment	42,039	43,035	44,055	45,779	46,573	48,965	51,463	54,088	56,785	59,581	
Other expenses	43,364	43,658	48,694	50,155	51,659	53,209	54,805	56,450	58,143	59,887	
Loss on Asset Sale	0	0	0	0	0	0	0	0	0	0	
Total expenses from continuing operations	261,911	260,958	270,280	278,887	286,840	296,699	307,211	318,166	328,786	339,742	
Operating result from continuing operations	102,467	65,051	41,338	41,041	46,346	47,669	48,983	50,258	52,368	54,616	
less: capital revenues	(103,322)	(60,700)	(39,111)	(40,480)	(41,897)	(43,364)	(44,881)	(46,452)	(48,078)	(49,761)	
One off items:											
New Council Implementation Costs	1,825										
Stronger Communities Fund	962										
Net operating result for the year before grants and contributions provided for capital purposes	1,932	4,351	2,227	561	4,449	4,305	4,102	3,806	4,290	4,855	

CITY OF PARRAMATTA COUNCIL LONG TERM FINANCIAL PLAN

PROJECTED STATEMENT OF FINANCIAL POSITION

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
ASSETS												
Current assets												
Cash and cash equivalents	\$32,430	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Investments	\$192,530	\$295,566	\$279,234	\$169,036	\$161,513	\$198,887	\$164,012	\$135,386	\$105,560	\$76,934	\$48,309	\$19,683
Receivables	\$66,759	\$18,796	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437
Inventories	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84
Other	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383
Non-current assets classified as held for resale	\$209,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total current assets	\$501,836	\$324,829	\$326,138	\$215,940	\$208,417	\$245,791	\$210,916	\$182,290	\$152,464	\$123,838	\$95,213	\$66,587
Non-current assets												
Receivables	\$17,641	\$17,641	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure property, plant & equipment	\$2,498,688	\$2,684,015	\$2,783,711	\$2,950,242	\$2,990,156	\$2,984,630	\$3,056,101	\$3,130,216	\$3,207,935	\$3,286,472	\$3,367,034	\$3,449,762
Intangible assets	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918
Investments accounted for using equity method	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748
Total non-current assets	\$2,523,995	\$2,709,322	\$2,791,377	\$2,957,908	\$2,997,822	\$2,992,296	\$3,063,767	\$3,137,882	\$3,215,601	\$3,294,138	\$3,374,700	\$3,457,428
Total assets	\$3,025,831	\$3,034,151	\$3,117,515	\$3,173,849	\$3,206,239	\$3,238,087	\$3,274,682	\$3,320,172	\$3,368,065	\$3,417,976	\$3,469,913	\$3,524,015
LIABILITIES												
Current liabilities												
Payables	\$44,550	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650
Income Received in Advance	\$8,052	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Borrowings	\$10,806	\$9,035	\$8,748	\$8,981	\$9,193	\$9,663	\$2,003	\$827	\$0	\$0	\$0	\$0
Provisions	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706
Total current liabilities	\$95,114	\$70,391	\$70,104	\$70,337	\$70,549	\$71,019	\$63,359	\$62,183	\$61,356	\$61,356	\$61,356	\$61,356
Non-current liabilities												
Payables	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878
Borrowings	\$48,451	\$39,416	\$30,667	\$21,686	\$12,493	\$2,830	\$827	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
Provisions	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311
Total non-current liabilities	\$52,640	\$43,605	\$34,856	\$25,875	\$16,682	\$7,019	\$5,016	\$4,188	\$4,188	\$4,188	\$4,189	\$4,189
Total liabilities	\$147,754	\$113,996	\$104,961	\$96,212	\$87,231	\$78,038	\$68,375	\$66,372	\$65,544	\$65,544	\$65,545	\$65,545
Net assets	\$2,878,077	\$2,920,155	\$3,012,555	\$3,077,636	\$3,119,008	\$3,160,049	\$3,206,307	\$3,253,800	\$3,302,521	\$3,352,432	\$3,404,368	\$3,458,470
EQUITY												
Retained earnings	\$2,878,077	\$2,920,155	\$3,012,555	\$3,077,636	\$3,119,008	\$3,160,049	\$3,206,307	\$3,253,800	\$3,302,521	\$3,352,432	\$3,404,369	\$3,458,471
Reserves												
Total equity	\$2,878,077	\$2,920,155	\$3,012,555	\$3,077,636	\$3,119,008	\$3,160,049	\$3,206,307	\$3,253,800	\$3,302,521	\$3,352,432	\$3,404,369	\$3,458,471

CITY OF PARRAMATTA LONG TERM FINANCIAL PLAN

PROJECTED CASH FLOW STATEMENT

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities										
Receipts:										
Rates and annual charges	177,622	183,287	188,644	196,170	203,959	212,019	220,359	228,990	237,918	247,156
User charges and fees	37,647	38,068	39,031	40,374	41,787	43,250	44,764	46,330	47,952	49,630
Investment revenue and interest	8,735	8,813	9,118	5,917	7,207	6,004	5,016	3,988	3,000	2,013
Grants and contributions	124,613	79,599	58,037	60,056	62,158	64,334	66,586	68,916	71,328	73,825
Other	15,795	16,272	16,822	17,411	18,020	18,651	19,304	19,979	20,679	21,402
Payments:										
Employee benefits and on-costs	(114,793)	(116,310)	(118,943)	(123,106)	(127,414)	(131,874)	(136,489)	(141,267)	(145,505)	(149,870)
Materials and contracts	(59,451)	(56,155)	(57,244)	(58,962)	(60,731)	(62,552)	(64,429)	(66,362)	(68,353)	(70,403)
Borrowing costs	(2,264)	(1,800)	(1,344)	(886)	(463)	(98)	(24)	0	0	0
Other	(43,364)	(43,658)	(48,694)	(50,155)	(51,659)	(53,209)	(54,805)	(56,450)	(58,143)	(59,887)
Net cash provided (or used in) operating activities	144,540	108,117	85,427	86,821	92,864	96,524	100,281	104,125	108,877	113,866
Cash flows from investing activities										
Receipts:										
Sale of investments	6,036	110,198	7,523	0	34,870	28,620	29,820	28,620	28,620	28,620
Sale of fixed assets	46,400	1,400	1,400	80,330	0	0	0	0	0	0
Payments:										
Purchase of investments	0	0	0	(37,380)	0	0	0	0	0	0
Purchase of fixed assets	(187,941)	(210,966)	(85,369)	(120,577)	(118,071)	(123,140)	(129,273)	(132,745)	(137,497)	(142,485)
Net cash provided by (or used in) investing activities	(135,505)	(99,368)	(76,446)	(77,628)	(83,201)	(94,520)	(99,453)	(104,125)	(108,877)	(113,866)
Cash flows from financing activities										
Receipts:										
Borrowings and advances	0	0	0	0	0	0	0	0	0	0
Other										
Payments:										
Borrowings and advances	(9,035)	(8,748)	(8,981)	(9,193)	(9,663)	(2,003)	(827)	0	0	0
Lease liabilities										
Other										
Net cash provided by (or used in) financing activities	(9,035)	(8,748)	(8,981)	(9,193)	(9,663)	(2,003)	(827)	0	0	0
Net increase/(decrease) in cash and cash equivalents	0	0	0	(0)	0	0	(0)	(0)	0	0
Cash and cash equivalents at beginning of reporting period	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cash and cash equivalents at end of reporting period	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Financial Indicators	Benchmark	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
a. Operating Performance	> 0%	0.74%	1.64%	0.82%	0.42%	1.75%	1.66%	1.55%	1.42%	1.53%	1.66%
b. Own Source Operating Revenue	> 60%	65.80%	75.58%	81.38%	81.26%	81.38%	81.35%	81.34%	81.33%	81.32%	81.31%
c. Unrestricted Current Ratio	> 1.5	1.96	0.60	0.37	1.30	1.36	1.39	1.39	1.39	1.39	1.39
d. Debt Service Cover Ratio	> 2	4.09	4.66	4.61	4.75	5.15	25.72	66.11	N/A	N/A	N/A
e. Rates, annual charges, interest and extra charges outstanding percentage	< 5%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
f. Cash expense cover ratio	> 3 months	10.64 months	6.95 months	6.44 months	7.54 months	6.31 months	5.5 months	4.53 months	3.63 months	2.78 months	1.98 months
g. Infrastructure Renewals Ratio	> 1	0.64	0.64	0.58	0.57	0.56	0.53	0.51	0.49	0.47	0.45
h. Infrastructure Backlog Ratio	< 0.02	1.37%	1.29%	1.27%	1.27%	1.25%	1.22%	1.19%	1.16%	1.13%	1.11%
i. Asset Maintenance Ratio	> 1	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04

Scenario 2

CITY OF PARRAMATTA COUNCIL LONG TERM FINANCIAL PLAN

PROJECTED INCOME STATEMENTS

	2018/19 Forecast \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000	2027/28 Forecast \$'000
Revenue from continuing operations										
Ordinary Rates	134,861	139,440	144,124	150,227	156,545	163,085	169,855	176,861	184,111	191,613
Special Rates	7,330	7,499	7,671	7,863	8,060	8,261	8,468	8,679	8,896	9,119
Rates	142,191	146,939	151,795	158,090	164,605	171,347	178,323	185,540	193,007	200,732
Annual Charges	35,430	36,349	36,849	38,080	39,354	40,672	42,037	43,449	44,911	46,424
Rates and Annual Charges	177,622	183,287	188,644	196,170	203,959	212,019	220,359	228,990	237,918	247,156
User charges and fees	37,647	38,068	39,031	40,397	41,811	43,274	44,788	46,356	47,979	49,658
Interest and investment revenue	8,735	8,813	9,118	6,004	7,190	5,799	4,633	3,410	2,243	1,062
Grants and contributions provided for operating purposes	21,291	18,900	18,926	19,588	20,274	20,984	21,718	22,478	23,265	24,079
Grants and contributions provided for capital purposes	103,322	60,699	39,111	40,480	41,897	43,364	44,881	46,452	48,078	49,761
Other revenues	15,761	16,241	16,789	17,376	17,984	18,614	19,265	19,940	20,638	21,360
Gain on disposal of assets	0	0	0	0	0	0	0	0	0	0
Total revenues from continuing operations	364,377	326,008	311,619	320,015	333,115	344,053	355,646	367,626	380,120	393,076
Expenses from continuing operations										
Employee benefits and on-costs	114,793	116,310	118,943	123,106	127,414	131,874	136,489	141,267	145,505	149,870
Materials and contracts	60,484	57,701	58,873	62,238	65,836	69,401	72,604	75,992	79,588	83,545
Borrowing costs	2,264	1,800	1,344	886	463	98	24	0	0	0
Depreciation, amortisation and impairment	42,039	43,035	44,055	45,830	46,652	49,082	51,571	54,164	56,786	59,476
Other expenses	43,364	43,658	48,694	50,155	51,659	53,209	54,805	56,450	58,143	59,887
Loss on Asset Sale	0	0	0	0	0	0	0	0	0	0
Total expenses from continuing operations	262,944	262,504	271,909	282,215	292,025	303,664	315,494	327,872	340,021	352,779
Operating result from continuing operations	101,433	63,504	39,710	37,801	41,090	40,389	40,152	39,754	40,099	40,297
less capital revenues	(103,322)	(60,699)	(39,111)	(40,480)	(41,897)	(43,364)	(44,881)	(46,452)	(48,078)	(49,761)
One off items:										
New Council Implementation Costs	1,826									
Stronger Communities Fund	962									
Net operating result for the year before grants and contributions provided for capital purposes	899	2,805	599	(2,680)	(808)	(2,975)	(4,729)	(6,699)	(7,979)	(9,464)

CITY OF PARRAMATTA COUNCIL LONG TERM FINANCIAL PLAN

PROJECTED STATEMENT OF FINANCIAL POSITION

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
ASSETS												
Current assets												
Cash and cash equivalents	\$32,430	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Investments	\$192,530	\$294,644	\$287,050	\$174,788	\$163,098	\$197,471	\$157,141	\$123,328	\$87,866	\$54,020	\$19,781	-\$14,160
Receivables	\$66,759	\$18,796	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437
Inventories	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84
Other	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383
Non-current assets classified as held for resale	\$209,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total current assets	\$501,836	\$323,907	\$333,954	\$221,692	\$210,002	\$244,375	\$204,045	\$170,232	\$134,770	\$100,924	\$66,685	\$32,744
Non-current assets												
Receivables	\$17,641	\$17,641	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure property, plant & equipment	\$2,498,688	\$2,684,015	\$2,784,008	\$2,951,025	\$2,993,444	\$2,987,647	\$3,059,371	\$3,131,538	\$3,206,292	\$3,279,859	\$3,354,165	\$3,428,371
Intangible assets	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918
Investments accounted for using equity method	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748
Total non-current assets	\$2,523,995	\$2,709,322	\$2,791,674	\$2,958,691	\$3,001,110	\$2,995,313	\$3,067,037	\$3,139,204	\$3,213,958	\$3,287,525	\$3,361,831	\$3,436,037
Total assets	\$3,025,831	\$3,033,230	\$3,125,628	\$3,180,383	\$3,211,112	\$3,239,688	\$3,271,083	\$3,309,436	\$3,348,728	\$3,388,449	\$3,428,516	\$3,468,781
LIABILITIES												
Current liabilities												
Payables	\$44,550	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650
Income Received in Advance	\$8,052	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Borrowings	\$10,806	\$9,035	\$8,748	\$8,981	\$9,193	\$9,663	\$2,003	\$827	\$0	\$0	\$0	\$0
Provisions	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706
Total current liabilities	\$95,114	\$70,391	\$70,104	\$70,337	\$70,549	\$71,019	\$63,359	\$62,183	\$61,356	\$61,356	\$61,356	\$61,356
Non-current liabilities												
Payables	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878
Borrowings	\$48,451	\$39,416	\$30,667	\$21,686	\$12,493	\$2,830	\$827	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
Provisions	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311
Total non-current liabilities	\$52,640	\$43,605	\$34,856	\$25,875	\$16,682	\$7,019	\$5,016	\$4,188	\$4,188	\$4,188	\$4,189	\$4,189
Total liabilities	\$147,754	\$113,996	\$104,961	\$96,212	\$87,231	\$78,038	\$68,375	\$66,372	\$65,544	\$65,544	\$65,545	\$65,545
Net assets	\$2,878,077	\$2,919,234	\$3,020,667	\$3,084,171	\$3,123,881	\$3,161,650	\$3,202,708	\$3,243,064	\$3,283,184	\$3,322,905	\$3,362,971	\$3,403,236
EQUITY												
Retained earnings	\$2,878,077	\$2,919,234	\$3,020,667	\$3,084,171	\$3,123,881	\$3,161,650	\$3,202,707	\$3,243,064	\$3,283,184	\$3,322,905	\$3,362,972	\$3,403,236
Reserves												
Total equity	\$2,878,077	\$2,919,234	\$3,020,667	\$3,084,171	\$3,123,881	\$3,161,650	\$3,202,707	\$3,243,064	\$3,283,184	\$3,322,905	\$3,362,972	\$3,403,236

CITY OF PARRAMATTA LONG TERM FINANCIAL PLAN

PROJECTED CASH FLOW STATEMENT

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities										
Receipts:										
Rates and annual charges	177,622	183,287	188,644	196,170	203,959	212,019	220,359	228,990	237,918	247,156
User charges and fees	37,647	38,068	39,031	40,397	41,811	43,274	44,788	46,356	47,979	49,658
Investment revenue and interest	8,735	8,813	9,118	6,254	7,532	6,233	5,159	4,027	2,952	1,863
Grants and contributions	124,613	79,599	58,037	60,069	62,171	64,347	66,599	68,930	71,343	73,840
Other	15,761	16,241	16,789	17,376	17,984	18,614	19,265	19,940	20,638	21,360
Payments:										
Employee benefits and on-costs	(114,793)	(116,310)	(118,943)	(123,106)	(127,414)	(131,874)	(136,489)	(141,267)	(145,505)	(149,870)
Materials and contracts	(60,484)	(57,701)	(58,873)	(62,238)	(65,836)	(69,401)	(72,604)	(75,992)	(79,588)	(83,545)
Borrowing costs	(2,264)	(1,800)	(1,344)	(886)	(463)	(98)	(24)	0	0	0
Other	(43,364)	(43,658)	(48,694)	(50,155)	(51,659)	(53,209)	(54,805)	(56,450)	(58,143)	(59,887)
Net cash provided (or used in) operating activities	143,473	106,539	83,765	83,881	88,083	89,904	92,248	94,535	97,594	100,574
Cash flows from investing activities										
Receipts:										
Sale of investments	0	112,261	11,690	0	37,654	31,138	32,786	31,170	31,564	31,266
Sale of fixed assets	64,041	1,400	1,400	80,330	0	0	0	0	0	0
Payments:										
Purchase of investments	(10,047)	0	0	(37,049)	0	0	0	0	0	0
Purchase of fixed assets	(188,432)	(211,452)	(87,875)	(117,969)	(116,075)	(119,038)	(124,207)	(125,705)	(129,158)	(131,840)
Net cash provided by (or used in) investing activities	(134,438)	(97,790)	(74,784)	(74,688)	(78,420)	(87,901)	(91,421)	(94,555)	(97,594)	(100,574)
Cash flows from financing activities										
Receipts:										
Borrowings and advances	0	0	0	0	0	0	0	0	0	0
Other										
Payments:										
Borrowings and advances	(9,035)	(8,748)	(8,981)	(9,193)	(9,663)	(2,003)	(827)	0	0	0
Lease liabilities										
Other										
Net cash provided by (or used in) financing activities	(9,035)	(8,748)	(8,981)	(9,193)	(9,663)	(2,003)	(827)	0	0	0
Net increase/(decrease) in cash and cash equivalents	(0)	(0)	0	(0)	0	0	0	0	0	(0)
Cash and cash equivalents at beginning of reporting period	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cash and cash equivalents at end of reporting period	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Financial Indicators		Benchmark	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
a. Operating Performance		> 0%	0.34%	1.06%	0.22%	-0.87%	-0.14%	-0.81%	-1.30%	-1.83%	-2.12%	-2.44%
b. Own Source Operating Revenue		> 60%	65.80%	75.58%	81.38%	81.24%	81.36%	81.32%	81.30%	81.28%	81.27%	81.25%
c. Unrestricted Current Ratio		> 1.5	1.94	0.55	0.27	1.15	1.11	1.04	0.95	0.86	0.77	0.68
d. Debt Service Cover Ratio		> 2	4.00	4.52	4.45	4.39	4.61	22.19	55.65	N/A	N/A	N/A
e. Rates, annual charges, interest and extra charges outstanding percentage		< 5%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
f. Cash expense cover ratio		> 3 months	10.54 months	6.78 months	6.15 months	7.11 months	5.69 months	4.71 months	3.6 months	2.59 months	1.64 months	0.75 months
g. Infrastructure Renewals Ratio		> 1	0.65	0.65	0.64	0.63	0.67	0.64	0.62	0.58	0.57	0.54
h. Infrastructure Backlog Ratio		< 0.02	1.38%	1.30%	1.35%	1.37%	1.42%	1.38%	1.36%	1.32%	1.30%	1.27%
i. Asset Maintenance Ratio		> 1	1.05	1.08	1.10	1.12	1.15	1.17	1.18	1.20	1.22	1.23

CITY OF PARRAMATTA COUNCIL LONG TERM FINANCIAL PLAN												
PROJECTED INCOME STATEMENTS												
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		
	Forecast	Forecast										
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Revenue from continuing operations												
Ordinary Rates	134,861	139,440	144,124	150,227	156,545	163,085	169,855	176,861	184,111	191,613		
Special Rates	7,330	7,499	7,671	7,863	8,060	8,261	8,468	8,679	8,896	9,119		
Rates	142,191	146,939	151,795	158,090	164,605	171,347	178,323	185,540	193,007	200,732		
Annual Charges	35,430	36,349	36,849	38,080	39,354	40,672	42,037	43,449	44,911	46,424		
Rates and Annual Charges	177,622	183,287	188,644	196,170	203,959	212,019	220,359	228,990	237,918	247,156		
User charges and fees	37,647	38,068	39,031	40,397	41,811	43,274	44,788	46,356	47,979	49,658		
Interest and investment revenue	8,735	8,813	9,118	5,323	6,283	4,666	3,273	1,823	429	-491		
Grants and contributions provided for operating purposes	21,291	18,900	18,926	19,588	20,274	20,984	21,718	22,478	23,265	24,079		
Grants and contributions provided for capital purposes	103,322	60,699	39,111	40,480	41,897	43,364	44,881	46,452	48,078	49,761		
Other revenues	15,761	16,241	16,789	17,376	17,984	18,614	19,265	19,940	20,638	21,360		
Gain on disposal of assets	0	0	0	0	0	0	0	0	0	0		
Total revenues from continuing operations	364,377	326,008	311,619	319,335	332,208	342,919	354,285	366,039	378,307	391,523		
Expenses from continuing operations												
Employee benefits and on-costs	114,793	116,310	118,943	123,106	127,414	131,874	136,489	141,267	145,505	149,870		
Materials and contracts	60,484	57,701	58,873	62,238	65,836	69,401	72,604	75,992	79,588	83,545		
Borrowing costs	2,264	1,800	1,344	886	463	98	24	0	0	0		
Depreciation, amortisation and impairment	42,039	43,035	44,055	45,953	46,890	49,421	52,006	54,689	57,397	60,168		
Other expenses	43,364	43,658	48,694	50,155	51,659	53,209	54,805	56,450	58,143	59,887		
Loss on Asset Sale	0	0	0	0	0	0	0	0	0	0		
Total expenses from continuing operations	262,944	262,504	271,909	282,338	292,264	304,004	315,929	328,398	340,632	353,471		
Operating result from continuing operations	101,433	63,504	39,710	36,997	39,944	38,916	38,357	37,641	37,674	38,052		
less capital revenues	(103,322)	(60,699)	(39,111)	(40,480)	(41,897)	(43,364)	(44,881)	(46,452)	(48,078)	(49,761)		
One off items:												
New Council Implementation Costs	1,826											
Stronger Communities Fund	962											
Net operating result for the year before grants and contributions provided for capital purposes	899	2,805	599	(3,483)	(1,953)	(4,448)	(6,525)	(8,811)	(10,404)	(11,709)		

CITY OF PARRAMATTA COUNCIL LONG TERM FINANCIAL PLAN

PROJECTED STATEMENT OF FINANCIAL POSITION

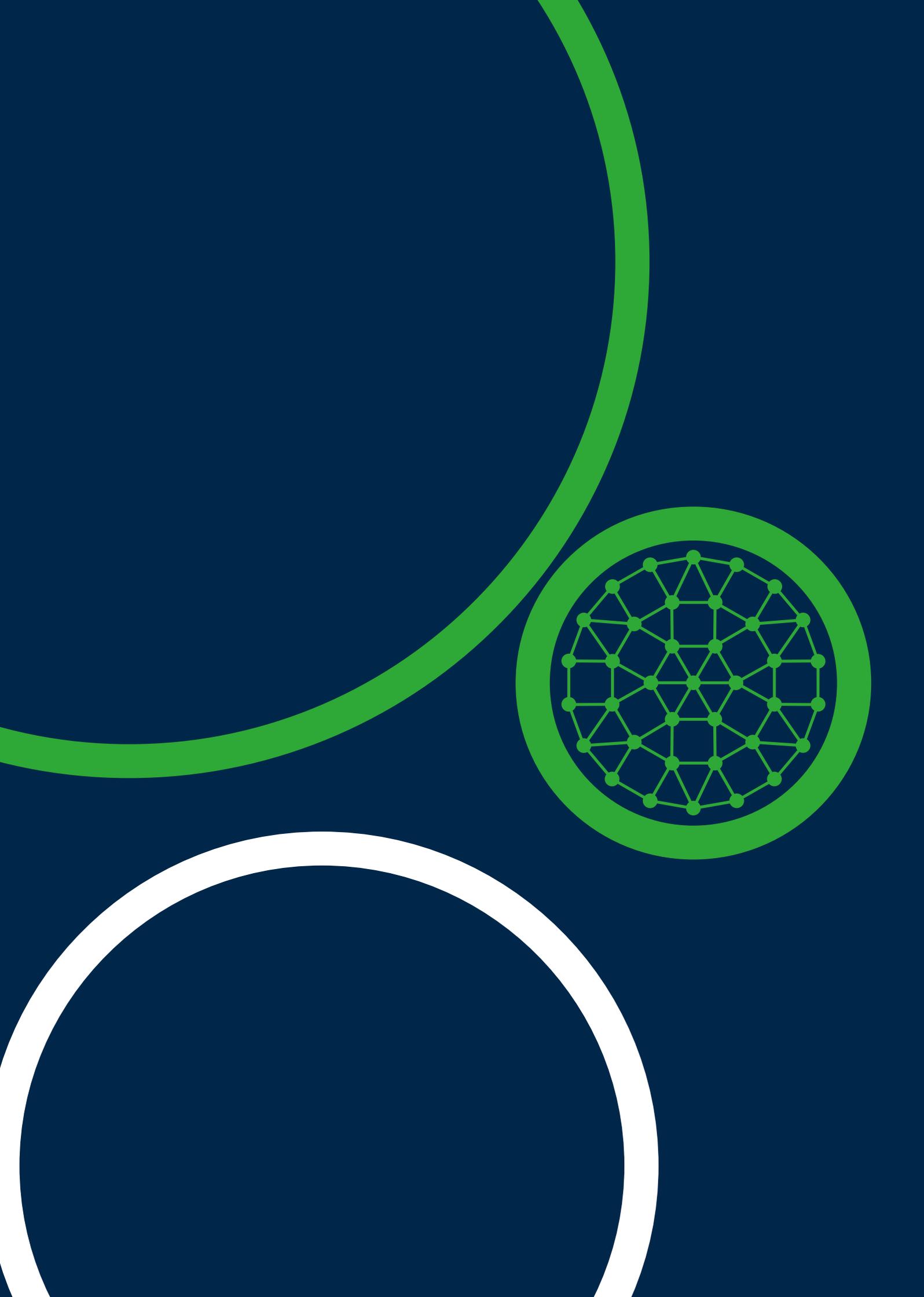
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
ASSETS												
Current assets												
Cash and cash equivalents	\$32,430	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Investments	\$192,530	\$294,644	\$280,478	\$161,645	\$143,382	\$171,184	\$124,282	\$83,897	\$41,863	\$1,445	-\$24,221	-\$26,897
Receivables	\$66,759	\$18,796	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437	\$36,437
Inventories	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84
Other	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383	\$383
Non-current assets classified as held for resale	\$209,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total current assets	\$501,836	\$323,907	\$327,382	\$208,549	\$190,286	\$218,088	\$171,186	\$130,801	\$88,767	\$48,349	\$22,683	\$20,007
Non-current assets												
Receivables	\$17,641	\$17,641	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure property, plant & equipment	\$2,498,688	\$2,684,015	\$2,790,580	\$2,964,169	\$3,013,160	\$3,013,131	\$3,090,282	\$3,167,547	\$3,247,078	\$3,325,104	\$3,403,557	\$3,482,125
Intangible assets	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918	\$1,918
Investments accounted for using equity method	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748
Total non-current assets	\$2,523,995	\$2,709,322	\$2,798,246	\$2,971,835	\$3,020,826	\$3,020,797	\$3,097,948	\$3,175,213	\$3,254,744	\$3,332,770	\$3,411,223	\$3,489,791
Total assets	\$3,025,831	\$3,033,230	\$3,125,628	\$3,180,383	\$3,211,112	\$3,238,885	\$3,269,134	\$3,306,014	\$3,343,511	\$3,381,120	\$3,433,906	\$3,509,798
LIABILITIES												
Current liabilities												
Payables	\$44,550	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650	\$29,650
Bank Overdraft	\$8,052	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Received in Advance	\$10,806	\$9,035	\$8,748	\$8,981	\$9,193	\$9,663	\$2,003	\$827	\$0	\$0	\$0	\$0
Borrowings	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706	\$31,706
Provisions	\$95,114	\$70,391	\$70,104	\$70,337	\$70,549	\$71,019	\$63,359	\$62,183	\$61,356	\$61,356	\$76,500	\$114,338
Total current liabilities	\$189,228	\$140,482	\$138,208	\$139,670	\$141,904	\$142,638	\$106,724	\$105,632	\$102,712	\$102,712	\$107,456	\$146,394
Non-current liabilities												
Payables	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878	\$878
Borrowings	\$48,451	\$39,416	\$30,667	\$21,686	\$12,493	\$2,830	\$827	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
Provisions	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311
Total non-current liabilities	\$52,640	\$43,605	\$34,856	\$25,875	\$16,682	\$7,019	\$5,016	\$4,188	\$4,188	\$4,188	\$4,189	\$4,189
Total liabilities	\$241,868	\$184,087	\$173,064	\$165,545	\$158,586	\$149,657	\$111,740	\$109,820	\$106,894	\$106,894	\$111,645	\$150,583
Net assets	\$2,878,077	\$2,919,234	\$3,020,667	\$3,084,171	\$3,123,881	\$3,160,847	\$3,200,759	\$3,239,642	\$3,277,967	\$3,315,575	\$3,353,217	\$3,391,271
EQUITY												
Retained earnings	\$2,878,077	\$2,919,234	\$3,020,667	\$3,084,171	\$3,123,881	\$3,160,846	\$3,200,759	\$3,239,642	\$3,277,967	\$3,315,575	\$3,353,217	\$3,391,271
Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total equity	\$2,878,077	\$2,919,234	\$3,020,667	\$3,084,171	\$3,123,881	\$3,160,846	\$3,200,759	\$3,239,642	\$3,277,967	\$3,315,575	\$3,353,217	\$3,391,271

CITY OF PARRAMATTA LONG TERM FINANCIAL PLAN

PROJECTED CASH FLOW STATEMENT

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities										
Receipts:										
Rates and annual charges	177,622	183,287	188,644	196,170	203,959	212,019	220,359	228,990	237,918	247,156
User charges and fees	37,647	38,068	39,031	40,397	41,811	43,274	44,788	46,356	47,979	49,658
Investment revenue and interest	8,735	8,813	9,118	5,574	6,625	5,099	3,798	2,440	1,138	-177
Grants and contributions	124,613	79,599	58,037	60,069	62,171	64,347	66,599	68,930	71,343	73,840
Other	15,761	16,241	16,789	17,376	17,984	18,614	19,265	19,940	20,638	21,360
Payments:										
Employee benefits and on-costs	(114,793)	(116,310)	(118,943)	(123,106)	(127,414)	(131,874)	(136,489)	(141,267)	(145,505)	(149,870)
Materials and contracts	(60,484)	(57,701)	(58,873)	(62,238)	(65,836)	(69,401)	(72,604)	(75,992)	(79,588)	(83,545)
Borrowing costs	(2,264)	(1,800)	(1,344)	(886)	(463)	(98)	(24)	0	0	0
Other	(43,364)	(43,658)	(48,694)	(50,155)	(51,659)	(53,209)	(54,805)	(56,450)	(58,143)	(59,887)
Net cash provided (or used in) operating activities	143,473	106,539	83,765	83,201	87,177	88,770	90,888	92,947	95,780	98,534
Cash flows from investing activities										
Receipts:										
Sale of investments	0	118,833	18,262	0	44,226	37,710	39,358	37,742	38,136	37,838
Sale of fixed assets	64,041	1,400	1,400	80,330	0	0	0	0	0	0
Payments:										
Purchase of investments	(3,475)	0	0	(30,477)	0	0	0	0	0	0
Purchase of fixed assets	(195,004)	(218,024)	(94,447)	(123,861)	(121,739)	(124,477)	(129,419)	(130,690)	(133,916)	(136,371)
Net cash provided by (or used in) investing activities	(134,438)	(97,790)	(74,784)	(74,008)	(77,513)	(86,767)	(90,060)	(92,947)	(95,780)	(98,534)
Cash flows from financing activities										
Receipts:										
Borrowings and advances	0	0	0	0	0	0	0	0	0	0
Other										
Payments:										
Borrowings and advances	(9,035)	(8,748)	(8,981)	(9,193)	(9,663)	(2,003)	(827)	0	0	0
Lease liabilities										
Other										
Net cash provided by (or used in) financing activities	(9,035)	(8,748)	(8,981)	(9,193)	(9,663)	(2,003)	(827)	0	0	0
Net increase/(decrease) in cash and cash equivalents	(0)	(0)	0	(0)	0	0	0	0	0	(0)
Cash and cash equivalents at beginning of reporting period	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cash and cash equivalents at end of reporting period	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Financial Indicators	Benchmark	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
a. Operating Performance	> 0%	0.34%	1.06%	0.22%	-1.16%	-0.54%	-1.31%	-1.89%	-2.50%	-2.86%	-3.25%
b. Own Source Operating Revenue	> 60%	65.80%	75.58%	81.38%	81.20%	81.30%	81.26%	81.23%	81.20%	81.18%	81.16%
c. Unrestricted Current Ratio	> 1.5	1.84	0.36	-0.01	0.78	0.59	0.41	0.20	0.01	-0.19	-0.39
d. Debt Service Cover Ratio	> 2	4.00	4.52	4.45	4.33	4.52	21.65	54.05	N/A	N/A	N/A
e. Rates, annual charges, interest and extra charges outstanding percentage	< 5%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
f. Cash expense cover ratio	> 3 months	10.31 months	6.33 months	5.5 months	6.27 months	4.69 months	3.51 months	2.24 months	1.09 months	0.01 months	-1 months
g. Infrastructure Renewals Ratio	> 1	0.81	0.81	0.79	0.78	0.81	0.77	0.74	0.70	0.67	0.64
h. Infrastructure Backlog Ratio	< 0.02	1.13%	0.91%	0.69%	0.55%	0.32%	0.12%	0.00%	0.00%	0.00%	0.00%
i. Asset Maintenance Ratio	> 1	1.05	1.08	1.10	1.12	1.15	1.17	1.18	1.20	1.22	1.23





**CITY OF
PARRAMATTA**

WORKFORCE STRATEGY

JUNE 2018





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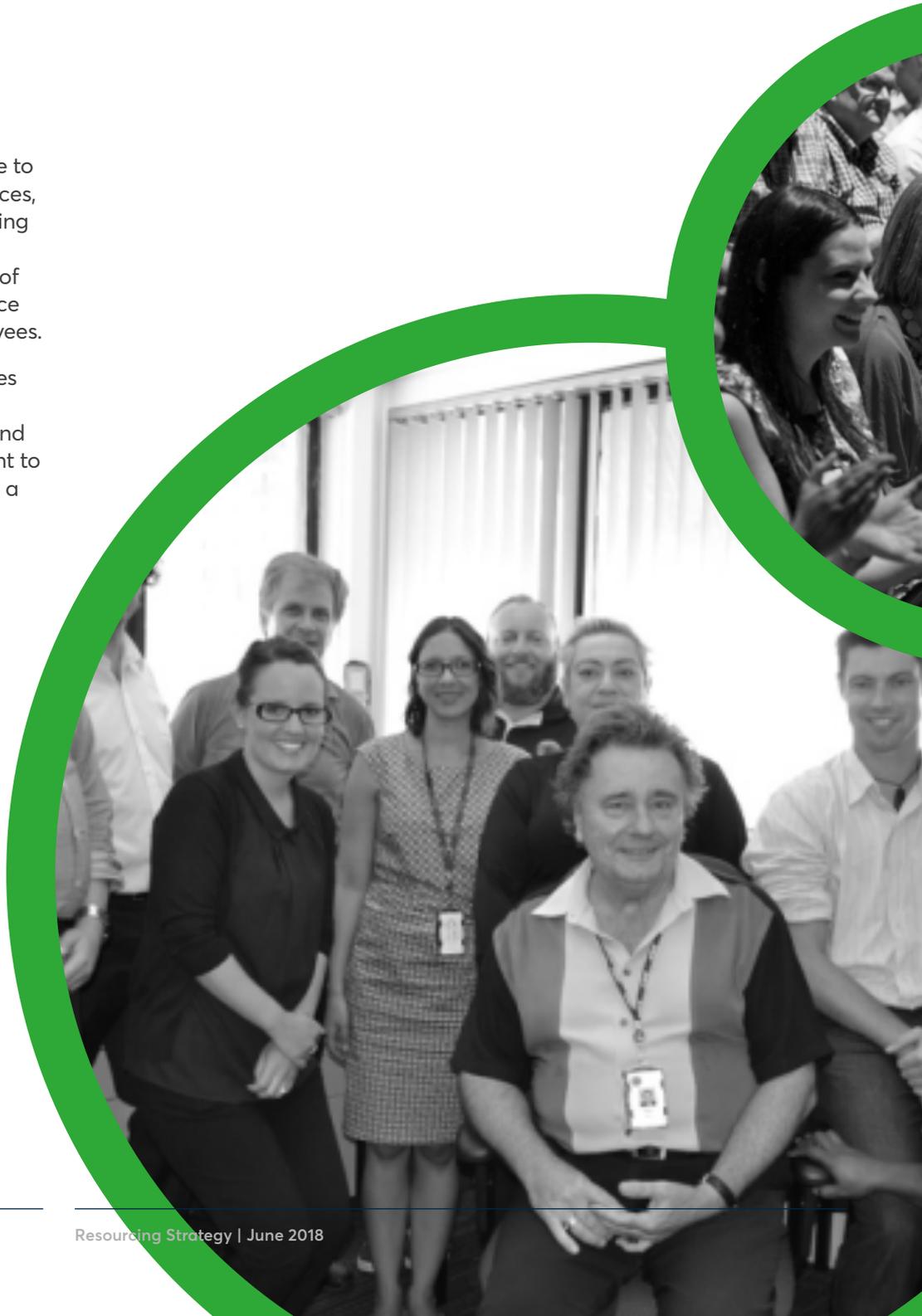
Workforce Strategy 6

The Workforce Strategy

This Workforce Strategy identifies a series of actions that City of Parramatta will implement to support the realisation of the Community Strategic Plan.

The actions listed in this strategy have been developed in response to perceived gaps in existing resources, lack of awareness or understanding of the application of these resources, and the identification of opportunities to support workforce development of Council's employees.

Our Workforce Strategy integrates elements of workforce planning, human resource management, and workforce capability development to provide a framework for building a workforce that meets the needs of our community, now and in the future.



Introduction



A growing population

The City of Parramatta is one of the fastest growing local government areas in New South Wales, and this growth is expected to continue over the next decade and beyond.

This extraordinary growth will be both challenging and rewarding. To meet the challenges and capitalise on opportunities, we must have the right workforce in place with the required skills and capabilities. This will ensure that we continue to maintain and enhance the quality of life of our community.

As we grow, our community is requiring more services and infrastructure. Council has responded by recruiting a strong workforce to deliver these services. We recognise, however, that changing demographics may lead to spikes in demand for services and infrastructure in the future, which will mean further changes to the composition of our workforce.

Turning workforce data into strategy

This Workforce Strategy outlines the current and future needs of Council employees to perform their roles. It also provides scope for ongoing reviews, and can be realigned where necessary to include recommendations from Council resolutions, Committee actions, legislative requirements or other decisions that impact the workforce.

Our community's aspirations and vision, outlined in our Community Strategic Plan and captured in our three-year Delivery Program, are central to this Workforce Strategy.

The Workforce Strategy was developed alongside the Long Term Financial Plan (LTFP) and the Asset Management Strategy, to ensure we have the necessary resources in place to deliver the actions and community aspirations set out in the Delivery Program and Community Strategic Plan.

In this document, we have outlined our strategy and action plan to ensure Council has the right workforce in place to meet the three-year Delivery Program outcomes for 2018-2021.

The Workforce Strategy is a key contributor to the following objectives in the Community Strategic Plan:

A growing population

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Strategic Objective in the Community Strategic Plan 	Strategies to achieve Objectives 	Workforce Strategy 
Fair – we can all benefit from the opportunities our City offers	Deliver effective, responsible and ethical decision-making, reflective of community needs and aspirations	Provide Council with current and projected workforce data to enable better decision-making and to structure Council effectively and appropriately
Thriving – we benefit from having a thriving CBD and local centres	Accelerate local jobs growth and help people find employment	Support Council's role as a significant local employer (28% of staff live within the local government area)
Innovative – we collaborate and champion new ideas to create a better future	Manage the City's assets and financial resources responsibly and provide the best possible services to the community	Inform, and continue to be informed by, Council's Long Term Financial Plan to ensure ongoing sustainability and quality of service delivery



Analysing the Current Workforce

Overview

To gain a comprehensive understanding of its workforce, Council completed an organisational workforce profile in 2018. The exercise involved gathering information from management about current skill shortages and knowledge gaps among our workforce.

Our workforce profile is flexible, and will adjust as our workforce changes over time. Over the next three years, it will be updated annually and reported to Council through the outcomes of the annual Operational Plan.

The 2016 Census identified a general trend away from full-time to part-time employment. With this in mind, Council has implemented a number of employment initiatives to ensure we cater for the changing nature of our workforce, including:

- flexible employment options;
- systems and processes that allow for different employment types in the workforce; and
- improved access to assets and technology, to cater for a diverse workforce.

About our employees

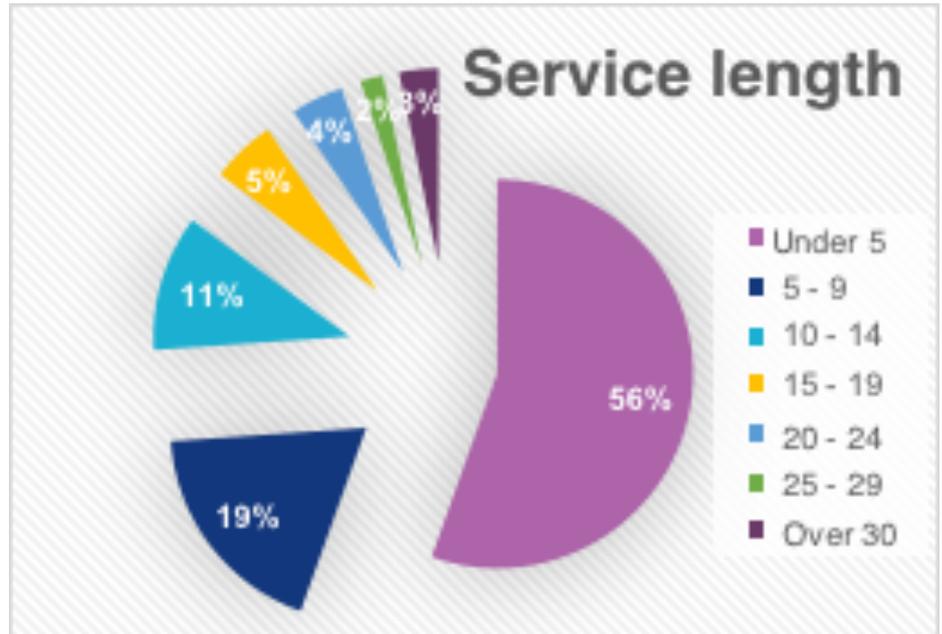
As at 2 February 2018, Council had 1,176 employees. This figure has increased over the last four years to service our growing population, and takes into account the boundary changes to City of Parramatta in 2016.

56% of our workforce has been with Council for under five years, and 15% for more

Generation X (born 1965-1980) = 37%
Generation Y (born 1981-2000) = 37%
Baby Boomers (born 1946-1964) = 25.5%
Pre-Baby Boomers (born before 1946) = .5%

Length of service

9% of our staff have been employed by Council for more than 20 years, and 56% have been employed by Council for less than five years. The average employee tenure is eight years.

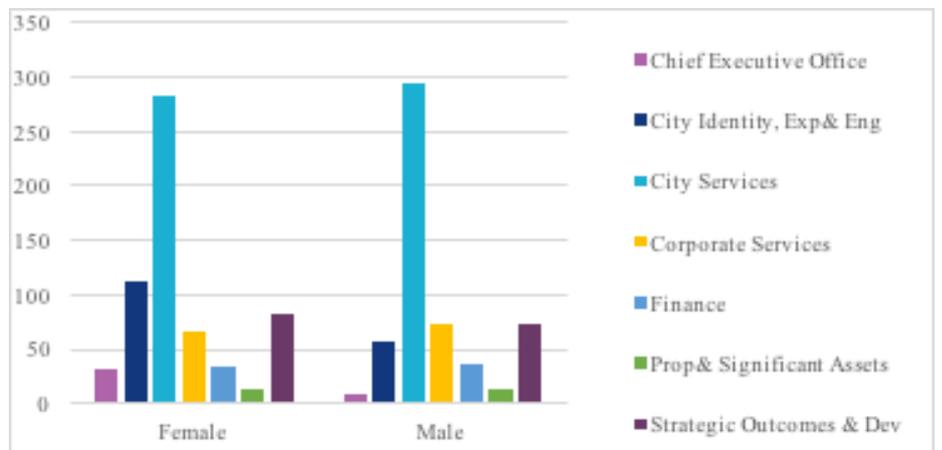


Gender

Since 2014, Council has seen a rise in gender equity across its permanent, temporary and casual workforce. More female employees are now in frontline professional and operational positions, where the ratio of male to female employees has historically been higher. Council has also implemented more flexible working models, which have traditionally appealed more to female staff.

The chart below indicates the number of females and males per business area across the whole of Council's

workforce, including casual and temporary staff. Our workforce is made up of 619 females and 557 males (totalling 1,176 as at 2 February 2018).

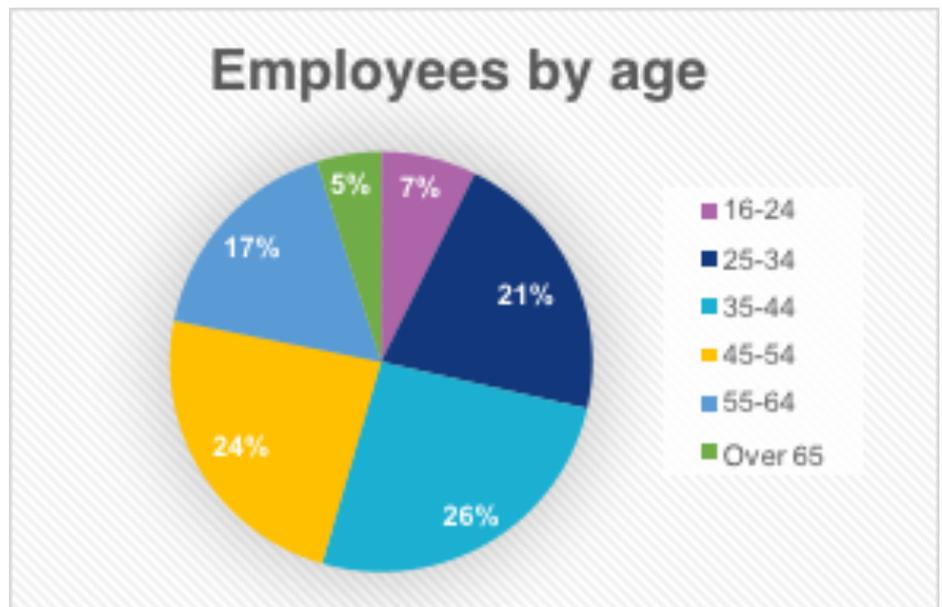




Age

Historically, the age profile of our workforce has remained relatively steady, consistent with other sectors and the general population. As indicated in chart below, the percentage of Council's workforce over the age of 55 sits at 17%, and 5% are over 65 (as of 2018).

We have seen an increase in the 35-44-year age bracket in our workforce, which is consistent with the growth trends of this age group within the local population. The median age of our workforce is 43.



Place of residence

At present, 28% of our workforce reside within our Local Government area

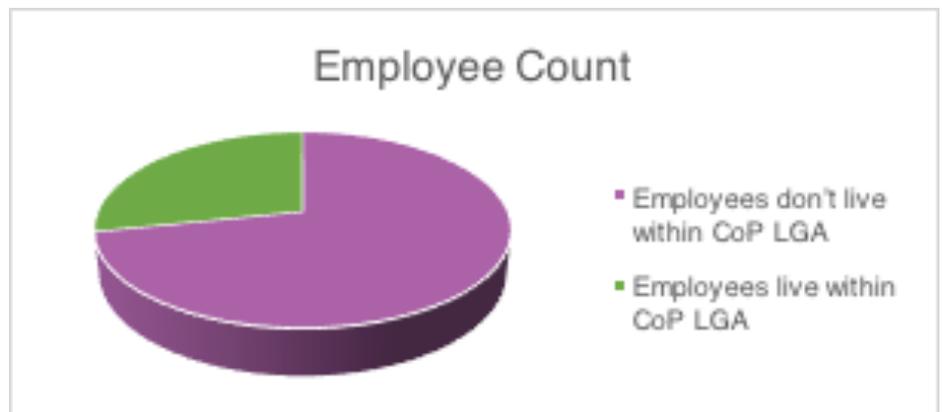


Figure - Employees residing in City of Parramatta

Employee growth via recruitment

As the table demonstrates, Council has experienced year-on-year employee growth via its internal recruitment process.

Year	No. of placements made via recruitment
2015	157
2016	332
2017	361

Table below provides information on the forecasted number of staff per Directorate

Total of new employees (Full Time Equivalent) from 2018 to 2021

	Normalised	FTE	FTE	FTE
	DEC QR	2018/19 Budget	2019/20 Budget	2020/21 Budget
Corporate Services	170.3	168	168	168
Finance	70.4	68.4	68.4	68.4
City Identity, Experience and Engagement	99.8	102.9	106.3	105.3
Chief Executive Office	12.7	12.8	12.8	12.8
Property Development Group	29.6	50.6	50.6	37.6
City Services	498	505.5	503.5	502.5
Strategic Outcomes & Development Services	151.5	163.4	163.5	163.5
Grand Total	1,032.3	1,071.6	1,073.1	1,058.1

Employee turnover

Council's employee turnover month-by-month from March 2017 to February 2018 is detailed below

Table - Annual turnover month by month for 2017/18

Month	Turnover %
Mar-17	1.75
Apr-17	1.31
May-17	1.30
Jun-17	0.95
Jul-17	1.07
Aug-17	1.27
Sep-17	1.35
Oct-17	1.45
Nov-17	0.81
Dec-17	1.22
Jan-18	1.020
Feb-18	1.010



Discussion of turnover data

Local governments are traditionally stable working environments with low staff turnover. Variations in our workforce data during the 2016/17 financial year may have been influenced by the NSW Government's local government reform. Although Council employees are protected for three years (May 2016-May 2019), recent increases in industrial action may be symptomatic of general unease, perceived or real, about workplace stability and structure.

Conversely, the reform has provided new opportunities for employees to gain experience working for neighbouring councils. It has also contributed to a sharp increase in opportunities for internal employee movements. Council wrote over 1,000 Employee Advice Forms (EAF) between January and December 2017. These forms record any employee movement within Council, including secondments, transfers or interchange arrangements. A secondment is where an employee is temporarily assigned to perform different duties within their current business unit or in another business unit. During the same period, Council also employed 150 temporary full/part time employees with a contractual end date.

Supporting the rate of workforce growth

Growth in Council's workforce typically corresponds to growth in the local population and an increase in the services to support this growth. To ensure growth is sustainable, Council employs workforce planning and evidence-based practices, taking

into consideration alternatives to ongoing employment where appropriate. Building our workforce planning capacity is critical to supporting our organisational effectiveness and sustainability.

Managing workload increases

A major challenge across many councils is how to manage the increased workload associated with rapid growth. Some areas of Council, such as Parks and Reserves, Asset Management, Strategic Management, and Development & Traffic Services, have seen their responsibilities grow dramatically in recent years. Council has therefore increased frontline professional and operational staff to meet demands and manage these workloads.

Improving internal communication

Council continues to consult with staff to identify business improvement needs. Staff have frequently raised the need to modernise and improve internal communication methods and strategies, and we have therefore made this a priority. Ongoing development of internal

communication will improve our employee experience, our knowledge and our organisational culture.

Maintaining our organisational culture

During periods of rapid growth, maintaining and improving organisational culture can be challenging. While we welcome growth, we recognise that our organisational culture is pivotal to providing good services to our community. We therefore remain focused on employee engagement through our values-based, high performance and flexible culture.

Embracing new technologies

New technologies continue to present opportunities to improve accessibility and services, including the mobilisation of Council's outdoor workforce.

Sourcing specialist and critical skills

Council recognises that as our City and our workforce grow, different types of skills may be required. While we currently have a highly skilled workforce, from time-to-time we may need to hire experts with specialist skills or experience to address any knowledge gaps.

We anticipate these requirements will involve very rare skillsets, specialist knowledge, and/or niche disciplines, gained over many years of experience and/or through advanced technical training. If managing policy advice, these experts will require extensive knowledge of operations and the impact of the environment in the context of legal, financial, social, economic and political implications.

To continuously provide the specialist skills required by our

workforce, Council will need to develop strategies to mitigate potential risks and plan for any critical positions that may be required in the future.

Overcoming the challenges of an ageing workforce

Of Council's workforce, 22% is 55 years and over (as at February 2018). The challenges posed by an ageing workforce can include ensuring:

- knowledge and skills are maintained and transferred;
- older workers feel valued; and
- flexible work options are available to ease the transition into retirement, all while prioritising their health and safety.

We must also be well-equipped to replace older workers when they decide it is the right time to retire.

Managing service expectations and priorities

Council's Community Strategic Plan expresses the expectations and priorities of our local community. To meet these expectations, Council must ensure its workforce has both the capacity and capability to deliver the required services. In consultation with management, we have identified a growing need for performance indicators to connect our services with our workforce. This will allow for greater efficiency and accuracy when predicting workforce needs.

The City of Parramatta is developing rapidly and the boom is forecast to continue for many years. While some of this growth is predictable, external influences will impact the preparation, implementation, and/or creation of services. These

external influences include, but are not limited to, state and federal governments and developers. This poses challenges for Council when it comes to managing workloads and ensuring that our workforce has both the ability and competency to deliver services exactly when they are required.

Financing growth

Forecasting the funds required to accommodate a growing workforce is a constant challenge. Workforce costs are not limited to employing more people to provide services to the community; they include operating expenses and resources, as well as upgrades to systems, procedures and software.

Policy & legislative changes

Policy and legislative changes at the state and federal levels can impact workload, responsibilities and accountabilities, costs, and existing resources. It is vital that Council proactively identifies and manages these changes in order to limit any impact on service delivery.

Competing with the private sector

Council inevitably faces competition with the private sector when it comes to sourcing suitable candidates for employment. We do not always have the capacity to offer the remuneration and/or benefits offered by competitors in the private sector. Instead, we need to focus on promoting the non-monetary benefits of Council employment, such as working conditions, career opportunities and the opportunity to contribute to the local community.

Combating skills shortages

Skills shortages occur when there is a mismatch between available skilled people and the current and emerging needs of industry. They can create critical short-term and long-term problems for Australia's economic health and our quality of life. The LGNSW National Skills Shortage Survey 2017 conducted in metro Sydney found that 85.5% of councils are experiencing a skills shortage. Some Council positions have been classified 'critical' as they require niche or in-demand skills. We must implement strategies to ensure we can readily source a replacement if one of these positions becomes vacant.

Planning for our future workforce

Council has held meetings with business unit managers to better understand future workforce requirements and plans. The data gathered from these meetings has assisted with forecasting future workforce requirements. Although needs identified are estimates, and subject to the review of financial controls and Council approval, the data informs our understanding of the future capacity and capabilities required to develop our human resource strategies.

Recruiting and retaining staff

Council is focused on attracting, retaining and developing the right quality and quantity of key skills in its employees. Incentives and strategies to build internal capability include:

- clear position description templates outlining the role and behaviour requirements;
- salary sacrifice opportunities;
- flexible and family-friendly work practices;
- learning and development opportunities; and
- the opportunity to work in the public sector and make a difference in our local government area.

Council has arrangements in place with health funds to ensure staff have access to discounted corporate rates. Staff actively organise and participate in raising funds for community organisations such as the Cancer Council, Pink Ribbon, Biggest Morning Tea, White Ribbon Day, Genes for Jeans Day and Meals on Wheels.

Understanding labour demands and external labour supply

Council recognises that certain skillsets and capabilities will not be readily available within all business units. We must therefore undertake strategies to overcome attraction difficulties. Data on hard-to-fill requirements across business units, together with our internal labour demand data, will inform gap analyses and guide human resource strategies and actions.

By analysing internal labour demands in relation to external labour supply data, we will gain a holistic understanding of the available labour market, and develop appropriate strategies to attract and retain the workforce we need to meet our community's needs.



Closing the skills gaps

Council has developed strategies to overcome these challenges and ensure its capacity to manage services and facilities moving forward. By building internal capability, Council will be less reliant on the external market.

Based on labour demand data, we expect to recruit more professionals and frontline professional staff over the next three years. We will also focus on succession planning for mission critical/hard-to-fill job roles, and provide additional training to meet future organisational demands. Council will continue to support youth development and employment by offering student employment opportunities.

Insights into the local labour market will guide our workforce strategy to ensure we attract the required talent in line with our policies and procedures.

We also recognise the importance of retaining skilled professionals. We have therefore identified reward, recognition and appreciation as strategies to combat challenges around retention.

Core business functions

We review our organisational framework regularly, making changes where necessary to ensure it is flexible, resilient, and that it promotes high performance and excellence in service delivery and customer experience. Council aims to have the right people, in the right places, with the right skills, doing the right jobs, at the right time.

The structural review process focuses on:

- building on strengths where Council is recognised in areas of excellence by the community;
- core service delivery at levels agreed by the community;
- supporting organisational achievement through initiatives such as our Service Excellence Program;
- collaborating and strengthening relationships and effective delivery across Council; and
- employee professional development and improvement.

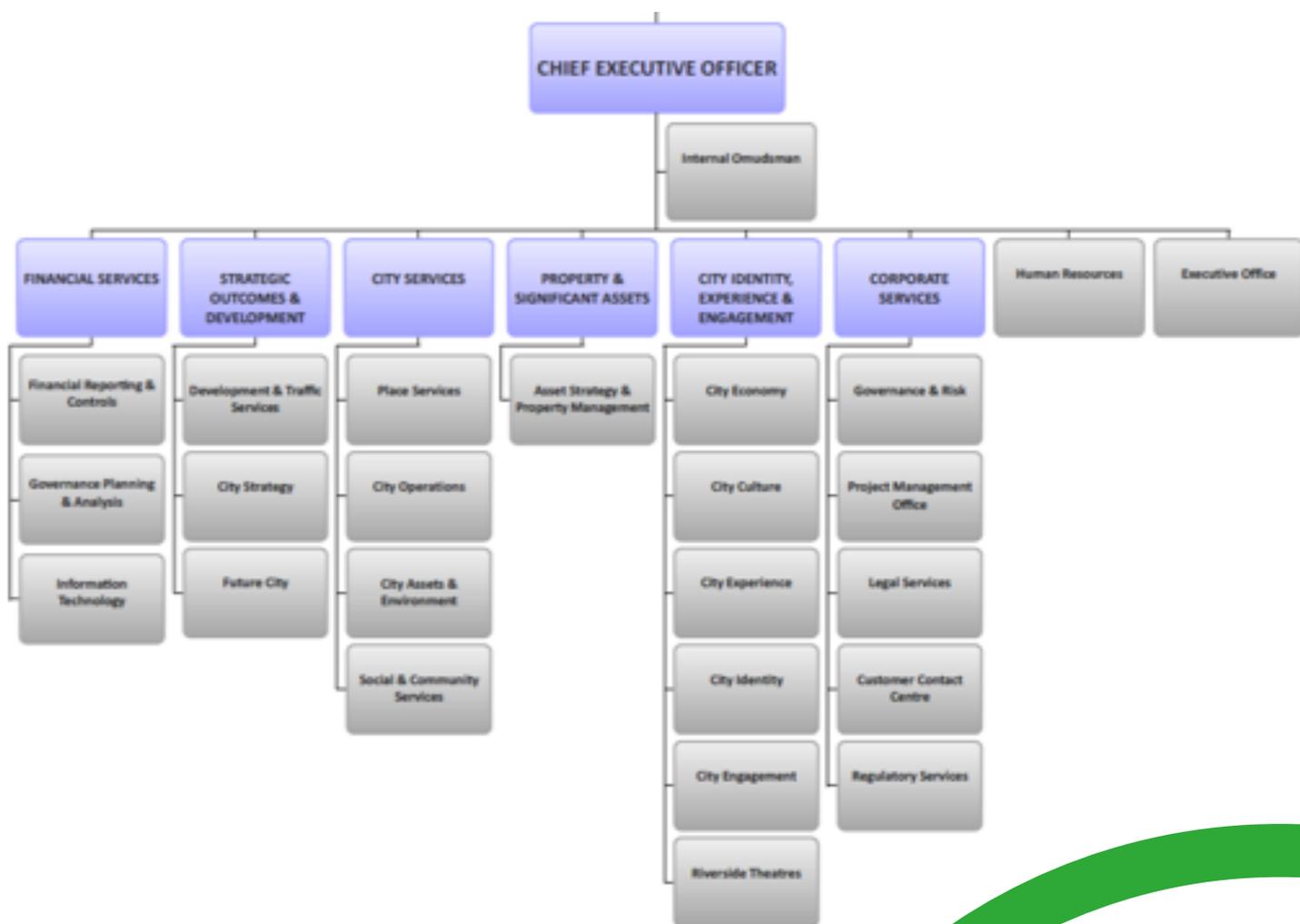
Council is dedicated to meeting the present and future needs of the community in a cost effective, accountable and collaborative way. Our internally focused services drive the financial management, support, and governance structures of our organisation.

Council is committed to improving the way we go about our business. This philosophy provides us with a lens to identify strengths and opportunities for improvement. Our mission is to develop a high performing organisation that has a strong culture of 'working together to do the right things the best way'. We want to be recognised by our community as a leading local government authority.

This Workforce Strategy sets out our organisational needs, forward planning and resourcing requirements. Key trends and emerging issues considered in the development of our Workforce Strategy include:

- an increase in resident population;
- difficulty attracting and retaining niche and/or in-demand skills;
- knowledge loss when employees resign or retire;
- increasing workloads;
- balancing the work-life needs of the workforce; and
- improving Council's capacity for change.

Council organisation chart



Planning for the Future

Council's Resourcing Strategy encompasses a Long Term Financial Plan, Asset Management Strategy and Workforce Plan. The Resourcing Strategy is an integral component of Council's Integrated Planning and Reporting Framework, linking our people, our services and our costs. The Financial Plan, Asset Management Strategy and Workforce Plan outline how Council has considered, in the medium- to long-term, the money, assets and people needed to successfully achieve the outcomes outlined in both the Community Strategic Plan 2018-2038 and the Delivery Program 2018-2021.

Council's Workforce Plan 2018-2021 is our organisational people plan roadmap. It details the challenges and actions required to meet our future workforce requirements and ensures we have the right number of people, with the right skills, in the right place, at the right time — now and into the future.

Our executive team and managers will facilitate the successful implementation of the Workforce Plan with the assistance of the human resources team. The plan will be reviewed annually and amended as necessary, to ensure our workforce requirements are aligned with our organisational objectives,

and to provide for challenges and opportunities in our external and internal environments.

The local government environment is dynamic, and change is constant. For this Workforce Plan to be effective, continual planning must be undertaken to ensure workforce requirements are met.

Workforce planning

Workforce planning is the alignment of an organisation's human capital with its commercial strategies. It is a systematic process of analysing the current workforce, determining future workforce needs, identifying the gap between the present and the future, and implementing solutions to ensure that Council can accomplish its mission and goals.

There are many aspects to workforce planning including: analysis of the current workforce; understanding future demand and supply for labour; forecasting the numbers and types of jobs and people required; identifying the source of those people; identifying gaps; and managing succession planning, planning for retirement and skill shortages.

Workforce planning offers a proactive and evidence-based approach to addressing the workforce component of

organisational change. The establishment of an integrated process for identifying, analysing and developing workforce capabilities is paramount in the delivery of services to our community.

Consultation & engagement

Staff consultation and engagement through the Consultative Committee and Work Health and Safety committee have been paramount to keeping Council's workforce informed and engaged. These committees support transparent decision-making and promote good working relationships between Council, employees and unions.

Council continues to recognise the significant benefits associated with maintaining and expanding a culture of consultation and engagement in the workplace. In addition to these formal methods of engagement, Council partners with AON HEWITT to conduct an annual engagement survey to involve employees in our growth and business improvement. Out of the 59% of Council employees who participated in the 2017 survey, 50% stated they were highly engaged in the organisation.

The survey has played a key in the following strategic projects:

- a more productive workplace with greater cooperation and collaboration;
- better and more informed decision-making and successful implementation of ideas;
- attraction and retention of skilled and positive staff;
- a workplace that is better able to cope with change; and
- minimisation of industrial action.

The Importance of Workforce Planning

To deliver its objectives, Council recognises that people are our most crucial resource. An effective workforce plan provides Council with the people best able to contribute to our strategic direction, develop innovative approaches to complex challenges, and deliver appropriate services effectively and efficiently to a growing population.

Council has developed and integrated strategies to support its Delivery Program 2018-2021 and to address the challenges of attracting and retaining the right people to support our community, today and in the future.

Determining the scope of the Strategy

This plan addresses our anticipated workforce needs over the next three years. It involves:

- Analysing the current workforce to identify gaps to gain a broad understanding of our workforce now, and how it might change in the future.
- Forecasting future needs by using our workforce analyses to identify the types of skills, positions, and other resources we will require over the next four years. This also involves looking at internal organisational needs, alongside the needs identified in the Community Strategic Plan.
- Developing strategies to address gaps by asking how we will close the gap between what we have now and what we will need in the future, and identifying the actions we must undertake to do so.
- Implementing strategies and putting actions into place by assigning responsibilities, setting timeframes and highlighting budget implications.
- Monitoring and evaluating outcomes to ensure strategies are being implemented and actioned.

What is achieved by proactively managing council's workforce?

By proactively managing our workforce through workforce planning, Council will have the right people, at the right time, with the right skills and experience, to deliver on our strategic and operational objectives.

Other benefits of effective workforce planning include:

- recruiting, developing and deploying a diverse workforce with the required skill sets to meet future workforce needs;
- positioning Council as innovative, creative and outcomes-focused;
- improving productivity through better job design and resourcing decisions;
- reducing staff turnover and retaining top talent;
- ensuring corporate knowledge is built, retained and accessible;
- building workforce capacity and capability;
- ensuring Council is responsive to changing business requirements, challenges and possibilities;
- making evidence-based workforce decisions;
- fostering an agile, high performance culture through common understanding and goals; and
- linking individual performance directly to delivery of the Community Strategic Plan through the Delivery Program 2018-2021.

Council always aims to deliver services within the limits of its resources (i.e. workforce, assets and financial). By supporting decision-making with evidence-based practice, Council also seeks to minimise the costs involved in sudden or unsustainable additions to the workforce.



Workforce Plan **2018 – 2021**

Understanding the context

Effective workforce planning is reliant on access to reliable workforce data. Council collects data to improve benchmarking capabilities, highlight areas of success and/or concern in our workforce management, and identify trends that may prove useful for predictive modelling. Council will continue to collect and use data to make sure our workforce has the capacity to meet our community's needs.

Strategic direction

Workforce planning ensures we have the right number of suitably trained and skilled staff at all times to deliver goals, whether they be short-, medium- or long-term. It also provides us with a framework for dealing with challenges in a consistent way.

By analysing data and consulting with staff, we have identified the following key themes as essential to support a sustainable, resilient and growing future workforce:

- workforce sustainability
- attraction and retention
- workforce diversity
- workforce capability
- workplace health and safety.

Our continual review process

The workforce strategies identified in this document will be consistently reviewed to determine their success and their relevance to our changing community needs and expectations, as well as our changing environment and labour market.

All actions associated with our workforce strategies will be managed through Council's Delivery Program and Operational Plan.

Organisational culture

Council recognises the importance of organisational culture in achieving community goals. We are committed to continuously developing our culture to ensure our workforce is engaged and community driven, and focused on excellence in service delivery and customer experience. To bring this commitment to life, Council has developed a set of values to drive our culture and embrace change.

Our values guide our behaviours now and into the future.

All staff are encouraged to follow our values when engaging with customers, business associates and fellow workers. Our values are:

- customer focus
- teamwork
- innovation
- integrity.

Embedding values in career plans

Going forward, Council's supervisors will facilitate yearly meetings with staff to discuss how behaviours at work are aligning, or can better align, with our four values. These values and their measurement criteria will also be embedded in each employee's career plan to ensure they genuinely form part of their daily working life. Throughout the reporting cycle, employees will be rated against the 'role model' standard, to ensure they are embodying the values.

Values champions

The Values Champion Program recognises the contributions, achievements and commitment of Council staff. Nominations are open throughout the year for a task, project, behaviour or activity. All employees are encouraged to nominate a work colleague or colleagues for recognition, even if they are not in the same team.

Workforce metrics profile

Council has 1,176 employees (as at February 2018) working together to successfully provide over 70 services to the community of the City of Parramatta. Understanding whether we have the right people to provide these services moving forward is pivotal to achieving the objectives and aspirations set out in the Community Strategic Plan.

The workforce metrics provide a snapshot of our current workforce, alongside historical data for trending purposes. The generation of people metrics as they become available (i.e. job functions and competencies, critical jobs, training data, exit survey information, recruitment data, performance data, diversity data etc.) will be crucial to ensure we are meeting objectives going forward.

Future needs

Council's finance team has been consulting with business unit managers to discuss the core factors that influence their current and future workforce needs. The responses to this consultation will provide a framework for strategy development in the Workforce Action Plan.

Council recruitment and selection

Council's recruitment and selection process is based on Equal Employment Opportunities (EEO) and merit-based principles. Recruitment selection is based on merit, where the best possible match between qualifications, relevant experience, and capabilities of the applicant and the position or duties to be performed is sought.

Equal employment opportunity principles

EEO means embedding workplace rules, policies, practices and behaviours that are fair and do not disadvantage people simply because they belong to particular groups. EEO groups are people affected by past or continuing disadvantage or discrimination in employment.

Workforce Strategies

Six workforce strategies have been developed to address the challenges of providing appropriately qualified and experienced staff for today and in the future:

Workforce Strategy 1	Improving workforce planning and professional development to enhance Council's long-term sustainability
Workforce Strategy 2	Retaining and attracting a diverse workforce
Workforce Strategy 3	Investing in skills that supports a high-performance culture
Workforce Strategy 4	Improving productivity and leveraging technology
Workforce Strategy 5	Improving management and leadership capability
Workforce Strategy 6	Assessing success and relevance through an evaluation framework

Together, these strategies have enabled us to develop our Workforce Strategy Action Plan.

The Workforce Strategy Action Plan details initiatives, in order of priority, to be implemented during next three years to ensure we have a workforce capable of delivering all outcomes identified in the Community Strategic Plan.



Workforce Strategy

Improving workforce planning and professional development to enhance council's long term sustainability

By approaching workforce planning and professional development in a strategic way, we will ensure all aspects of Council's operations are appropriate and effective. Professional development opportunities improve and increase the capabilities of staff. Development can take many different forms, from access to education and training opportunities in the workplace and externally, through to mentorship and secondments. Along with improving Council's capacity to deliver, professional development builds and maintains staff morale and general satisfaction in the workplace. Developing an industry reputation for prioritising professional development will also help Council attract high quality staff.

Targets and monitoring progress

Monitoring and evaluating are important parts of the workforce planning process. They allow Council to analyse the effectiveness of our workforce and understand where changes must be made for ongoing success.

Business unit planning:

Council will ensure all business units have the right number of employees with the right skill sets to meet targets and organisational requirements. This type of planning also accommodates future technology and finance needs.

Objectives of strategy 1

1. To strengthen the workforce planning capabilities of all managers.
2. To develop a consistent approach to workforce planning across Council to facilitate organisational planning.
3. To improve Council access to and use of data for workforce planning purposes.

Actions for strategy 1

	Actions	Deliver by
1.1	Collaboratively collect data on Council's skills shortages, skills gaps, emerging skills and workforce challenges to inform education and training policies, programs and workforce strategies.	Year 1 2018/19
1.2	Develop and promote guidelines, tools and professional development programs to support the development of workforce planning.	Year 1 2018/19



Workforce Strategy

Retaining and attracting a diverse workforce

Workplace diversity and inclusion refers to the diverse skills and perspectives that people bring to the workplace because of their gender, age, language, ethnicity, cultural background, disability, religious belief, sexual orientation, working style, education, personality, socio-economic background, job function, marital status, and/or family responsibilities.

Workplace diversity is about removing barriers to ensure all employees can perform to their highest ability. It recognises the value of individual differences in the workplace.

A challenge facing all employers, not only local government, is the retention of mature talent. Faced with an ageing workforce, councils are concerned about:

- transitioning older workers into meaningful jobs that are appropriate for their health and wellbeing;
- finding or creating jobs into which older workers can transition; and
- encouraging older workers to embrace new roles.

City of Parramatta workforce

As at 2 February 2018, Council's wonderfully diverse workforce headcount was 1,176. The diversity of Council's workforce reflects the diversity of the wider City of Parramatta community.

Council's Aboriginal and Torres Strait Islander Employment Strategy (2017-2020) aims to increase the number of Aboriginal and Torres Strait Islander employees, and provide tailored support to those already employed by Council.

Council has adopted a Disability Inclusion Action Plan (DIAP, 2017) which includes strategies relating to employment. The DIAP has allocated a specific action and funding to appoint a Diversity Project Officer.

Objectives of strategy 2

1. To increase understanding amongst managers and staff of the community and business benefits of a diverse workforce.
2. To support the attraction and retention of a diverse workforce.

Diversity	Total %
Aged under 35	28%
Aged between 35-44	26%
Aged between 45-54	24%
Aged 55 & older	22%
Females	53%
Males	47%

Actions for strategy 2

	Actions	Deliver by
2.1	Provide professional development to managers to encourage inclusive recruitment practices.	Year 2 2019/20
2.2	Implement succession planning with managers to support Council in managing its workforce.	Year 3 2018/19
2.3	Investigate and reduce procedural barriers to recruiting people from diverse backgrounds.	Year 1 2018/19
2.4	Implement the Disability Inclusion Action Plan and the Reconciliation Action Plan.	Year 1 2018/19



Workforce Strategy

Investing in skills that supports a high-performance culture

Education and training improve the employment prospects of individuals, the productivity of workplaces, and the capacity of people and organisations to adapt to changes in demand for products and services. Technical and 'soft' skills are developed by organisational and individual investment in tertiary education, vocational education and training (VET) or other forms of structured courses and programs, coaching, mentoring, networking, and most commonly, through on the job informal learning.

Council will develop strategies to attract apprentices, trainees, tertiary students and university graduates with a sound understanding of future skills requirements and in collaboration with education and

training providers. We will focus on investing in skills development for mature workers who may need to adapt to changing skills requirements of new, existing and revised job roles.

Performance management will continue to focus on two-way planning, feedback and evaluation between employees and their manager on key performance objectives, including learning and development activity. Measurement is based on achieving results and demonstrating behaviours aligned to Council's shared purpose and values.

Objectives of strategy 3

1. To encourage Council managers and staff to be accountable for meeting strategic targets and implementing skills development programs to build our workforce for the future.
2. To allocate budget for funding to support workforce skills development and access to a range of skills development opportunities for managers and staff at all levels
3. To develop core capabilities of employees.
4. To partner with universities and external providers to develop skills in technology and other emerging fields.

Actions for strategy 3

	Actions	Deliver by
3.1	Identify the long-term trends for professional and critical roles in Council and develop strategies to address potential skills shortages.	Year 1 2018/19
3.2	Work with VET, TAFE and universities to explore ways to increase the number of students and graduates working in Council.	Year 2 2019/20
3.3	Establish a secondment program to provide professional development opportunities for those seeking to gain experience working in higher level or new roles, and to address skills gaps and skills shortages across Council.	Year 2 2019/20
3.4	Review Council's Procurement Policy regarding engagement of labour hire and contractors to understand and respond to organisational skills gaps or areas of need that may require employees to upskill or to support the recruitment of specialist employees.	Year 2 2019/20



Workforce Strategy

Improving productivity and leveraging technology

According to the NSW Intergenerational Report 2016, the three drivers of growth in the NSW economy over the next 40 years will be:

- population
- participation
- productivity,

While skills development is a major contributor to innovation and productivity, the utilisation of technology has, and will continue to, become increasingly important in improving efficiency of service and infrastructure delivery. Technology and data will also be big factors in local government's ability to deliver more effective, customer-centric services and facilitate more flexible work practices.

One of the issues facing all employers, not only local government, is the fast pace at which technology changes. Keeping up-to-date with the latest capabilities and applications of technology is an ongoing challenge for councils seeking greater opportunities to share information or collaborate in decision-making.

The Productivity Commission recently noted that "better coordination between national, state and territory and local governments is also necessary to realise the benefits from technology-abled information sharing"(Productivity Commission, 2016:133). Councils also see opportunities to reduce individual and collective costs by increasing the sector's joint procurement of commonly required technologies.

The impact of technology on workforce skills requirements is also considerable, with most roles now requiring some interface with technology.

Councils are also requiring more staff with higher level skills and qualifications in specialist IT areas.

Objectives of strategy 4

1. To increase Council's knowledge of innovative systems and technologies designed to improve productivity.
2. To improve the effectiveness of the sector's investment in technology.

Actions for strategy 4

	Actions	Deliver by
4.1	Research and promote case studies of innovative technologies and shared services models that increase productivity.	Year 3 2020/21
4.2	Deliver the technical skills required by the workforce to adapt to new technologies in the workplace.	Year 2 2019/20
4.3	Increase management and staff awareness of cyber security issues.	Year 2 2019/20



Workforce Strategy

Improving management and leadership

Managers and leaders have a significant impact on individual and organisational performance. A study of Australian leadership revealed significant gaps and weaknesses in Australia's leadership and management relating to:

- poor mastery of basic management fundamentals such as performance monitoring, target setting, and appropriate use of incentives;
- inability to encourage and drive innovation;
- lack of formal training of leaders;
- under-investment in leadership training across organisations, especially at the frontline where improved performance can be achieved through better employee engagement and

outcomes;

- lack of diversity amongst senior leadership, which remains dominated by older men from English-speaking backgrounds; and
- limited external sourcing of advice and information from associations, consultants, experts, or other senior leaders in their industry or elsewhere.

Objectives of strategy 5

1. To enhance leadership and management capability within Council.
2. To review and if necessary enhance a framework for management and leadership recruitment and capability development across the organisation.

Actions for strategy 5

	Actions	Deliver by
5.1	Develop and promote leadership and management programs that support Council's values.	Year 1 2018/19
5.2	Continue to build multiple communication channels and learning platforms throughout the organisation.	Year 2 2019/20
5.3	Implement targeted development for our leaders via MyCareer. (our performance management system)	Year 2 2019/20
5.4	Develop a range of initiatives across business units to support good governance, risk management, continuous improvement, and fair and ethical behaviour.	Year 2 2019/20



Workforce Strategy

Assessing success and relevance through an evaluation framework

Ongoing monitoring and evaluation are necessary as they:

- show us how we are tracking;
- identify where we need to make adjustments; and
- help to maintain transparency, accountability, and communication with employees.

Objectives of strategy 6

Monitoring and evaluation activities will include:

1. Measuring the effectiveness of each strategy;
2. Determining the success or otherwise of strategies and key performance indicators;
3. Incorporating recommendations into the workforce planning cycle; and
4. Addressing stakeholder feedback throughout the implementation process.

Actions for strategy 6

	Actions	Deliver by
6.1	Establish working groups to develop project plans and timeframes for delivery of actions.	Year 1 2018/19
6.2	Establish resourcing requirements to deliver all actions in the Workforce Strategy and seek funding for actions, where necessary.	Year 2 2019/20
6.3	Design and implement an evaluation framework to monitor the progress of workforce development.	Year 2 2019/20
6.4	Monitor progress in implementing actions in line with the Integrated Planning and Reporting cycle	Year 3 2020/21

KOREAN

본 소식지와 관련해 통역 지원이 필요하신 경우, TIS (131 450)에 전화하여 Parramatta Customer Service (9806 5050)를 연결해 달라고 요청하시면 됩니다. 업무시간은 월요일에서 금요일, 오전 8시 30분부터 오후 5시까지입니다.

ARABIC

إذا كنت بحاجة للمساعدة في ترجمة هذه النشرة، اتصل بـ TIS على الرقم 131 450 واطلب منهم الاتصال نيابة عنك بخدمة زبائن باراماتا على الرقم 9806 5050 من الإثنين إلى الجمعة بين الساعة 8:30 صباحاً و 5:00 مساءً.

CHINESE

如果你需要翻译协助阅读这份新闻简报，请联系 TIS，电话131 450，要求他们代表你接通巴拉玛打市议会顾客服务处，电话 9806 5050。顾客服务处的工作时间是每星期一至星期五，上午8:30至下午5:00。

HINDI

यदि आपको यह सूचना-पत्र समझने में सहायता चाहिए तो कृपया TIS को 131 450 पर फ़ोन करें और उनसे कहें कि आपकी तरफ़ से पैरामाटा कस्टमर सर्विस को 9806 5050 पर फ़ोन करें। यह सेवा सोमवार से शुक्रवार, सुबह 8.30 बजे से शाम 5.00 तक उपलब्ध है।

Address:

126 Church St, Parramatta
PO Box 32, Parramatta NSW, 2124

Phone: 9806 5050

Email:

council@cityofparramatta.nsw.gov.au

Facsimile: 9806 5917

Web: cityofparramatta.nsw.gov.au

To contact the Lord Mayor
follow the link at

cityofparramatta.nsw.gov.au

For non-English speakers,
phone interpretation services
are available by
TIS National on **131 450**.



**CITY OF
PARRAMATTA**