

PENRITH

# 2022-32

Managing our assets, people,  
technology and finances to  
deliver on our commitments

Resourcing

Strategy



**PENRITH**  
CITY COUNCIL

[penrith.city](https://www.penrith.city)

## Statement of Recognition

Council values the unique status of Aboriginal people as the original owners and custodians of lands and waters, including the land and waters of Penrith City.

Council values the unique status of Torres Strait Islander people as the original owners and custodians of the Torres Strait Islands and surrounding waters.

***We work together for a united Australia and City that respects this land of ours, that values the diversity of Aboriginal and Torres Strait Islander cultural heritage and provides justice and equity for all.***



*NICE (Nations in Cultural Exchange) project celebration Kingswood Park, February 2021. Photo courtesy of Jordan Wheatley.*

## Our Mission

### We will...

Deliver the services, facilities and infrastructure that our community needs

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Maintain our long term financial sustainability

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Work with our community and partners to achieve more than we can alone

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Provide an excellent customer experience to everyone who contacts us

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Value and engage our staff

## Our Values

In addition to our Code of Conduct, Council has adopted Values to guide our behaviour in the workplace and how we relate to our work colleagues, our customers, our communities, and our stakeholders.

### Our Values and Behaviours are:

We show respect

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We are accountable

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We encourage innovation

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*As an organisation, we strive to reflect these in our day to day work, making our workplace more enjoyable and productive.*







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# EXECUTIVE SUMMARY

## Introduction

**The Penrith City Council's Resourcing Strategy outlines how we'll manage our assets, people and finances to ensure we have the capacity to deliver on the strategies and actions we've identified in the Delivery Program and Operational Plan. Through these strategies and actions, we will make progress towards the five outcomes our community has identified as the best way to make Penrith a better place to live, work and visit.**

Councils in New South Wales are required under the Local Government Act to undertake a range of planning and reporting processes aimed at understanding and then delivering the community's vision for the future of their local area.





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**An Integrated Planning and Reporting (IP&R) Framework provides guidance as to how councils will prepare each of the plans and report on progress. The framework requires councils to prepare:**

### Timeframe

10+ years

A **Community Strategic Plan** that articulates the community's vision and aspirations, outlines the strategic direction and outcomes, and contains a means for measuring progress.

*Penrith's Community Strategic Plan has a 12-year outlook in line with the local government election cycle. We refresh it every four years following the election and undertake a more substantial review every 8 to 12 years.*

4-10 years

A **Community Engagement Strategy** that sets out Council's commitment to engage with stakeholders to plan for the future of the city and to make key decisions that impact them.

*A Community Engagement Strategy is a new addition to the Integrated Planning and Reporting suite, with the first strategy to be delivered by December 2022.*

A **Resourcing Strategy** that demonstrates how council will use and build resources to deliver the Community Strategic Plan and the Delivery Program (this document).

*At Penrith, we have included our 10-year Financial Plan and Asset Management Strategy, and a four-year workforce management plan. We have also included our critical digital assets as part of this Resourcing Strategy, to recognise the key role that digital transformation can play in delivering our services over the next four years.*

4 years

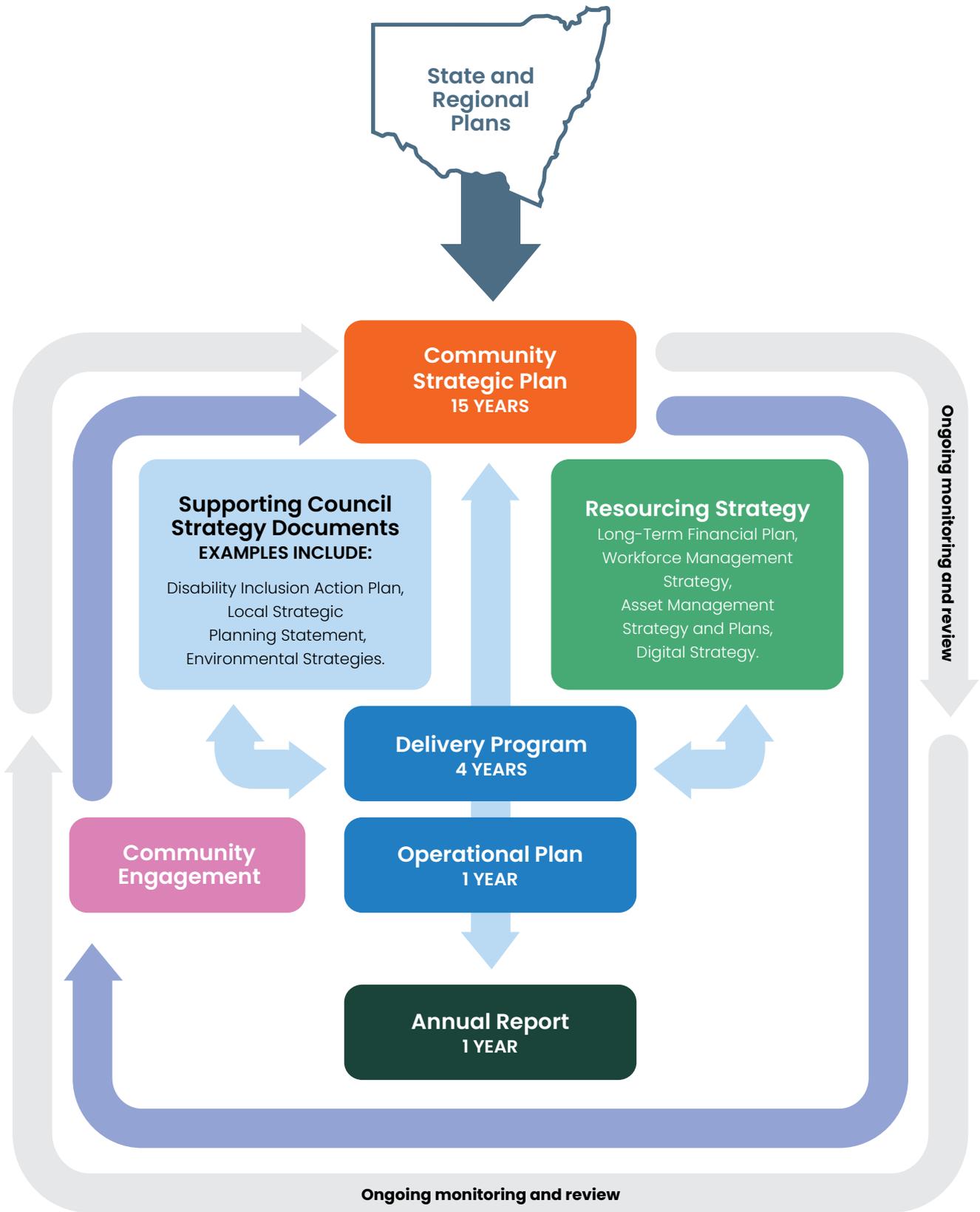
**Delivery Program** that describes the elected council's commitment to deliver against the Community Strategic Plan in their term.

**Operational Plan** that identifies the projects and activities to be delivered in that financial year. It includes the council's annual budget.

*At Penrith we combine our Delivery Program and Operational Plan into one document, refreshed and adopted in June each year. This ensures the actions, works programs and budgets for each year can be understood in the context of the ongoing service activities and priorities for the term. The current Delivery Program has a four-year term, as required by the legislation, but will be refreshed after the next Council election in September 2024 with a new document adopted by 30 June 2025.*

1 financial year

Figure 1: NSW local government integrated planning and reporting framework



# Meeting the Resourcing Challenges

## About Penrith

Framed by the beauty of the Blue Mountains and Nepean River, Penrith City is home to more than 200,000 residents. Just 54km from Sydney centre, it is uniquely positioned between the north-west and south-west Sydney growth centres, as well as at the gateway to the new Western Sydney Airport and Aerotropolis.

The local government area (LGA) stretches from Agnes Banks in the north to Badgerys Creek in the south and Emu Plains in the west to St Marys in the East. The LGA has been divided into three wards (South, East and North wards).

Penrith contains a mix of both urban and rural areas with most of the population living in residential areas in a linear corridor along the Great Western Highway and the Western Railway. Most of the urban area is residential, with some commercial areas and industrial areas. Much of the rural area is used for agricultural purposes, including dairying, poultry farming, hobby farming, orcharding, market gardening and horse breeding.

Penrith is fuelled by a great lifestyle and close-knit community surrounded by the natural beauty. Our community has excellent access to transportation, shops, schools and hospitals, as well as multiple sports, arts and entertainment venues and facilities.

Visitors to Penrith may know us as the 'Adventure Capital' of New South Wales as we offer the Sydney International Regatta Centre, Penrith Whitewater Stadium, Penrith Panthers, the Joan Sutherland Performing Arts Centre and Penrith Regional Gallery among other attractions.



## How Council delivers for Penrith

Our Community Strategic Plan is a 'big picture' plan based around the five outcomes our community has told us will improve Penrith as a place to live, work and visit. These are the long-term goals and Council cannot deliver them alone – we need to work with the state and federal government, businesses, other organisations and our community to achieve these outcomes together. Our Community Strategic Plan, 'Penrith 2036+', not only sets out where we want to be, but also where we are now and how we know we're on the right track. Effective management of our resources will be vital to enable us to deliver on the community outcomes.

**Figure 2: Our five community outcomes >**

- 1 We protect and enhance an ecologically sustainable environment**

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- 2 We are welcoming, healthy, happy, creative and connected**

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- 3 We plan and shape our growing city**

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- 4 We manage and improve our built environment**

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- 5 We have open and collaborative leadership**

## WHAT HAS OUR COMMUNITY TOLD US?

Community feedback supports informed decision making, which helps Council achieve better outcomes. We have regularly engaged with our community across many forums covering a variety of issues. Issues raised that are directly relevant to the content of this Resourcing Strategy are outlined in the strategic challenges section below. Actions to address the issues our community have raised are included in the Delivery Program 2022–26.

### How will we continue to engage with our community?

We will continue to undertake our community satisfaction survey on a regular basis, so we are able to check in about the importance of key assets to our community. We are also implementing customer experience measures that will allow us to gain a better insight to how well specific facilities are meeting user needs. These measures will include how quickly we are able to respond when an issue is reported to us.

With the development of the Community Engagement Strategy by December 2022, our community will have a clearer understanding of when and how they should expect to be engaged in the development of the plans, policies and strategies of the council.

It has been some time since we last undertook specific engagement on the levels of service our community expects from our assets. Engagement around levels of service is expected to occur during the lifecycle of this Delivery Program, so it can inform the next Strategy that will be prepared in 2025–26.

## Meeting the Strategic Challenges

### INFRASTRUCTURE AND SERVICES KEEPING PACE WITH POPULATION GROWTH

Population and economic activity in Penrith is expected to grow over the next ten years, outpacing growth at the state level. By 2026, it is expected the new international airport at our doorstep, the aerotropolis and the new metro line will be operational. Over the next 10 years, our population will grow by an average of 2.7% p.a. and housing by an average of 3.7% p.a. Penrith is also expected to deliver approx. 60% of the new employment lands under the Western City Parklands strategic plan.

**TABLE 1: ANNUAL AVERAGE POPULATION GROWTH PROJECTIONS**

	2022–2026	2027–2031	2032–2036	2037–2041
<b>Penrith City</b>	1.59%	3.50%	4.03%	1.05%
<b>NSW total</b>	1.42%	1.22%	1.08%	0.98%

Source: NSW Department of Planning, Industry & Environment (2019) Population Projections.

The importance of infrastructure keeping up with growth has been an issue for our community for many years. Overall, our residents accept that their city is growing and changing, and that growth can bring benefits such as more jobs, more vibrant town centres, more opportunities for cultural events and better housing choices. There are also negative aspects of growth, such as increased congestion, less access to services, and local infrastructure can become overcrowded or overwhelmed.



**TABLE 2: COMMUNITY SURVEY RESULTS – INFRASTRUCTURE AND POPULATION**

ISSUE	2019		2021	
	IMPORTANCE	SATISFACTION	IMPORTANCE	SATISFACTION
<b>Infrastructure meets population needs</b>	91%	63%	91%	68%

Source: Penrith City Council Community Satisfaction Survey 2021

We cannot stop Penrith from growing. Council needs to plan for population-driven increases in services, where the extent and timing of growth in demand will vary depending on the service. For example, demand for planning and development assessment functions will increase sooner and in line with housing growth, while demand for other services such as leisure centres and open space will see increases in demand as population grows.

## ENSURING INFRASTRUCTURE MEETS COMMUNITY EXPECTATIONS

### Condition and safety of local transport infrastructure

Our road asset renewal program makes up almost half our overall budget for asset renewal each year and we need to spend it well. Changes in climate, particularly heat and rain, have a significant impact on our roads, reducing their life-cycle, increasing emergency maintenance and, in the case of our footpaths and cycleways, influencing how much our community can use these assets at certain times of year.

**TABLE 3: COMMUNITY SURVEY RESULTS – TRANSPORT INFRASTRUCTURE**

ISSUE	2019		2021	
	IMPORTANCE	SATISFACTION	IMPORTANCE	SATISFACTION
<b>Condition and safety of local roads</b>	90%	79%	92%	82%
<b>Paths and cycleways</b>	56%	83%	62%	83%
<b>Provision of car parking</b>	79%	59%	82%	68%

Source: Penrith City Council Community Satisfaction Survey 2021

Our community depends on local roads, footpaths and cycleways to get around, and it is important they are safe and in good condition. Our community has also told us that more footpaths, more shade cover over existing footpaths and better cycling routes (including bike safe roads) would encourage them to use active transport more.

### Condition of our public spaces, parks and sports fields

Green spaces, public space and opportunities for active recreation are some of the facilities our community has told us really need to keep up as the population grows. These facilities provide opportunities to build social networks, have fun and improve health, but if their condition deteriorates or they become overcrowded, their ability to meet our community's needs is significantly reduced. We must also consider the request from our community to make community facilities and sports grounds more energy and water efficient; and plant more trees for cooling.

**TABLE 4: COMMUNITY SURVEY RESULTS – PUBLIC SPACES, PARKS AND SPORTS FIELDS**

ISSUE	2019		2021	
	IMPORTANCE	SATISFACTION	IMPORTANCE	SATISFACTION
<b>Condition of public spaces</b>	90%	84%	93%	88%
<b>Facilities in local parks, reserves and open green spaces</b>	80%	77%	86%	74%
<b>Access to shade and shelter in our public spaces</b>	75%	80%	82%	76%
<b>Playgrounds meet play needs</b>	75%	84%	79%	88%
<b>Condition of sports fields</b>	72%	87%	74%	88%

Source: Penrith City Council Community Satisfaction Survey 2021

## Key Assumptions

### FINANCIAL MODEL SCENARIOS

Council has modelled two financial scenarios to see the effect of these different approaches. These are referred to as the base case and sustainable assets scenarios.

The base case continues the current approach which funds its operating budget (operating result less depreciation, and capital grants and contributions) and allocates funds to infrastructure renewal and new assets as available. As the base case scenario has been structured to maintain council's cash position, it shows a steady decline in the condition of Council's assets.

Under the sustainable assets scenario, Council has modelled the costs of renewing and maintaining assets to bring the asset backlog down to the Office of Local Government benchmark of 2%, which enables the maintenance and uplift of asset conditions over the 10-year period.

### The proposal

The base case scenario is the proposed scenario and has formed the basis for the Resourcing Strategy. The Long-Term Financial Plan and Asset Management Strategy both provide further analysis on the sustainable asset scenario.

The base case scenario maintains Council's cash positive position. However, it produces ongoing deficits before capital grants and contributions of between \$15 million and \$26 million per annum. Under this scenario, the Council does not create sufficient revenues to maintain and renew assets, resulting in a steady deterioration of asset conditions and increasing the infrastructure backlog from 1.7% as at 30 June 2021 to 4.02% by 30 June 2032.

### Scenario one: the base case

- Broadly models the continuation of Council's services as currently provided, with asset renewal funded to maintain a positive cash position.
- Continue to operate within the annual rate peg and population factor (i.e. no special rate variation)
- Utilises cash reserves and capital revenues as required to fund the planned level of asset renewals expenditure.

### Scenario two: sustainable assets scenario:

- Models the level of asset expenditure required over 10 years to bring Council's infrastructure backlog in line with industry benchmark of 2%
- Utilises cash reserves and capital revenues as required to fund the planned level of asset renewals expenditure.
- Models the required increase in rates through a Special Rate Variation to deliver sustainable asset and maintain a positive cash position.

### Other assumptions

The other underlying assumptions from our Long-Term Financial Plan include:

- **Rates:** IPART determined rate peg plus the population factor. The annual increase ranges between 1.4% and 2.5% p.a.
- **Domestic Waste:** Increases in the charge are in line with the rate assumption above, pending the current IPART review on the potential future pricing regime.
- **User fees and charges:** No growth in statutory fees and charges, except for development related income. Revenue from all other fees and charges has been indexed at 1.4% p.a.
- **Grants and contributions:** No growth in Financial Assistance Grants revenue. Pensioner subsidies indexed to rate peg. Specific grants are in line with current grants and developer contributions have been indexed in line with expected development.
- **Employee costs:** Growth is assumed to align to expected NSW Local Government Award increase and range from 1.5% to 2.5% p.a. Superannuation Guarantee Levy increases have also been included in the model.
- **Materials, contracts and other expenses:** Growth in line with inflation assumptions (2.5% p.a.)

# Resource Implications

## Our Assets

Penrith City Council provides a wide range of services to its community, many of these services are supported by infrastructure assets. A strong and informed decision-making process is required to plan effectively and adequately to manage, renew and replace existing assets and develop new ones.

Council's asset management framework will help achieve the objectives in the Community Strategic Plan to meet the needs of the community and is supported by:

- an Asset Management Strategy
- an asset management plan for each asset class
- Operational Plans and Delivery Program
- an asset management information system.

The Delivery Program and Operational Plan will provide the strategies and actions to improve the asset management maturity of Council including the reporting on progress of actions and levels of service for all asset classes. Together these documents and our processes, software and data, make up the asset management framework that supports the management of Council's assets.

In developing our Asset Management Strategy, Council has predicted infrastructure consumption and renewal needs. Future infrastructure requirements are included where projects are approved and funded. It is expected that many new asset projects will be developed with the support of grants and/or new funding streams and should be strategically assessed for their impact on Council's long-term financial sustainability before they are approved.

The purpose of the Asset Management Strategy is to:

- communicate information about assets in the local government area (including condition and performance)
- identify 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.

The specific objectives of the Asset Management Strategy are:

- to ensure a sustainable service offering to the community by evolving and embedding a culture of asset management
- to ensure decision-making reflects community value for this generation and the next
- to develop clearly defined and agreed service levels, to inform asset investment, to support the community's quality of life
- to drive quality service outcomes by taking a risk-based approach to the way assets are managed
- to ensure availability of resources to maintain assets over the longer term.

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

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

## IMPLICATIONS

### Future Demand

With the expected population growth over the next 15 years, the demand for assets, and the changes that take place in this demand over time, will need to be carefully managed. Over the next 10 years, our population will grow by an average of 2.7% p.a. and housing by an average of 3.7% p.a. This is expected to deliver a 1-2% growth in the transport network per year and an increase in demand for parks and open space to cater for the increased population.\*

Council employs a range of strategies to address the increasing and changing requirements on community assets over time, including (but not limited to):

- refurbishment and maintenance to cater for increasing service levels on Council's buildings
- consideration of environmental factors such as climate change and energy usage
- legislative and safety requirements
- consultations with the community
- identification of under-supply and under-use of existing assets.

The demand for new and enhanced assets and services will be managed through a combination of better use and upgrading of existing assets and providing new assets to meet growth. Developer contributions will contribute funding towards new assets and infrastructure with the ongoing maintenance and operation being funded by Council.

*\*Source: NSW Government Department of Planning, Infrastructure and Environment population projections.*

### Lifecycle Management Strategy

Good asset management relies on an understanding of the costs of assets across their entire lifecycle. Council has commenced the process to undertake the lifecycle analysis for new large scale projects across each of its asset classes and the major budget implications associated.

#### Buildings

Council is significantly increasing its asset portfolio between 2022 and 2024. These new facilities will increase maintenance and operational financial asset demand above present levels. Income from these facilities will part fund some maintenance and operations, however these facilities are available for our entire City and will be funded in a similar manner to all our other buildings and properties.

#### Parks and Open Spaces

Whilst operations are adequately funded, maintenance funding needs to be increased to sustain the current level of service. Increased asset monitoring and condition assessment is required to inform maintenance programs whilst reducing risk.

The application of the appropriate level of maintenance will ensure our parks assets will achieve their intended asset lifecycle and reduce overall asset lifecycle management costs.

#### Roads and Transport

Road Pavements and Surfaces are Council's highest value assets (\$714 Million) thus small changes in network condition have huge financial impacts for Council. The imperative is to apply the appropriate maintenance at the right time to ensure that road pavements and surfaces achieve the asset lifecycle specified in Council's Asset Accounting Operational Management Standard.

#### Stormwater

Our stormwater drainage system is underground and difficult to inspect. Council undertakes CCTV inspections based on critical failure in locations prone to flooding. As the drainage system cannot be inspected on a 5-year cycle, a quick view system is used to prioritise which pipes should be inspected.

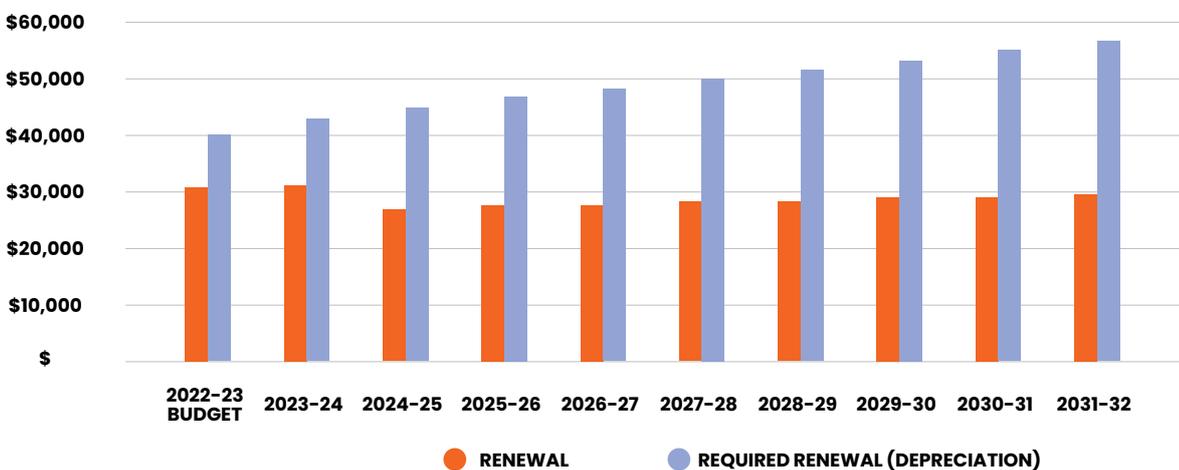
Our stormwater system was designed and constructed in accordance with the standards that applied at that time of construction. Increasing capacity is not possible in most circumstance as the available space underground is consumed with other underground services such as gas, electricity, telecommunications, water and sewer. To mitigate the risk of flooding Council continues to review overland flow paths where possible and will progressively undertake the development of Flood Risk Management Plans in accordance with the NSW Government Floodplain Development Manual.

## Financial Summary

As at 30 June 2021, Penrith managed approx. \$2.46 billion of infrastructure and assets, with an annual depreciation cost of \$44 million in 2020-21. Depreciation costs provides an estimate of the required amount of expenditure on capital renewal to maintain existing infrastructure at its current level. This doesn't consider the costs of any new or enhanced assets that are to be built.

In the base case, the projected renewal does not meet the cost of renewal required to keep assets at their current condition. While the sustainable assets scenario does address this, there are implications for Council's ongoing sustainable cash position and would require a significant uplift in revenue to maintain financial viability.

**Figure 3: Asset renewal – Actual (base case) versus required (depreciation)**  
All Assets Renewals Expenditure



**Figure 4: Asset operations and maintenance – Actual (base case) versus required (sustainable assets)**  
All Assets Operations and Maintenance Expenditure

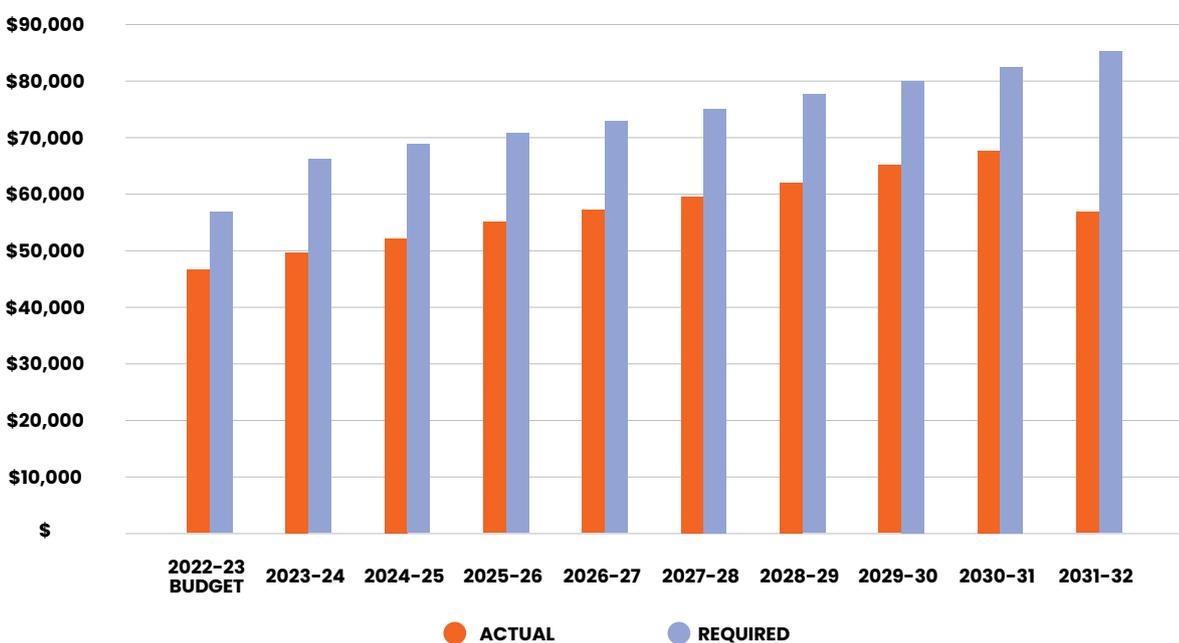
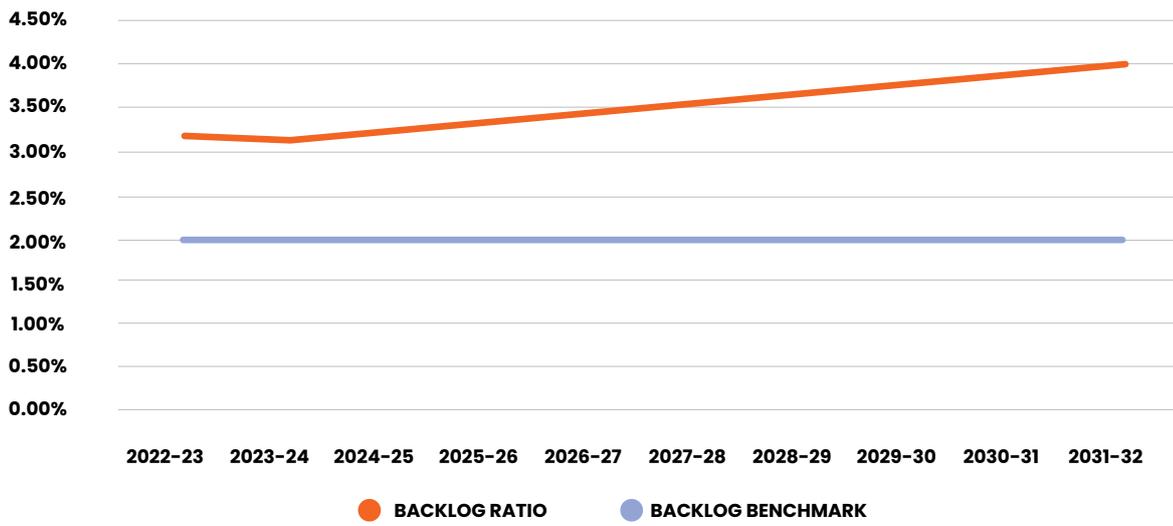


Figure 5: All Assets Backlog Ratios



## RESPONSES

Council has already commenced work on understanding and planning for this approaching challenge, with the development of a new Asset Management Strategy and more detailed asset management plans. In the process of developing these plans, Council has identified a number of actions of very high (VH) to high (H) priority to improve the asset management capability of the Council, these are outlined in the table below.

**TABLE 5: HIGH LEVEL STRATEGY ACTIONS FOR ASSET MANAGEMENT**

REF	TASK	PRIORITY
1.1	Develop and implement a strategy to harmonise the classification structure of assets, asset attributes, and asset rating systems for condition, performance, utilisation and capacity data of road, building, drainage and open space infrastructure.	H
1.2	Develop and implement program to collect asset condition data, particularly for Council's stormwater and open space assets.	VH
1.3	Council to document clear asset lifecycle strategy for all assets, which is to be supported by Council's Long-Term Financial Plan.	H
2.1	Document the assumptions and methodology used to determine the current depreciation values of all assets. Special consideration should be given to the determination of useful life, remaining life and asset condition.	H
2.2	Review asset capitalisation procedure and develop asset capitalisation review procedure involving project managers, asset managers and finance.	H
3.1	Develop clear and concise service levels for each asset group. These service levels should drive asset expenditure and service delivery improvements.	VH
3.2	Develop and implement a plan to review infrastructure strategies, including community facilities strategy, transport strategy, and open space and recreation strategy.	M
3.3	Continue towards the integration of the Long-Term Financial Plan (LTFP) and asset management plan(s).	H
3.4	Develop asset management plans for each asset class.	VH
3.5	Council is to monitor and report on levels of service in the Operational Plan.	H
4.1	Review roles and responsibilities particularly of asset managers and operational staff to promote strategic planning for assets.	VH
4.2	Undertake risk and criticality assessment of Council's infrastructure assets.	H
4.3	Develop inspection and maintenance strategies around critical assets and highlight emergency response plans should there be a major service disruption within the assets.	H
4.4	Council is to review risk treatment/minimisation strategy for high-risk assets annually.	H
5.1	Continue work towards the implementation of a corporate asset management system. Ensure asset hierarchy and asset characteristics are aligned prior to going live with the system.	VH
6.1	Reconstitute the Asset Management Steering Group to ensure that the asset management improvement plan is being implemented	VH
6.2	Council is to formalise and document asset handover processes and capitalisation processes.	H

Underlying the challenge of adequately funding assets is an operating result that does not adequately fund depreciation. Council has commenced work to review services, revenue and operating costs. Under the Delivery Program Principal Activity 5.3.5 "Support and drive the organisation in identifying business improvement opportunities and service reviews", Council has established a dedicated business improvement function and project management office to undertake service reviews and work with operational areas of Council to realise productivity and efficiency gains.

## Our People

We are passionate about people both in our community and our workplace. Our employees provide vital services and infrastructure for our growing city and are employed in a range of over 60 professions including Finance, Engineering, Childcare, Marketing, Property, Leisure and Recreation plus many more.

We are continuing to forge a new path as we rewrite the way we work, having undergone significant changes and growth in response to the COVID-19 pandemic. We continue to invest in a wide range of contemporary programs and initiatives to support our diverse and growing workforce.

The Workforce Management Strategy builds on Council's implementation of previous Resourcing Strategy deliverables that have supported our workforce to perform at their best and will apply a contemporary lens to ensure our strategy is robust and adaptable to current and future changing needs and influences that may impact our delivery of services. Specifically, this strategy will:

- describe the workplace values and frameworks that underpin all we do
- reflect on our learnings from the previous Workforce Management Strategy and how they inform our journey moving forward
- assess the road ahead for Penrith, including insights and trends in the industry
- outline our People Strategy to further enhance Council's capacity to deliver on its strategic objectives and ensure our people are ready for future needs of Council and our community

For full details of Council's Workforce Management Strategy, please review the Workforce Management Plan section. Highlights of the plan are outlined in this Executive Summary.

## IMPLICATIONS

### Employee engagement

Council will continue to deliver successful employee engagement programs, which have shown strong results. Throughout the last four years we have conducted two engagement surveys, one in 2017 and another in 2020. These have enabled us to better understand our strengths and opportunities in being able to continue enhancing our levels of employee engagement.

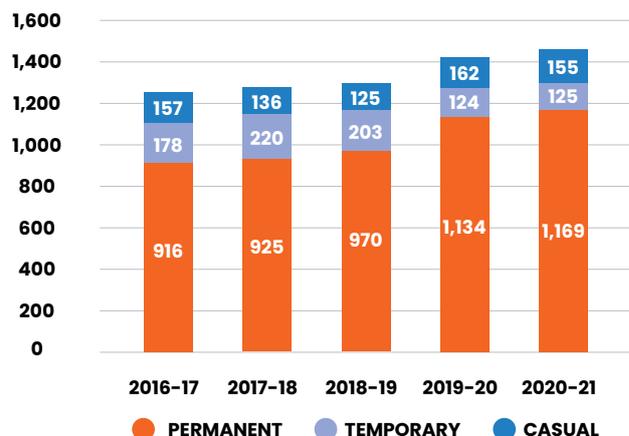
For our 2020 Survey, we received a completion rate of 85% and our overall engagement score across Council is 73% which is:

- 11 percentage points higher than Council's 2017 engagement score of 62%
- 4 percentage points higher than the Australia New Zealand Top Quartile Organisations norm of 69%
- 18 percentage points higher than the Australia New Zealand Local Government norm of 55%

### Headcount growth

Based on historical data, excluding 2019–20 where our headcount grew by 9% due to the Penrith Aquatic and Leisure transition, our employee headcount has grown an average of 1.6% per year. We expect to see this trend continue on this trajectory over the coming years to keep pace with the growing community we serve. It is important to be aware that this trend can be impacted by financial implications such as grant funding or productivity gains from other programs which could accelerate or decelerate this trend.

**Figure 6: Headcount**  
Our Employee Headcount 2017–2021



Any growth will be carefully considered to maintain Council's financial sustainability, with the Long-Term Financial Plan including staffing cost increases aligned to expected NSW Local Government Award increases, although Council can absorb some additional employee headcount within the indexation of assets over and above inflation in the Long-Term Financial Plan.

## Continual improvement and productivity gains

Maintaining a financially sustainable workforce is an important element to consider when workforce planning, particularly in light of an underfunded asset renewal and maintenance program. Council has a number of initiatives that look to continually improve our productivity and processes along with utilising technology to achieve productivity gains in the way we do business. Customer experience will be a key measure to ensure that our community can continue to access the services and support they require while delivering this in an efficient and cost-effective manner. These initiatives are further outlined in the Digital Strategy of this Resourcing Strategy which will be continuously considered to understand any impacts from a workforce planning perspective.

We know that the one constant we face moving forward is change. Change from the growth that will be experienced in Western Sydney and in the City of Penrith, changing needs and expectations from our growing community, alongside the ever-changing world around us as we have recently experienced through the pandemic. This brings new and heightened demands of our workforce.

## Employee turnover

Employee turnover has declined from over 12% in 2017-18 to just under 9% in 2020-21. However, Council will continue to monitor this as research from Gartner indicates that organisations are seeing increasing turnover as a result of the “Great Resignation” phenomenon coming out of the COVID-19 pandemic and should plan for a year-on-year turnover rate that is 50% to 75% higher than they are accustomed. Council will need to continue to evolve our talent attraction strategies as well as strengthen the employee experience to help combat this workforce trend.

## Skills shortage

The Australian Local Government Association’s ‘Local Government Workforce and Futures Skills’ report published in 2018 reported almost 70% of local governments were experiencing a skills shortage and skills gap with Engineers, Planners, Building Surveyors, Environmental Health Officers and Project Managers as the top five professional skill shortage occupations.

Australia’s talent market has been impacted by limited migration due to the COVID-19 pandemic. While Australian borders are now re-opening, the recovery from this disruption may still take another two years, according to the Australian Financial Review. Government programs such as the Skilled Migration Program and the Global Talent Visa Program are likely to positively impact the labour market by attracting skilled professionals to live and work in Australia.

These insights put further emphasis on the need for us to think more deeply about the importance of how we will continue to attract and develop talent and how we will strengthen our internal talent pipeline for the future.

## Resilience

If the pandemic has taught us anything, it has been the value of investing and developing in the skill of resilience. Whilst navigating and embracing change is critical for us moving forward, with time and accumulation of change, we know that the key to sustainable success will be helping our people to better cope with the impacts of change, to invest in their support systems, networks, their mental health and wellbeing and their ability to practice self-care.

## Digital and connected

With technology continuing to grow, we appreciate that a digitally savvy workforce will be critical in ensuring we can keep pace with the growing and changing world around us. Our Digital Strategy, included as part of this Resourcing Plan, provides a strategy for digital uplift while our Workforce Management Strategy considers how to help staff adopt a digital mindset and think innovatively both to improve customer outcomes and deliver services more efficiently.

## RESPONSES

The People Strategy 2022-26 is the workforce strategy that is aligned with Council's Community Strategic Plan and Delivery Program. The People Strategy focuses on enhancing our workforce performance, culture, and capability to effectively respond to the needs of Council and deliver our strategic goals.

The strategy has been developed following extensive workplace consultation and review of research and trends in workforce planning to ensure programs of work are prioritised to support Council to deliver its strategic objectives.

The People Strategy is further outlined in the Workforce Management Strategy however the strategic branches and programs of work are summarised below:

### Enriching our culture

This strategic branch will focus on strengthening our organisational culture to enable people to thrive. The programs of work to deliver on this are:

- Safety and wellbeing
- Employee experience

### Enabling our success

This strategic branch will focus on setting us up for success to respond to our future growth by attracting, growing and retaining top talent together with agile systems and processes that allow quality decision making. The programs of work to deliver on this are:

- Talent acquisition and retention
- Data and Systems

### Optimising our performance

This strategic branch will focus on growing our organisational performance and capability by investing in our leaders and strengthening organisational capability and performance frameworks. The programs of work to deliver on this are:

- Organisational capability and performance
- Leadership





## Our Technology

The 2022–2026 Digital Strategy – Technology for Tomorrow’s Penrith; will look to support the growth and development of our LGA and extend digital enablement for our employees and into the community.

The key strategic pillars support our decisions in selection and development of technology architecture:

- **My workplace anywhere** – offers our employees flexibility in the way they work
- **Customer Self Service 24 X 7, omnichannel** – increases customer satisfaction through simple, smart and digital services provided through a range of channels and reduces costs by removing costly manual processes
- **Digital by design** – provides fast, automated, and simple access to the tools required for employees to do their job effectively and customers to interact with council.
- **Cloud first** – Always
- **Integrated systems with end-to-end business processes** – well defined business processes with integrated systems to allow better access to information.
- **Increasing automation through robotic process automation (RPA) and bots** – eliminate, simplify, standardise and automate, enabling our employees to focus on more value add.
- **Responsive and form-factor appropriate design** – Applications should not require a traditional desktop workstation to be accessed, “Smart Simple and Seamless”.
- **Software currency** – Through the implementation of “Software as a Service” – applications are always up to date, and continually offer our business improved functionality.
- **Safe and secure** – Effective cyber security with robust risk controls.

## IMPLICATIONS

Penrith City Council recognises that digital does not just enhance Council's resilience, customer and staff experience and uplift productivity, it has become an expected means for our community to interact with its council. Council's strategy continues to build on the bold initiatives delivered over the past four years.

While digital initiatives have a potential to deliver strong productivity and efficiency gains for council, they require an upfront investment of people and funds to deliver. Therefore, the business case for initiatives need to be considered carefully, to ensure that council invests wisely and obtains value for money as well as considering the change impacts of design, build and delivery on the workforce.

## RESPONSES

Council will focus on the following key strategies and initiatives, with stage-gate approval processes to unlock funding as business cases are established.

### Customer promise – Resolving customer requests on time, every time

- Continue delivery of Customer Connect capability as part of the Customer Experience Transformation.
- Continue delivery of Customer Self Service 24 X 7 – omnichannel.
- Business to Business (B2B) initiatives including the ePlanning portal (Smart Planning) and bulky waste pickup (Suez).
- Corporate website redesign and digital enablers for accessibility
- Customer digital identity, enabling one source of truth for customer engagement.
- Artificial Intelligence to enhance service activities for customer experience and online services.
- Community engagement – how we engage with the community to provide improved digital services and improve digital literacy.
- Smart Monitoring – heat, people movements, local environmental conditions.

### Transformation through technology – Economic resilience

- Continue to build new ways of working through improved processes and integrated technology.
- Strategy and roadmap for core corporate systems – finance, assets, property & rating, development and compliance
- Roadmap for asset management and other inspections through field services mobility.
- Roadmap for payroll, time and attendance.
- Removal of repetitive non-value add tasks with robotic process automation.
- Focus on LowCode/NoCode development.
- Agile continuous improvement back-log

### Data driven decisions – Informed decision making

- Data and visualisation – Spatial (GIS) to manage and support data across the organisation more holistically
- Data and analytics strategy and capability
- Information management – leveraging the use.
- Asset data
- Open data portal
- Data from smart technologies – Smart Sustainable City Strategy
- Western Sydney City Deal – Digital action plan

### Cyber security and risk – Cyber safe working anywhere

- Implementing a best practice set of controls to manage security
- Periodically reviewing risks and the effectiveness of controls intended to manage those risks.
- Multi factor authentication
- Cyber Security Awareness Campaign – "SafeConnect"

## Our Finances

All councils are required to complete a Long-Term Financial Plan (LTFP) as part of the Resourcing Strategy that informs the Delivery Program. 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:

- 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 in the next few years. 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.

## IMPLICATIONS

Council modelled two financial scenarios, base case and sustainable assets scenario, as outlined in the key assumptions section above.

Council analysed both these scenarios against the four principles for financial sustainability. A financially sustainable council is one that has the ability to fund ongoing service delivery and renew and replace assets without imposing excessive debt or rate increases on future generations.

This definition has been translated into four key financial sustainability principles:

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

### Base case scenario

The base case scenario, which outlined the financial position of Council if it continued on its current trajectory, produced the below Operating Statement, Cash Flow Statement and Key Ratios. An analysis of the scenario on the four principles of financial sustainability is provided below.

### Fully funded operating position

Under the base case, Council is projecting an operating deficit before capital grants and contributions of between \$13.2 million and \$24.2 million for each of the next 10 years. As a result, this does not meet the principle of a fully funded operating position.

### Sufficient cash reserves

Council maintains positive unrestricted cash reserves throughout the 10-year period, which growing externally restricted over the internally restricted reserves. As a result, the financial sustainability principle of maintaining sufficient cash reserves is met.

### Fully funded capital program

All capital works projects that are currently approved are included in this long-term financial plan, as a result it represents a fully funded capital program. As a fast growing local government area, an average of \$77.8 million of new and renewed assets is planned over the 10-year period. Council will carefully consider the capital and operating funding for any new projects to continue to maintain a fully funded capital program.

### Maintain asset base

The level of investment in assets under the base case, while in line with the Asset Management Strategy, is not sufficient to maintain assets at their current levels. The building and infrastructure renewal ratios reduces to well below the 100% benchmark, from 71.54% in 2022/23 to 57.67% by 2031/32. The asset maintenance ratio is also under the 100% benchmark, falling from 84.82% in 2022/23 to 66.83% in 2031/32. As a result, under the base case scenario, Council will experience a significant increase in infrastructure below satisfactory condition, as evidenced by an infrastructure backlog ratio that falls from 3.16% in 2022/23 to 4.02% in 2031/32. This is significantly above the benchmark of 2%. As a result, this principle of financial sustainability is not met in the base case.

**TABLE 6: INCOME STATEMENT – BASE SCENARIO (\$,000)**

<b>OPERATIONS FROM ORDINARY ACTIVITIES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>	<b>2030-31</b>	<b>2031-32</b>
<b>Operating Expenditure</b>										
Employee Costs	135,975	139,859	143,289	147,486	152,109	156,933	161,913	167,051	172,356	177,830
Interest Charges	1,233	2,883	4,261	5,984	5,749	5,513	3,790	3,579	3,368	3,151
Depreciation and Amortisation	47,328	50,390	52,691	56,115	58,545	59,529	60,522	61,604	62,631	63,801
Materials and Contracts	78,740	81,348	84,939	86,281	88,954	91,552	95,684	96,994	99,897	102,742
Other Expenses	13,104	13,354	13,627	13,866	14,088	14,315	14,548	14,786	15,029	15,279
Net (Loss)/Gain from the Disposal of Assets	554	-	588	602	615	629	643	657	672	687
<b>Total Operating Expenditure</b>	<b>276,934</b>	<b>287,834</b>	<b>299,395</b>	<b>310,335</b>	<b>320,059</b>	<b>328,472</b>	<b>337,099</b>	<b>344,671</b>	<b>353,953</b>	<b>363,490</b>
<b>Operating Revenue</b>										
Rates and Annual Charges	188,571	194,438	200,351	206,407	213,634	221,071	228,707	236,557	244,570	252,875
User Charges and Fees	45,485	47,586	48,983	50,706	52,007	53,364	54,769	56,223	57,850	59,410
Interest Income	3,175	3,433	3,666	4,006	4,347	4,688	4,686	4,683	4,681	4,678
Operating Grants and Contributions	9,130	16,795	16,619	16,374	16,376	16,378	16,380	16,382	16,384	16,387
Other Revenue	6,415	7,289	8,705	9,575	10,126	10,332	10,542	10,757	10,978	11,204
Net Gain from the Disposal of Assets	-	5,082	-	-	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b>252,777</b>	<b>274,623</b>	<b>278,323</b>	<b>287,068</b>	<b>296,491</b>	<b>305,832</b>	<b>315,083</b>	<b>324,603</b>	<b>334,462</b>	<b>344,554</b>
<b>Result before Capital Grants and Contributions</b>	<b>(24,157)</b>	<b>(13,211)</b>	<b>(21,072)</b>	<b>(23,266)</b>	<b>(23,568)</b>	<b>(22,639)</b>	<b>(22,016)</b>	<b>(20,068)</b>	<b>(19,491)</b>	<b>(18,936)</b>
Capital Grants & Contributions	42,806	42,833	33,861	32,099	33,603	32,343	33,752	36,100	32,905	32,974
<b>Operating Result</b>	<b>18,648</b>	<b>29,622</b>	<b>12,789</b>	<b>8,832</b>	<b>10,035</b>	<b>9,703</b>	<b>11,736</b>	<b>16,032</b>	<b>13,414</b>	<b>14,038</b>
<b>Funding Statement (Sources &amp; Application)</b>										
Add back non funded items	52,197	49,760	57,872	61,459	64,057	65,215	66,387	67,654	68,872	70,238
Funds received from Sale of Assets	5,548	8,218	2,504	1,718	1,718	58,452	1,718	2,118	2,804	2,118
Loans Received	37,800	30,000	37,228	-	-	-	-	-	-	-
<b>Budget (Surplus) / Deficit</b>										
Funds Transferred (to)/from Reserves held	45,316	2,457	(4,946)	(7,797)	(12,111)	(37,051)	(14,489)	(18,274)	(15,009)	(17,523)
<b>Net Fund Available</b>	<b>159,508</b>	<b>120,057</b>	<b>105,447</b>	<b>64,213</b>	<b>63,698</b>	<b>96,319</b>	<b>65,352</b>	<b>67,530</b>	<b>70,081</b>	<b>68,871</b>
<b>Application of Funds</b>										
Assets Acquired	(153,064)	(114,154)	(99,285)	(57,910)	(57,984)	(59,712)	(56,385)	(58,721)	(61,021)	(59,615)
Internal Loans	81	91	94	77	75	77	79	82	84	87
Loan Repayments Made	(6,526)	(5,995)	(6,256)	(6,379)	(5,702)	(35,681)	(5,066)	(4,661)	(4,872)	(5,088)
Total Application	(159,508)	(120,057)	(105,447)	(64,213)	(63,611)	(95,316)	(61,372)	(63,301)	(65,808)	(64,617)
<b>Net Costs funded from Rates &amp; Other Untied Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>87</b>	<b>1,003</b>	<b>3,980</b>	<b>4,229</b>	<b>4,273</b>	<b>4,254</b>

**TABLE 7: STATEMENT OF CASH FLOW – BASE SCENARIO (\$'000)**

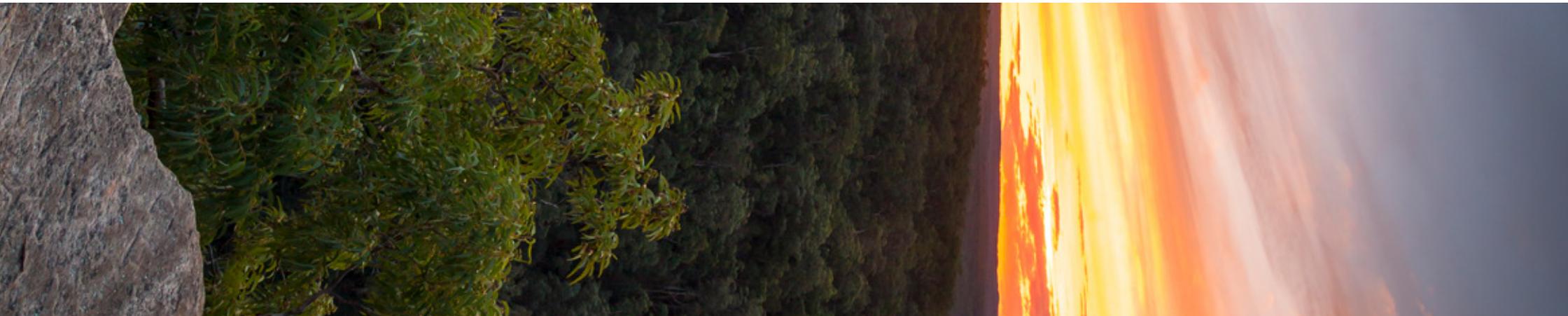
	PROJECTED YEARS									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Receipts										
Rates & Annual Charges	188,464	194,356	200,268	206,322	213,533	220,966	228,600	236,447	244,457	252,759
User Charges & Fees	44,739	47,752	49,153	50,911	52,165	53,528	54,938	56,399	58,045	59,598
Investment & Interest Revenue Received	3,308	3,404	3,631	3,957	4,280	4,542	4,597	4,582	4,591	4,577
Grants & Contributions	34,021	46,347	35,625	34,285	36,120	34,603	36,264	38,702	34,992	35,367
Other	7,248	7,171	8,700	9,506	10,070	10,319	10,505	10,712	10,972	11,175
Payments										
Employee Benefits & On-Costs	(131,074)	(134,819)	(138,093)	(142,124)	(146,576)	(151,226)	(156,025)	(160,979)	(166,092)	(171,369)
Materials & Contracts	(79,278)	(81,767)	(85,401)	(86,694)	(89,399)	(91,998)	(96,168)	(97,416)	(100,358)	(103,205)
Borrowing Costs	(1,233)	(2,883)	(4,261)	(5,984)	(5,749)	(5,513)	(3,790)	(3,579)	(3,368)	(3,151)
Other	(13,962)	(13,087)	(13,299)	(13,612)	(13,755)	(13,976)	(14,131)	(14,492)	(14,655)	(14,900)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>52,233</b>	<b>66,473</b>	<b>56,323</b>	<b>56,568</b>	<b>60,688</b>	<b>61,245</b>	<b>64,790</b>	<b>70,375</b>	<b>68,583</b>	<b>70,852</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Sale of Investment Securities	15,000	15,000	-	-	-	-	-	-	-	-
Sale of Investment Property	3,710	6,400	-	-	-	56,048	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,837	1,818	2,504	1,718	1,718	2,404	1,718	2,118	2,804	2,118
Purchase of Investment Property	(45,000)	(20,000)	(20,000)	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(92,946)	(79,783)	(64,911)	(43,534)	(43,605)	(45,331)	(42,002)	(44,335)	(46,631)	(45,223)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(117,399)</b>	<b>(76,565)</b>	<b>(82,407)</b>	<b>(41,816)</b>	<b>(41,887)</b>	<b>13,121</b>	<b>(40,283)</b>	<b>(42,217)</b>	<b>(43,827)</b>	<b>(43,105)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Proceeds from Borrowings & Advances	37,800	30,000	37,228	-	-	-	-	-	-	-
Repayment of Borrowings & Advances	(6,549)	(5,995)	(6,256)	(6,379)	(5,702)	(35,681)	(5,066)	(4,661)	(4,872)	(5,088)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>31,251</b>	<b>24,005</b>	<b>30,972</b>	<b>(6,379)</b>	<b>(5,702)</b>	<b>(35,681)</b>	<b>(5,066)</b>	<b>(4,661)</b>	<b>(4,872)</b>	<b>(5,088)</b>
Net Increase/(Decrease) in Cash & Cash Equivalents	(33,915)	13,913	4,888	8,373	13,100	38,686	19,441	23,497	19,884	22,659
plus: Cash & Cash Equivalents - beginning of year	40,212	6,297	20,210	25,098	33,472	46,571	85,257	104,698	128,196	148,080
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>6,297</b>	<b>20,210</b>	<b>25,098</b>	<b>33,472</b>	<b>46,571</b>	<b>85,257</b>	<b>104,698</b>	<b>128,196</b>	<b>148,080</b>	<b>170,739</b>

**TABLE 7: STATEMENT OF CASH FLOW – BASE SCENARIO (\$'000)**

	PROJECTED YEARS									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Cash & Cash Equivalents - end of the year	6,297	20,210	25,098	33,472	46,571	85,257	104,698	128,196	148,080	170,739
Investments - end of the year	93,868	78,868	78,868	78,868	78,868	78,868	78,868	78,868	78,868	78,868
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>100,165</b>	<b>99,078</b>	<b>103,966</b>	<b>112,340</b>	<b>125,439</b>	<b>164,125</b>	<b>183,566</b>	<b>207,064</b>	<b>226,948</b>	<b>249,607</b>
<b>Representing</b>										
- External Restrictions	65,902	66,340	69,097	73,450	80,402	86,452	94,685	106,781	116,281	126,274
- Internal Restrictions	33,690	30,795	32,985	36,430	41,588	72,589	78,846	85,024	90,533	98,063
- Unrestricted	572	1,943	1,884	2,461	3,449	5,083	10,036	15,259	20,134	25,270
<b>TOTAL</b>	<b>100,165</b>	<b>99,078</b>	<b>103,966</b>	<b>112,340</b>	<b>125,439</b>	<b>164,125</b>	<b>183,566</b>	<b>207,064</b>	<b>226,948</b>	<b>249,607</b>

**TABLE 8: RATIOS – BASE SCENARIO**

RATIO	BENCHMARK	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Operating Ratios</b>											
<b>Operating Performance Ratio</b>	> 0%	-9.56%	-4.81%	-7.57%	-8.10%	-7.95%	-7.40%	-6.99%	-6.18%	-5.83%	-5.50%
<b>Own Source Operating Revenue Ratio</b>	> 60%	82.43%	81.22%	83.83%	84.81%	84.86%	85.59%	85.63%	85.45%	86.58%	86.93%
<b>Debt Service Cover Ratio</b>	> 2x	3.1x	4.5x	3.4x	3.1x	3.6x	1x	4.8x	5.5x	5.6x	5.8x
<b>Real Operating Expenditure per Capita Ratio</b>		1,274	1,309	1,340	1,371	1,395	1,413	1,431	1,445	1,465	1,486
<b>Asset Ratios</b>											
<b>Building &amp; Infrastructure Asset Renewal Ratio</b>	> = 100%	71.54%	74.79%	65.67%	64.72%	63.35%	62.44%	60.78%	59.58%	58.42%	57.67%
<b>Infrastructure Backlog Ratio</b>	< 2%	3.16%	3.11%	3.20%	3.31%	3.43%	3.54%	3.66%	3.78%	3.90%	4.02%
<b>Asset Maintenance Ratio</b>	> 100%	84.82%	75.47%	76.32%	77.78%	78.75%	79.73%	80.65%	81.50%	82.42%	66.83%





## Sustainable asset scenario

The second scenario modelled was for sustainable assets. Under this scenario, Council allocated funding to maintain assets and reduce the infrastructure backlog ratio to the benchmark of 2% over the 10-year LTFP, effectively reducing the assets (by value) that are in a poor or very poor condition to 2%.

An analysis of the scenario on the four principles of financial sustainability is provided below.

### Fully funded operating position

Under the sustainable assets scenario, Council is projecting an operating deficit before capital grants and contributions similar to that of the base case with deficits of between \$11.5 million and \$24.2 million for each of the next 10 years. As a result, this does not meet the principle of a fully funded operating position.

### Sufficient cash reserves

Under this scenario, Council will run out of unrestricted cash reserves to fund operations by 2023/24 and overall cash reserves will be fully depleted by 2028/29. This is clearly not a sustainable scenario.

### Fully funded capital program

All capital works projects that are currently approved are included in this long-term financial plan as well as the investment required to uplift the condition of asset to address the infrastructure backlog, as a result it represents a fully funded capital program.

### Maintain asset base

This scenario assumes a level of investment required to maintain assets and to improve asset conditions to bring Council in line with the benchmark for infrastructure backlog ratio of 2%. As a result, the building and infrastructure renewal ratio maintained at over the benchmark for most of the 10-year LTFP period only reducing in 2031-32, which the backlog benchmark is reached. The fourth financial sustainability principal is met.

TABLE 9: INCOME STATEMENT – SCENARIO TWO (\$'000)

OPERATIONS FROM ORDINARY ACTIVITIES	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Operating Expenditure</b>										
Employee Costs	135,975	139,859	143,289	147,486	152,109	156,933	161,913	167,051	172,356	177,830
Interest Charges	1,233	2,883	4,261	5,984	5,749	5,513	3,790	3,579	3,368	3,151
Depreciation and Amortisation	47,328	48,656	51,214	52,925	54,513	56,140	57,809	59,520	61,273	63,056
Materials and Contracts	78,740	81,348	84,939	86,281	88,954	91,552	95,684	96,994	99,897	102,742
Other Expenses	13,104	13,354	13,627	13,866	14,088	14,315	14,548	14,786	15,029	15,279
Net (Loss)/Gain from the Disposal of Assets	554	-	588	602	615	629	643	657	672	687
<b>Total Operating Expenditure</b>	<b>276,934</b>	<b>286,100</b>	<b>297,918</b>	<b>307,144</b>	<b>316,027</b>	<b>325,083</b>	<b>334,387</b>	<b>342,587</b>	<b>352,595</b>	<b>362,746</b>
<b>Operating Revenue</b>										
Rates and Annual Charges	188,571	194,438	200,351	206,407	213,634	221,071	228,707	236,557	244,570	252,875
User Charges and Fees	45,485	47,586	48,983	50,706	52,007	53,364	54,769	56,223	57,850	59,410
Interest Income	3,175	3,433	3,666	4,006	4,347	4,688	4,686	4,683	4,681	4,678
Operating Grants and Contributions	9,130	16,795	16,619	16,374	16,376	16,378	16,380	16,382	16,384	16,387
Other Revenue	6,415	7,289	8,705	9,575	10,126	10,332	10,542	10,757	10,978	11,204
Net Gain from the Disposal of Assets	-	5,082	-	-	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b>252,777</b>	<b>274,623</b>	<b>278,323</b>	<b>287,068</b>	<b>296,491</b>	<b>305,832</b>	<b>315,083</b>	<b>324,603</b>	<b>334,462</b>	<b>344,554</b>
<b>Result before Capital Grants and Contributions</b>	<b>(24,157)</b>	<b>(11,477)</b>	<b>(19,595)</b>	<b>(20,076)</b>	<b>(19,536)</b>	<b>(19,251)</b>	<b>(19,303)</b>	<b>(17,984)</b>	<b>(18,133)</b>	<b>(18,192)</b>
Capital Grants & Contributions	42,806	42,833	33,861	32,099	33,603	32,343	33,752	36,100	32,905	32,974
<b>Operating Result</b>	<b>18,648</b>	<b>31,356</b>	<b>14,266</b>	<b>12,023</b>	<b>14,067</b>	<b>13,092</b>	<b>14,448</b>	<b>18,117</b>	<b>14,773</b>	<b>14,782</b>
<b>Funding Statement (Sources &amp; Application)</b>										
Add back non funded items	52,197	48,026	56,395	58,269	60,025	61,826	63,674	65,569	67,513	69,493
Funds received from Sale of Assets	5,548	8,218	2,504	1,718	1,718	58,452	1,718	2,118	2,804	2,118
Loans Received	37,800	30,000	37,228	-	-	-	-	-	-	-
Budget (Surplus) / Deficit										
Funds Transferred (to)/from Reserves held	45,316	2,457	(4,946)	(7,797)	(12,111)	(37,051)	(14,489)	(18,274)	(15,009)	(17,523)
<b>Net Fund Available</b>	<b>159,508</b>	<b>120,057</b>	<b>105,447</b>	<b>64,213</b>	<b>63,698</b>	<b>96,319</b>	<b>65,352</b>	<b>67,530</b>	<b>70,081</b>	<b>68,871</b>
<b>Application of Funds</b>										
Assets Acquired	(153,064)	(139,155)	(123,781)	(82,206)	(82,244)	(83,936)	(80,572)	(82,870)	(85,130)	(83,684)
Internal Loans	81	91	94	77	75	77	79	82	84	87
Loan Repayments Made	(6,526)	(5,995)	(6,256)	(6,379)	(5,702)	(35,681)	(5,066)	(4,661)	(4,872)	(5,088)
Total Application	(159,508)	(145,058)	(129,943)	(88,508)	(87,872)	(119,540)	(85,558)	(87,449)	(89,917)	(88,685)
<b>Net Costs funded from Rates &amp; Other Untied Income</b>	<b>0</b>	<b>(25,001)</b>	<b>(24,496)</b>	<b>(24,296)</b>	<b>(24,173)</b>	<b>(23,221)</b>	<b>(20,207)</b>	<b>(19,919)</b>	<b>(19,836)</b>	<b>(19,815)</b>

**TABLE 10: STATEMENT OF CASH FLOW – SCENARIO TWO (\$'000)**

	PROJECTED YEARS									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Receipts										
Rates & Annual Charges	188,464	194,356	200,268	206,322	213,533	220,966	228,600	236,447	244,457	252,759
User Charges & Fees	44,739	47,752	49,153	50,911	52,165	53,528	54,938	56,399	58,045	59,598
Investment & Interest Revenue Received	3,308	3,480	3,706	4,031	4,354	4,616	4,671	4,655	4,664	4,651
Grants & Contributions	34,021	46,347	35,625	34,285	36,120	34,603	36,264	38,702	34,992	35,367
Other	7,248	7,171	8,700	9,506	10,070	10,319	10,505	10,712	10,972	11,175
Payments										
Employee Benefits & On-Costs	(131,074)	(134,819)	(138,093)	(142,124)	(146,576)	(151,226)	(156,025)	(160,979)	(166,092)	(171,369)
Materials & Contracts	(79,278)	(81,767)	(85,401)	(86,694)	(89,399)	(91,998)	(96,168)	(97,416)	(100,358)	(103,205)
Borrowing Costs	(1,233)	(2,883)	(4,261)	(5,984)	(5,749)	(5,513)	(3,790)	(3,579)	(3,368)	(3,151)
Other	(13,962)	(13,087)	(13,299)	(13,612)	(13,755)	(13,976)	(14,131)	(14,492)	(14,655)	(14,900)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>52,233</b>	<b>66,549</b>	<b>56,397</b>	<b>56,642</b>	<b>60,762</b>	<b>61,319</b>	<b>64,864</b>	<b>70,448</b>	<b>68,657</b>	<b>70,925</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Sale of Investment Securities	15,000	19,691	19,533	15,849	11,087	-	-	-	-	-
Sale of Investment Property	3,710	6,400	-	-	-	56,048	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,837	1,818	2,504	1,718	1,718	2,404	1,718	2,118	2,804	2,118
Purchase of Investment Property	(45,000)	(20,000)	(20,000)	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(92,946)	(104,784)	(89,407)	(67,830)	(67,865)	(69,555)	(66,188)	(68,483)	(70,740)	(69,292)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(117,399)</b>	<b>(96,875)</b>	<b>(87,370)</b>	<b>(50,263)</b>	<b>(55,060)</b>	<b>(11,103)</b>	<b>(64,470)</b>	<b>(66,365)</b>	<b>(67,936)</b>	<b>(67,173)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Proceeds from Borrowings & Advances	37,800	30,000	37,228	-	-	-	-	-	-	-
Repayment of Borrowings & Advances	(6,549)	(5,995)	(6,256)	(6,379)	(5,702)	(35,681)	(5,066)	(4,661)	(4,872)	(5,088)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>31,251</b>	<b>24,005</b>	<b>30,972</b>	<b>(6,379)</b>	<b>(5,702)</b>	<b>(35,681)</b>	<b>(5,066)</b>	<b>(4,661)</b>	<b>(4,872)</b>	<b>(5,088)</b>
Net Increase/(Decrease) in Cash & Cash Equivalents	(33,915)	(6,320)	-	-	-	14,535	(4,671)	(578)	(4,151)	(1,337)
plus: Cash & Cash Equivalents - beginning of year	40,212	6,297	(24)	(24)	(24)	(24)	14,512	9,840	9,263	5,112
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>6,297</b>	<b>(24)</b>	<b>(24)</b>	<b>(24)</b>	<b>(24)</b>	<b>14,512</b>	<b>9,840</b>	<b>9,263</b>	<b>5,112</b>	<b>3,775</b>

**TABLE 10: STATEMENT OF CASH FLOW – SCENARIO TWO (\$'000)**

	PROJECTED YEARS									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Cash & Cash Equivalents - end of the year	6,297	(24)	(24)	(24)	(24)	14,512	9,840	9,263	5,112	3,775
Investments - end of the year	93,868	74,177	54,643	38,795	27,708	27,708	27,708	27,708	27,708	27,708
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>100,165</b>	<b>74,153</b>	<b>54,620</b>	<b>38,771</b>	<b>27,684</b>	<b>42,220</b>	<b>37,548</b>	<b>36,971</b>	<b>32,819</b>	<b>31,483</b>
<b>Representing</b>										
- External Restrictions	65,902	66,340	69,097	73,450	80,402	86,452	94,685	106,781	116,281	126,274
- Internal Restrictions	33,690	30,795	32,985	36,430	41,588	72,589	78,846	85,024	90,533	98,063
- Unrestricted	572	(22,982)	(47,462)	(71,108)	(94,306)	(116,822)	(135,983)	(154,834)	(173,995)	(192,854)
<b>TOTAL</b>	<b>100,165</b>	<b>74,153</b>	<b>54,620</b>	<b>38,771</b>	<b>27,684</b>	<b>42,220</b>	<b>37,548</b>	<b>36,971</b>	<b>32,819</b>	<b>31,483</b>

**TABLE 11: RATIOS – SCENARIO TWO**

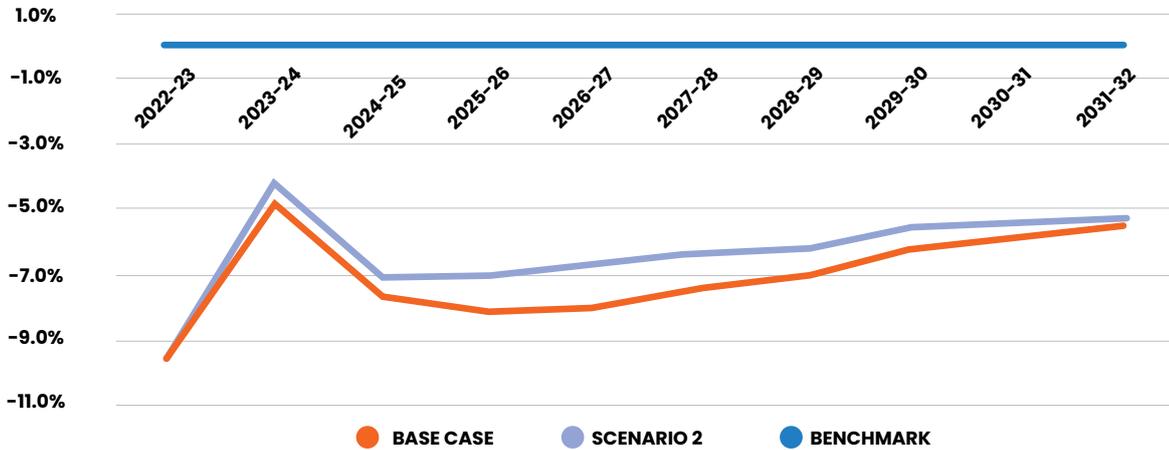
RATIO	BENCHMARK	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Operating Ratios</b>											
<b>Operating Performance Ratio</b>	> 0%	-9.56%	-4.18%	-7.04%	-6.99%	-6.59%	-6.29%	-6.13%	-5.54%	-5.42%	-5.28%
<b>Own Source Operating Revenue Ratio</b>	> 60%	82.43%	81.22%	83.83%	84.81%	84.86%	85.59%	85.63%	85.45%	86.58%	86.93%
<b>Debt Service Cover Ratio</b>	> 2x	3.1x	4.5x	3.4x	3.1x	3.6x	1x	4.8x	5.5x	5.6x	5.8x
<b>Real Operating Expenditure per Capita Ratio</b>		1,274	1,301	1,334	1,356	1,377	1,398	1,420	1,436	1,459	1,483
<b>Asset Ratios</b>											
<b>Building &amp; Infrastructure Asset Renewal Ratio</b>	> = 100%	142.76%	133.61%	120.11%	116.82%	113.74%	111.18%	107.93%	105.20%	102.57%	100.40%
<b>Infrastructure Backlog Ratio</b>	< 2%	2.85%	2.55%	2.41%	2.31%	2.23%	2.15%	2.09%	2.04%	2.00%	1.97%
<b>Asset Maintenance Ratio</b>	> 100%	84.82%	75.47%	76.32%	77.78%	78.75%	79.73%	80.65%	81.50%	82.42%	66.83%



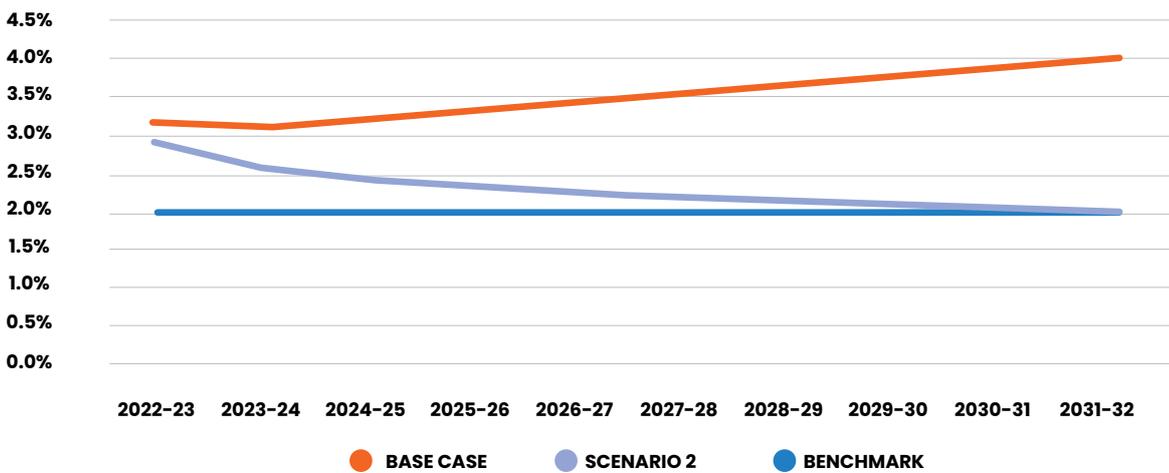
## Scenario comparison

Both the base case and sustainable asset scenarios do not meet all the principles of financial sustainability. The base case scenario preserves cash at the expense of deteriorating asset conditions and the second maintains asset conditions in line with benchmarks but will quickly run out of the cash required.

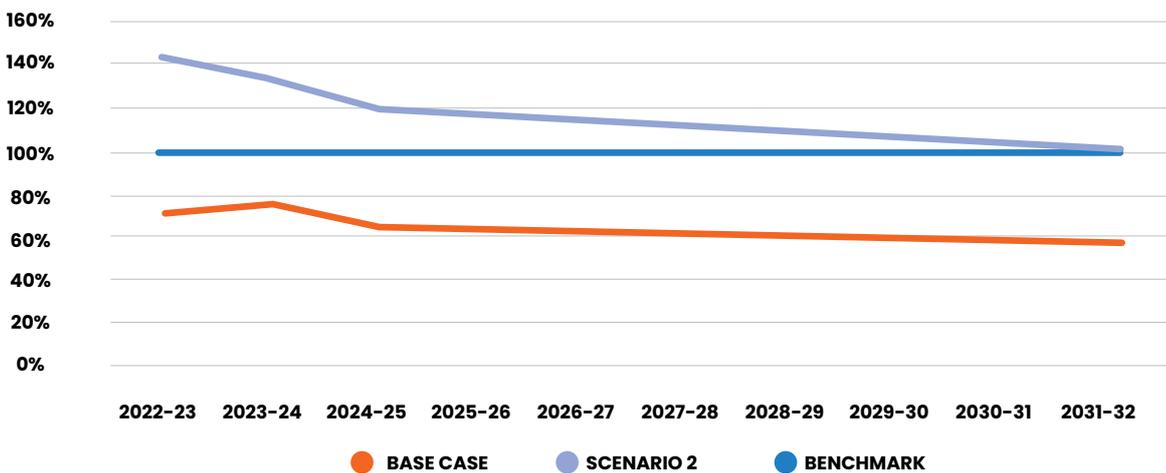
**Figure 7: Operating performance ratio**



**Figure 8: Infrastructure back log ratio**



**Figure 9: Asset renewal ratio**



## RESPONSES

In response to the above issues with financial sustainability of both the scenarios modelled in the Long-Term Financial Plan, Council will need to implement key components of its Delivery Program.

### Assets

Under Strategy 5.3 Deliver an efficient, transparent and accountable service to the community, Council will implement the actions identified in the Asset Management Strategy (see above) to improve its asset management capability (under activity 5.3.1 of the Delivery Program).

Council will also review its asset portfolio for opportunities to improve financial returns of commercial properties, improve productivity of community property and divest of any assets no longer required. (see activities 5.4.1, 5.4.2 and 5.4.3 of the Delivery Program).

### Operations

Additionally, Council will need to review its operations and service delivery to reduce to operating deficits.

Implementation of Council's Digital Strategy above (also under 5.3.2 of the Delivery Program) will help improve data and efficiency within the organisation.

Sound financial management undertaken through the Delivery Program activity 5.3.3 will be critical. As will Council's business improvement and service reviews under activity 5.3.5, which should initially focus on reducing costs and improving productivity of current service delivery.

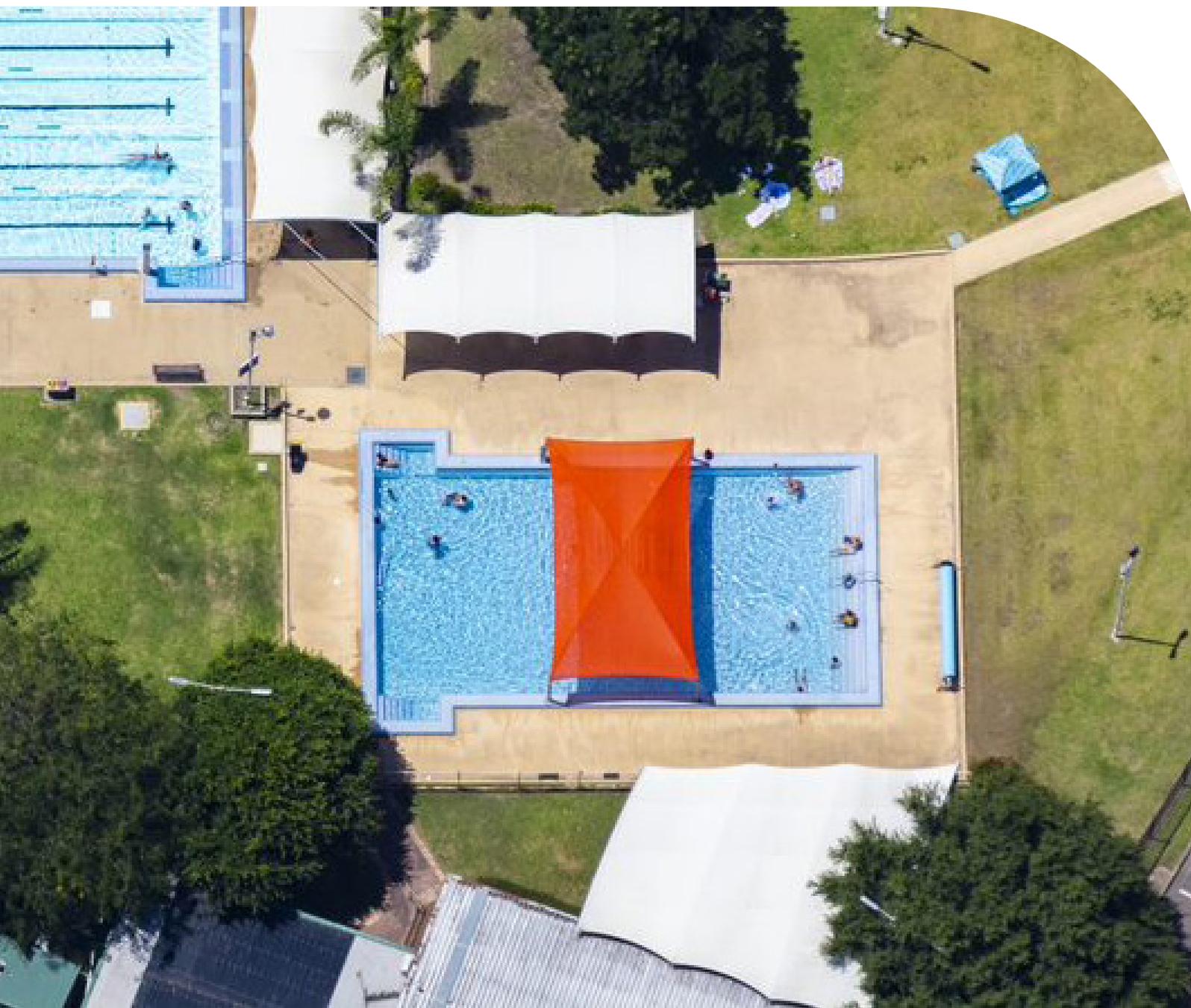
Additionally, Council is implementing a Project Management Office to drive effective management, governance and reporting of projects and initiatives.

### Further considerations

Council will work with the community to better understand expectations of the conditions of council's assets and service levels. This work will also investigate the community's willingness to pay for the maintenance and/or improvement of assets and services to support the growing population.

# OUR ASSETS

## Asset Management Plan



**Document status**

<b>Job #</b>	<b>Version</b>	<b>Approving Director</b>	<b>Date</b>
7556	1 – Draft	M Wood	September 2021
	2 – Draft	M Wood	October 2021
	3 – Draft	M Wood	December 2021
	4 – Final	M Wood	February 2022
	5 - Final	M Wood	March 2022

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# 1 EXECUTIVE SUMMARY

This Strategic Asset Management Plan (SAMP) states the approach to implementing the principles and the objectives set out in the Asset Management Policy. It includes specific requirements to outline the processes, resources, structures, roles and responsibilities necessary to establish and maintain the asset management system. The asset groups covered by this SAMP are buildings, roads infrastructure, bridges, footpaths and other road assets, stormwater, swimming pools and open space assets.

The SAMP highlights major issues which need to be addressed for each of the asset classes over the next ten years. The strategy also highlights the necessary actions for Penrith City Council ('Council') to help close the gap between current asset management practice and move towards a 'best appropriate practice' position in the future.

Both the SAMP and the asset management plans (AMPs) have been prepared in accordance with the International Infrastructure Management Manual (IIMM) and the Institute of Public Works Engineering Australasia (IPWEA) National Asset Management Strategy (NAMS) guidelines. Development of an asset management strategy and plans for council infrastructure assets is a mandatory requirement for NSW local government. The key findings for each asset class are included in the asset management plans section of this strategy and are covered in a concise but detailed manner.

This strategy includes Council's Asset Management Policy. The policy provides a framework for managing infrastructure assets to support the delivery needs of the community.

## 1.1 ASSET VALUES

In preparing this SAMP, it has been identified that Penrith City Council has an infrastructure and asset portfolio with a current replacement cost of approximately \$2.85 billion. The asset values are estimates of the value of assets, as at 30 June 2021, based on our best estimate of asset values, taking into account recent asset revaluations. These values should be updated on an annual basis, in line with the annual financial statements, once completed.

**Table 1 Asset classes and values**

Asset class	Gross replacement cost (CRC)	Written down value (WDV)	Annual depreciation expense
<b>Buildings</b>	<b>\$502,852,449</b>	<b>\$361,058,306</b>	<b>\$12,509,351</b>
<b>Open space</b>	<b>\$61,967,562</b>	<b>\$45,760,663</b>	<b>\$4,070,632</b>
<b>Roads</b>			
Sealed roads	\$714,269,471	\$559,533,126	\$11,732,416
Unsealed roads	\$4,808,473	\$2,614,607	\$48,085
Bridges	\$74,718,986	\$44,024,646	\$942,066
Footpaths	\$137,458,538	\$62,129,852	\$2,749,171
Other road assets	\$419,853,276	\$213,930,679	\$6,046,410
Bulk earthworks (land under roads)	\$196,467,721	\$196,467,721	\$0
<b>Total</b>	<b>\$1,547,576,465</b>	<b>\$1,078,700,631</b>	<b>\$21,518,148</b>
<b>Stormwater drainage</b>	<b>\$734,629,318</b>	<b>\$509,728,966</b>	<b>\$7,346,293</b>
<b>Grand total</b>	<b>\$2,847,025,793</b>	<b>\$1,995,248,566</b>	<b>\$45,444,424</b>

## 1.2 ASSET BACKLOG

As per the 2020/21 Special Schedule 7 analysis, Council has a combined asset backlog of \$62.9 million, with this being the estimated cost to bring assets to a satisfactory standard. The satisfactory standard is currently taken as condition 3. The breakdown of backlog per asset class as of 30 June 2021 is shown in the following table.

**Table 2 Asset backlog summary**

Estimated cost to satisfactory	Backlog (\$,000)	Backlog ratio % (backlog / WDV)
Buildings	\$1,555	0.71%
Road's infrastructure	\$9,412	1.67%
Bridges	\$3,007	6.83%
Footpaths	\$644	1.66%
Other road assets	\$17,004	4.14%
Stormwater	\$29,752	5.84%
Open space	\$690	1.51%
<b>Total</b>	<b>\$62,868</b>	<b>3.08%</b>

## 1.3 ASSET CONDITION

Reviewing asset condition data shows that the most of Council's assets are in a satisfactory or better condition. The reliability of Council's condition data varies between the asset classes with most data being reliable, or highly reliable. Details of Council's current asset condition are shown in the table below. The condition is represented as a percentage of the replacement cost of Council's assets.

**Table 3 Asset condition**

Asset class	Asset condition (% of CRC)				
	1	2	3	4	5
Buildings	7%	74%	16%	3%	0%
Sealed roads	11%	54%	30%	4%	1%
Unsealed roads	2%	20%	60%	10%	8%
Bridges	46%	16%	15%	23%	0%
Footpaths	29%	33%	37%	1%	0%
Other road assets	40%	22%	28%	7%	3%
Stormwater	12%	33%	41%	10%	4%
Open space	39%	44%	15%	2%	0%
<b>Total</b>	<b>21%</b>	<b>41%</b>	<b>30%</b>	<b>6%</b>	<b>2%</b>

## 1.4 EXPENDITURE AND REPORTING

Table 4 Combined asset expenditure projections – base case

Expenditure projections (\$,000s) – combined assets		2022/23 Budget	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Actual	Renewal	\$30,545	\$31,225	\$27,179	\$27,615	\$27,902	\$28,398	\$28,505	\$28,823	\$29,153	\$29,696
	New and expanded assets	\$54,655	\$123,348	\$42,591	\$22,629	\$22,667	\$22,707	\$22,746	\$22,787	\$22,827	\$22,869
	Maintenance and operational	\$36,662	\$38,938	\$41,277	\$43,549	\$45,613	\$47,756	\$49,995	\$52,260	\$54,679	\$57,033
	<b>Total expenditure</b>	\$121,862	\$193,511	\$111,047	\$93,793	\$96,182	\$98,861	\$101,247	\$103,870	\$106,660	\$109,597
Required	Required renewal (depreciation)	\$39,921	\$42,502	\$44,991	\$46,631	\$48,147	\$49,702	\$51,297	\$52,933	\$54,611	\$56,331
	New and expanded assets	\$54,655	\$123,348	\$42,591	\$22,629	\$22,667	\$22,707	\$22,746	\$22,787	\$22,827	\$22,869
	Required O&M	\$56,955	\$66,412	\$68,996	\$71,012	\$73,194	\$75,479	\$77,901	\$80,384	\$82,949	\$85,579
	<b>Total</b>	\$151,532	\$232,262	\$156,577	\$140,272	\$144,008	\$147,888	\$151,945	\$156,104	\$160,387	\$164,778
Overall (GAP)		-\$29,670	-\$38,752	-\$45,530	-\$46,479	-\$47,826	-\$49,027	-\$50,698	-\$52,234	-\$53,727	-\$55,181
Maintenance gap		-\$20,293	-\$27,475	-\$27,719	-\$27,463	-\$27,581	-\$27,722	-\$27,906	-\$28,124	-\$28,270	-\$28,546
Renewal gap		-\$9,377	-\$11,277	-\$17,811	-\$19,016	-\$20,245	-\$21,304	-\$22,792	-\$24,110	-\$25,457	-\$26,635

## 1.5 LEVELS OF SERVICE

The objective of asset management is to enable assets to be managed in the most cost-effective way, based on an understanding of customer needs, expectations, preferences and their willingness to pay for any increase in the level of service.

A level of service is a measurable description of what Council delivers (or intends to deliver) in an activity which relates to something that can be controlled. Council has prepared specific community and technical levels of service which cover the accessibility, quality, responsiveness, affordability, customer satisfaction, sustainability, health and safety and financial performance regarding the delivery of their infrastructure assets.

These have been developed for all asset classes and are detailed in the respective AMPs and address the adopted lifecycle management of assets. The overarching SAMP establishes a basic framework to measure service level outcomes. It is important to note that while service levels have been developed and are informed by Council's Community Strategic Plan, Council is yet to undertake community and stakeholder consultation to 'accept' the service levels.

## 1.6 HIGH LEVEL STRATEGIC ACTIONS

**Table 5 High level strategic actions**

Ref	Task	Priority
1.1	Develop and implement strategy to harmonise the classification structure of assets, asset attributes, and asset rating systems for condition, performance, utilisation and capacity data of road, building, drainage and open space infrastructure.	H
1.2	Develop and implement program to collect asset condition data, particularly Council's stormwater and open space assets.	VH
1.3	Council to document clear asset lifecycle strategy for all assets, which is to be supported by Council's Long-Term Financial Plan.	H
2.1	Document the assumptions and methodology used to determine the current depreciation values of all. Special consideration should be given to the determination of useful life, remaining life and asset condition.	H
2.2	Review asset capitalisation procedure and develop asset capitalisation review procedure involving project managers, asset managers and finance.	H
3.1	Develop clear and concise service levels for each asset group. These service levels should drive asset expenditure and service delivery improvements.	VH
3.2	Develop and implement a plan to review infrastructure strategies, including community facilities strategy, transport strategy, and open space and recreation strategy.	M
3.3	Continue towards the integration of the Long-Term Financial Plan (LTFP) and asset management plan(s).	H
3.4	Develop asset management plans for each asset class.	VH
3.5	Council is to monitor and report on levels of service in the Operational Plan.	H
4.1	Review roles and responsibilities particularly of asset managers and operational staff to promote strategic planning for assets.	VH
4.2	Undertake risk and criticality assessment of Council's infrastructure assets.	H
4.3	Develop inspection and maintenance strategies around critical assets and highlight emergency response plans should there be a major service disruption within the assets.	H
4.4	Council is to review risk treatment/minimisation strategy for high-risk assets annually.	H
5.1	Continue work towards the implementation of a corporate asset management system. Ensure asset hierarchy and asset characteristics are aligned prior to going live with the system.	VH
6.1	Reconstitute the Asset Management Steering Group to ensure that the asset management improvement plan is being implemented	VH
6.2	Council is to formalise and document asset handover processes and capitalisation processes.	H

Ref	Task	Priority
6.3	Council to map out the organisation's asset management roles and responsibilities and formalise/clarify asset management functions ensuring the asset management practices are accurately reflected in Council's financial management and financial modelling	VH

## 2 INTRODUCTION

### 2.1 ASSET PLANNING

Development of AMPs for Council's infrastructure is a mandatory requirement for NSW councils, as per the *NSW Local Government Act 1993* and its subsequent amendments. As such, Penrith City Council has developed the following SAMP to cover the period 2021 – 2031. The key findings for each asset class are included in the asset management plans section of this strategy and are covered in a concise but detailed manner.

The provision of infrastructure is one of the most important roles of Council, as assets support the delivery of services that deliver on Council's long-term objectives. A formal approach to asset management is essential to ensure that services are provided in the most cost-effective and value-driven manner. To ensure this, it is essential that asset management is fully aligned and integrated with Council's Community Strategy and Long-Term Financial Plan and Workforce Plan. This ensures that community needs, and expectations are well understood, and that funding requirements and consequences are understood and available.

Council's current planning framework is based on the 'Local Government Financial Asset Sustainability Framework'.

**Figure 1 Penrith City Council asset management planning framework**

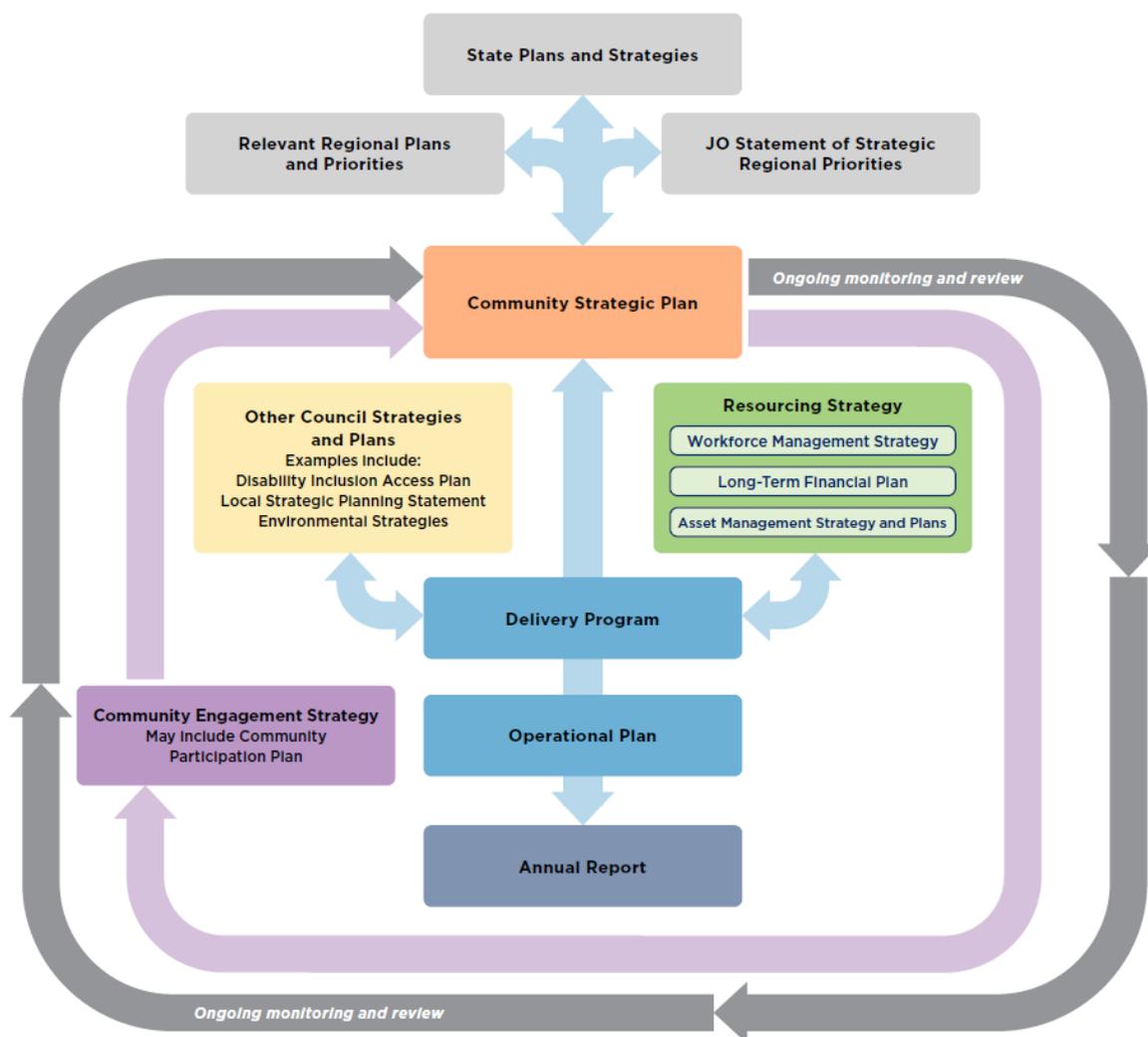


Council has adopted a 'whole of council' approach, beyond just a 'lifecycle' approach, and is committed to delivering value for money to the current and future generations of the community. The Strategic Asset Management Plan is underpinned by Council's Community Strategic Plan which was developed using the guiding principles of:

- WE PROTECT AND ENHANCE AN ECOLOGICALLY SUSTAINABLE ENVIRONMENT
  - Green the landscape and protect biodiversity
  - Strengthen sustainability and climate resilience
  - Minimise the impacts of waste and pollution
- WE ARE WELCOMING, HEALTHY, HAPPY AND CONNECTED
  - Build and support community resilience to adapt to changing circumstances
  - Enhance community wellbeing, safety and neighbourhood amenity
  - Plan for, deliver and improve community services
  - Support and provide opportunities to participate in activities and events that celebrate our diversity, culture and creativity
  - Respect, engage and celebrate our diverse Aboriginal and Torres Strait Islander community and their rich cultural heritage
- WE PLAN AND SHAPE OUR GROWING CITY
  - Grow and support a thriving local economy
  - Undertake strategic planning that will ensure balanced growth and liveability
  - Work with partners to develop plans that support the needs and interests of our community
- WE MANAGE AND IMPROVE OUR BUILT ENVIRONMENT
  - Plan and manage sustainable transport infrastructure and networks to meet current and future community needs
  - Plan for and maintain accessible, safe, and high-quality infrastructure
  - Plan for, maintain and provide spaces and facilities that support opportunities for people to participate in recreational activities
  - Ensure our public places are clean, safe, secure, and accessible
- WE HAVE OPEN AND COLLABORATIVE LEADERSHIP
  - Communicate effectively with the community about the programs and services provided by Council
  - Encourage community participation in collective decisions and initiatives
  - Deliver an efficient, transparent, and accountable service to the community
  - Plan for and manage City resources for current and future generations

Council's framework has been developed in line with the legislated planning framework from the 'Integrated Planning and Reporting (IP&R) Guidelines for local government in NSW'.

Figure 2 Relationship between Council's plans and resourcing strategies



- **Community Strategic Plan** - outlines what the community wants; the objectives of the community and strategies to achieve those objectives.
- **Resourcing Strategy** - details the resources available to Council to deliver the Community Strategic Plan.
- **Delivery Program/Operational Plan** - details 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** - is the reporting mechanism used by Council to report on those activities and actions that Council proposed in its Delivery Program and Operational Plan.

This SAMP establishes a framework to enable the prioritisation of asset groups through planning, construction, maintenance and operation of infrastructure necessary to achieve the goals and objectives as set out in:

- Penrith City Council Resourcing Strategy
- Penrith City Strategy
- NSW State Plan
- Greater Sydney Commission – Western City District Plan

- Penrith City Local Strategic Planning Statement 2020,

## 2.2 SCOPE OF THIS STRATEGIC ASSET MANAGEMENT PLAN

This SAMP has been developed to provide the framework to ensure that new and existing Council's infrastructure assets are operated, maintained, renewed and upgraded to ensure that the levels of service are achieved in the most cost effective and sustainable way. It meets Council's commitments under the IP&R Framework in that all Council's infrastructure assets are fully accounted for. Details on each asset class, including the inventory, condition, predicted and required expenditure are included in the appendices.

The audience for this SAMP is Council staff, the Council executive management team, elected representatives (councillors), interest groups, stakeholders and other interested members of the general community.

The specific objectives of this strategy are:

- to ensure a sustainable service offering to the community by evolving and embedding a culture of asset management
- to ensure decision-making reflects community value for this generation and the next
- to develop clearly defined and agreed service levels, to inform asset investment, to support the community's quality of life
- to drive quality service outcomes by taking a risk-based approach to the way assets are managed
- to ensure availability of resources to maintain assets over the longer term.

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

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

This strategy supports Council's aim to have 'best value' asset management strategies and practices. This is achieved by continually developing and improving the whole of Council's knowledge, systems, processes and strategies. This will ensure that Council is providing the level of asset management necessary to competently, responsibly and sustainably manage the community assets for current and future generations.

This SAMP has been prepared using a 'top down' approach whereby analysis is applied at the 'system' or 'network' level. The focus is on current levels of service and current practices. It includes expenditure forecasts for asset maintenance, renewal and replacement based on local knowledge of assets and options for meeting current levels of service.

Future revisions of this SAMP will use a 'bottom up' approach for gathering information for individual assets to support the optimisation of activities and programs to meet the levels of service. The focus of future plans developed in this manner will include risk and performance optimisation, risk-based strategies, use of predictive methods and optimised decision-making techniques.

The format of this SAMP is outlined in the table on the following page.

**Table 6 Asset management plan structure**

Sections	Guidelines
1. Executive summary	Provides a high-level summary of the combined asset management plans and highlights the main issues for consideration.
2. Introduction	Outline of the purpose and scope of the plan and how the plan relates to other key policies and strategies.
3. Asset Management Policy	Excerpt from Council's adopted Asset Management Policy outlining the principles guiding Council's asset management practices.
4. Asset management practices	Provision of a comprehensive strategic asset management gap analysis process for asset management.
5. Levels of service	Outline of levels of service and asset performance standards and customer/community expectations and feedback regarding levels of service.
6. Future demand	Identification of demand trends, factors which may influence demand, forecast changes in demand, impacts and implications of future demand and effects on future planning.
7. Risk management plan	Provision of an asset-based risk management plan.
8. Overarching Strategic Asset Management Plan	Provision of a summary of Council's overall Asset Strategy including Asset Management Policy and identification of critical assets.

## 2.3 COUNCIL'S ASSETS

Council uses infrastructure assets to provide services to the community. An outline of the range of infrastructure assets and the services provided from the assets is shown below:

**Table 7 Range of infrastructure assets and services**

Asset class	Description	Services provided
<b>Buildings</b>	This includes office/administration centres, libraries, community centres, halls, amenities for sports fields, public toilets.	Council owns and maintains a wide variety of buildings ranging from the Joan Sutherland Performing Art Centre to canteens at local sporting grounds. These buildings provide services for all members of our community – providing places to hold events, meet up with friends, attend a playgroup or borrow a book. Council also owns buildings that provide us with a source of income as well as providing a service, such as our childcare centres and pools.
<b>Roads infrastructure</b>	This includes roads, kerb and guttering, bridges, footpaths and cycleways.	Transportation of goods and services from production to market and to consumers. Movement of people around the council area for business, education, recreation, and leisure.
<b>Drainage</b>	This includes drainage pipelines, pits and inlets; gross pollutant traps; dams and headwalls; wetlands.	Drainage assets transport storm water to reduce the risk of flooding. They also help protect water quality throughout the city.

Asset class	Description	Services provided
<b>City parks and sports fields</b>	This includes natural areas, street trees, playgrounds, active playing fields and courts.	Our natural areas, parks and sports fields give our residents and visitors the chance to be active in many ways, participate in organised sport or just relax and enjoy being outside.
<b>Plant and fleet</b>	Council has a wide variety of plant and equipment items that are included in its asset registers. These assets are not considered as infrastructure assets and not included in this SAMP.	These assets support the delivery of many of our services. They provide the equipment for ongoing maintenance of all our infrastructure, plus transport for many of our other services including building and health inspections, emergency services and our rangers.

Full details of Council's assets are covered in the individual asset management plans found in the appendices.

## 2.4 ABOUT PENRITH CITY COUNCIL

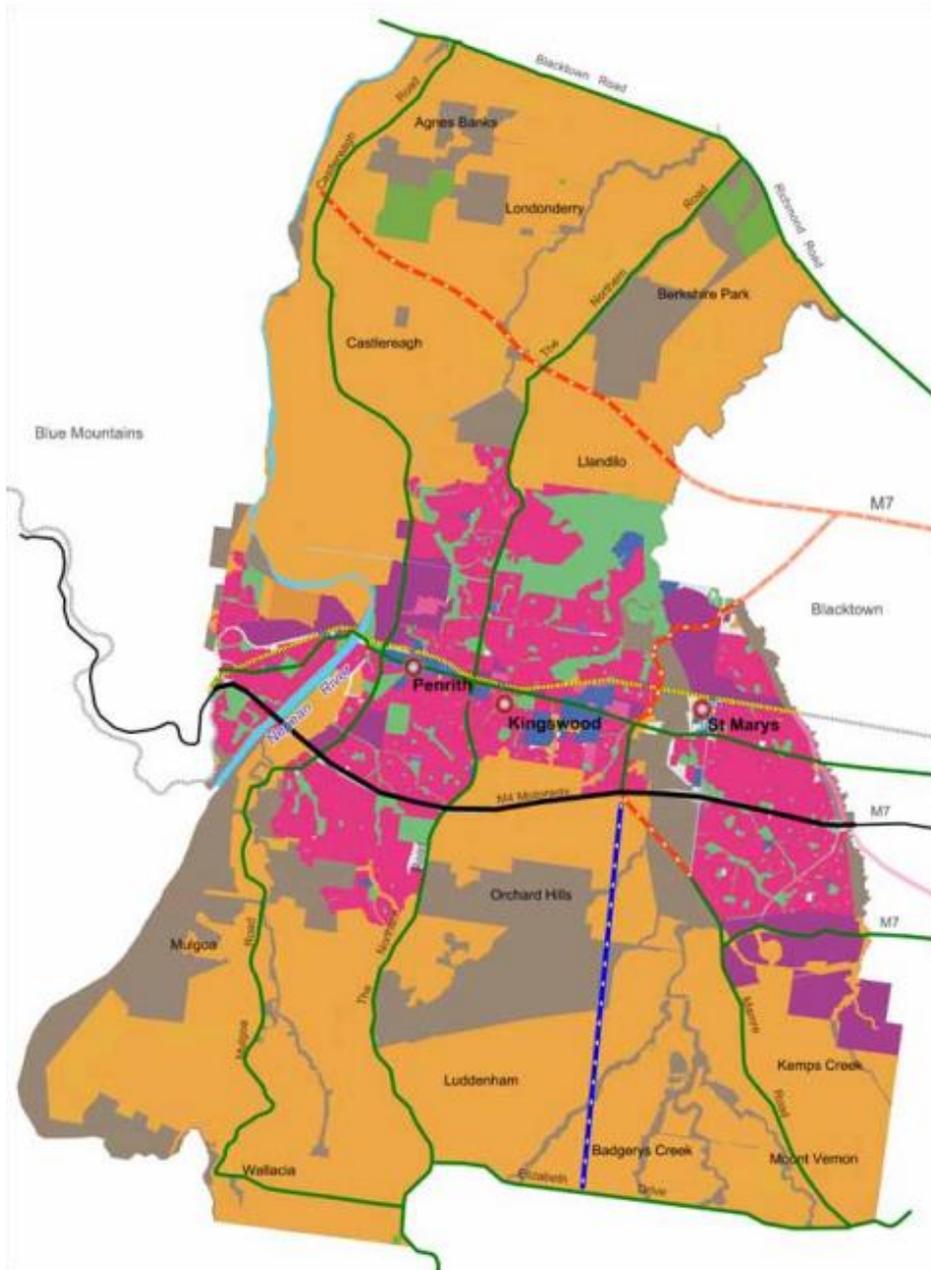
Penrith City is located on the edge of the World Heritage listed Blue Mountains National Park just 54km from Sydney and is uniquely positioned between the north-west and south-west Sydney growth centres, as well as at the gateway to the new Western Sydney Airport and Aerotropolis.

The local government area (LGA) stretches from Agnes Banks in the north to Badgerys Creek in the South and Emu Plains in the West to St Marys in the East. The council has been divided into three wards and these include the following suburbs:

- South Ward:
  - Badgerys Creek, parts of Emu Plains, Glenmore Park, Jamisontown, parts of Kingswood, Leonay, Luddenham, Mulgoa, Orchard Hills, parts of Penrith, Regentville, South Penrith and Wallacia.
- East Ward:
  - Caddens, Claremont Meadows, Colyton, Erskine Park, Kemps Creek, parts of Kingswood, Mount Vernon, North St Marys, Orchard Hills, Oxley Park, St Clair and St Marys.
- North Ward:
  - Agnes Banks, Berkshire Park, Cambridge Gardens, Cambridge Park, Castlereagh, Cranebrook, Emu Heights, parts of Emu Plains, Jordan Springs, parts of Kingswood, Llandilo, Londonderry, parts of Penrith, Werrington, Werrington County and Werrington Downs.

The LGA contains both urban and rural areas with most of the population living in residential areas in a linear corridor along the Great Western Highway and the Western railway. Most of the urban area is residential, with some commercial areas and industrial areas, including extractive industries and manufacturing. Much of the rural area is used for agricultural purposes, including dairying, poultry farming, hobby farming, orcharding, market gardening and horse breeding. Council has significant sporting and recreation facilities across the LGA and provides access to a wide range of sporting clubs and associations.

Figure 3 Penrith City Council LGA



## 2.5 LINKS TO COUNCIL PLANS AND STRATEGIES

The Strategic Asset Management Plan and asset management plans have been prepared in line with the vision and strategy outlined in the 'Penrith 2036+ Community Strategic Plan (CSP).

Infrastructure assets will play both a direct and indirect role in achieving the strategic objectives of the CSP. The following table indicates how Council's assets play a role in the delivery of the key strategies outlined in the CSP.

**Table 8 Linkages to the Corporate Strategic Plan**

Strategy	Buildings	Transport	Stormwater	City parks and sports fields
<b>WE PROTECT AND ENHANCE AN ECOLOGICALLY SUSTAINABLE ENVIRONMENT</b>				
Green the landscape and protect biodiversity				X
Strengthen sustainability and climate resilience	X		X	
Minimise the impacts of waste and pollution	X	X	X	X
<b>WE ARE WELCOMING, HEALTHY, HAPPY AND CONNECTED</b>				
Build and support community resilience to adapt to changing circumstances	X	X	X	X
Enhance community wellbeing, safety and neighborhood amenity	X			X
Plan for, deliver and improve community services	X			
<b>WE PLAN AND SHAPE OUR GROWING CITY</b>				
Undertake strategic planning that will ensure balanced growth and livability	X	X	X	X
Work with partners to develop plans that support the needs and interests of our community	X	X	X	X
<b>WE MANAGE AND IMPROVE OUR BUILT ENVIRONMENT</b>				
Plan and manage sustainable transport infrastructure and networks to meet current and future community needs		X		
Plan for and maintain accessible, safe, and high-quality infrastructure	X	X	X	X
Plan for, maintain and provide spaces and facilities that support opportunities for people to participate in recreational activities				X
Ensure our public places are clean, safe, secure, and accessible	X			X
<b>WE HAVE OPEN AND COLLABORATIVE LEADERSHIP</b>				
Deliver an efficient, transparent, and accountable service to the community	X	X	X	X
Plan for and manage City resources for current and future generations	X	X	X	X

# 3 ASSET MANAGEMENT POLICY

## 3.1 PURPOSE

To own, maintain and update assets across the LGA to enhance and improve liveability in our city.

## 3.2 POLICY STATEMENT

The Asset Management Policy provides the framework that with the Community Strategic Plan, Delivery Program and Resourcing Strategy enable the Asset Management Strategy and Asset Management Plans to be implemented. The policy will:

- as custodians of public infrastructure, create a culture where all Councillors and employees are aware of the importance of their involvement in the provision of assets
- undertake strategic asset planning that delivers customer focused services to maximise use and benefits of the Council's assets
- adopt a whole of lifecycle approach to asset acquisition, operation, maintenance and disposal that delivers fit for purpose, sustainable and reliable assets with clear visibility on all associated risks and costs
- comply with all statutory and regulatory requirements
- align with ISO 55001 standard in the management of assets over their lifecycle
- continuously evolve and improve the asset management processes, systems, resources and capability to optimise the delivery and performance of Council assets and to provide safe, sustainable, effective and reliable services.

## 3.3 FOUNDATION PRINCIPLES

Compliance:

- Comply with all relevant legislative requirements and standards. Ensure all political, economic, social and technological environments are considered in asset management decision making.
- Comply with LGA, IP&R and risk management/governance requirements.

Strategic asset planning:

- Establish and maintain a framework to enable the development and application of sound asset management practice throughout the organisation.
- A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all departments of Council.
- Asset management principles will be integrated within existing planning and operational processes.
- Community needs, including gap analysis, will be considered for all significant decisions affecting infrastructure.
- Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.

Service levels:

- Asset management plans and long-term financial plans will be updated over time to include service levels agreed with the community and councillors. Service levels form the basis of annual budget estimates and define risk consequences.

- Asset renewal plans will be prioritised and implemented based on agreed service levels and the effectiveness of the current assets to provide that level of service.

Risk management:

- The principles of risk management will be applied to asset management, in accordance with Council's Enterprise Risk Management Framework and applicable standards (ISO 31000; ISO 55000).
- A risk-based approach provides a systematic, rational and defensible process for the use of limited resources to manage the magnitude of infrastructure assets within the Penrith LGA.

Resource and funding allocation:

- Future lifecycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
- Councillors and relevant staff will be provided with information and (where necessary) training to ensure that there is enough awareness in key areas of the organisation to make informed decisions around asset management that are consistent with this policy.

### **3.4 SCOPE**

This policy applies to all councillors, Council employees and service providers.

This policy applies to assets owned and operated by Council, associated with or managed by Council-owned entities and assets owned by Council for a commercial purpose as specified below.

Assets owned and operated by Council:

- Council will operate and maintain its own assets.

Assets associated with or managed by Council owned entities:

- Council will apply the provisions and principles of this policy to assets associated with or managed by Council owned entities with respect to maintenance (scheduled and unscheduled) and like for like replacement. Identification of the service levels required to meet the needs of users is the responsibility of the entity, however service levels for maintenance and like for like replacement must be agreed by Council. Upgrade of Council-owned assets will be considered through a business case.

Assets owned by Council for a commercial purpose:

- The Property Development Department is responsible for the management of assets owned by Council for a commercial purpose. The principles of this policy will apply to the extent necessary to ensure that these assets meet the needs of users, risks are appropriately managed, and the assets are able to meet the needs of Council with regard to income generation.

### 3.5 ACCOUNTABILITIES

- Council is accountable for consideration of this policy in line with decision making.
- The Property Development Manager, Director Corporate Services and General Manager are accountable for the management of assets owned by Council for a commercial purpose.
- The General Manager and Director of City Services are accountable for the implementation and monitoring of this policy, for example ensuring systems are in place to:
  - develop and maintain, strategies and plans to support this policy
  - distribute this policy to all relevant persons in the organisation
  - ensure that any individuals or organisations that must adhere to this policy as a result of a contract or other agreement with the organisation are appropriately advised
  - monitor implementation and compliance
  - assess whether Council meets Fit for the Future benchmarks for asset management including:
    - building and infrastructure renewal ratio
    - infrastructure backlog ratio
    - asset maintenance ratio.

## 4 ASSET MANAGEMENT PRACTICES

### 4.1 ASSET MANAGEMENT INFORMATION SYSTEMS

Penrith City Council Council's asset knowledge, information and data are corporate assets and are managed as part of the asset management framework. The current applications used by Council include:

- financial and asset register – TechnologyOne (assets are currently in a test environment)
- pavement management system for roads – SMEC (roads infrastructure data).

### 4.2 DATA COLLECTION AND VALIDATION

In the preparation of this Strategic Asset Management Plan, Council has used the most current and up to date information available from Council's corporate finance system.

As part of Council's asset management improvement plan, Council aims to foster a culture of continuous improvement in service delivery to ensure best value in service provision for the community. This will be supported by the asset management plans including ongoing monitoring, audit and improvement practices which are to be used to optimise Council's operational and renewal expenditure.

### 4.3 MONITORING AND REVIEW PROCEDURES

Council utilises a performance management framework to track the achievement of the CSP, Delivery Program, Operational Plan and asset management improvement plan outcomes. This will be reviewed and reported on annually by the executive team.

## 4.4 CONFIDENCE IN DATA

The confidence in the asset data used as a basis for the financial forecasts has been assessed using the following grading system, as outlined in the table below.

**Table 9 Asset data confidence scale**

Confidence grade	General meaning
<b>Highly reliable</b>	Data based on sound records, procedure, investigations and analysis that is properly documented and recognised as the best method of assessment.
<b>Reliable</b>	Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings; for example, the data is old, some documentation is missing, and reliance is placed on unconfirmed reports or some extrapolation.
<b>Acceptable</b>	Data based on sound records, procedures, investigations and analysis with some shortcomings and inconsistencies.
<b>Uncertain</b>	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported or extrapolation from a limited sample.
<b>Very uncertain</b>	Data based on unconfirmed verbal reports and/or cursory inspection and analysis.

Summary of confidence in asset data for all asset classes is detailed in the table below.

**Table 10 Asset data confidence rating**

Asset class	Inventory	Condition	Age	Overall
<b>Buildings</b>	Reliable	Reliable	Reliable	Reliable
<b>Roads infrastructure</b>	Reliable	Reliable	Reliable	Reliable
<b>Bridges</b>	Reliable	Reliable	Reliable	Reliable
<b>Footpaths</b>	Reliable	Acceptable	Uncertain	Acceptable
<b>Other road assets</b>	Acceptable	Acceptable	Acceptable	Acceptable
<b>Stormwater</b>	Uncertain	Very uncertain	Very uncertain	Very uncertain
<b>Open space</b>	Acceptable	Uncertain	Uncertain	Uncertain

## 4.5 FUNDING STRATEGY

Council's funding strategy aims to align Council's Long Term Financial Plan, Asset Management Plans and annual budget to accommodate the lifecycle requirements of its assets. By having a unified process, all decision-making numbers can be traced back to the AMPs, thereby informing the annual budgets and forward programs providing a degree of certainty for delivery timeframes and resourcing requirements.

In order to ensure value, Council will plan capital upgrade and new projects to meet level of service objectives by:

- planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner
- undertaking project scoping for all capital upgrade/new projects to identify:
  - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset
  - the project objectives to rectify the deficiency including value management for

- major projects
- the range of options, estimated capital and lifecycle costs for each option that could address the service deficiency
- management of risks associated with alternative options
- evaluate the options against evaluation criteria adopted by Council
- select the best option to be included in capital upgrade/new programs
- reviewing current and required skills base and implement training and development to meet required construction and project management needs
- reviewing the current resources and capacity of the organisation to deliver the Capital Works Program on an annual basis
- reviewing management of capital project management activities to ensure Council is obtaining best value for resources used.

Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal, as shown in the appendices.

## 5 LEVELS OF SERVICE

### 5.1 DEFINING LEVELS OF SERVICE

There are a variety of ways to describe levels of service (also known as service level). The concept adopted in this plan is that 'levels of service are output descriptions supported by quantifiable performance measures.'

A level of service is a measurable description of what Council delivers (or intends to deliver) in an activity which relates to something that can be controlled. Service levels may relate to:

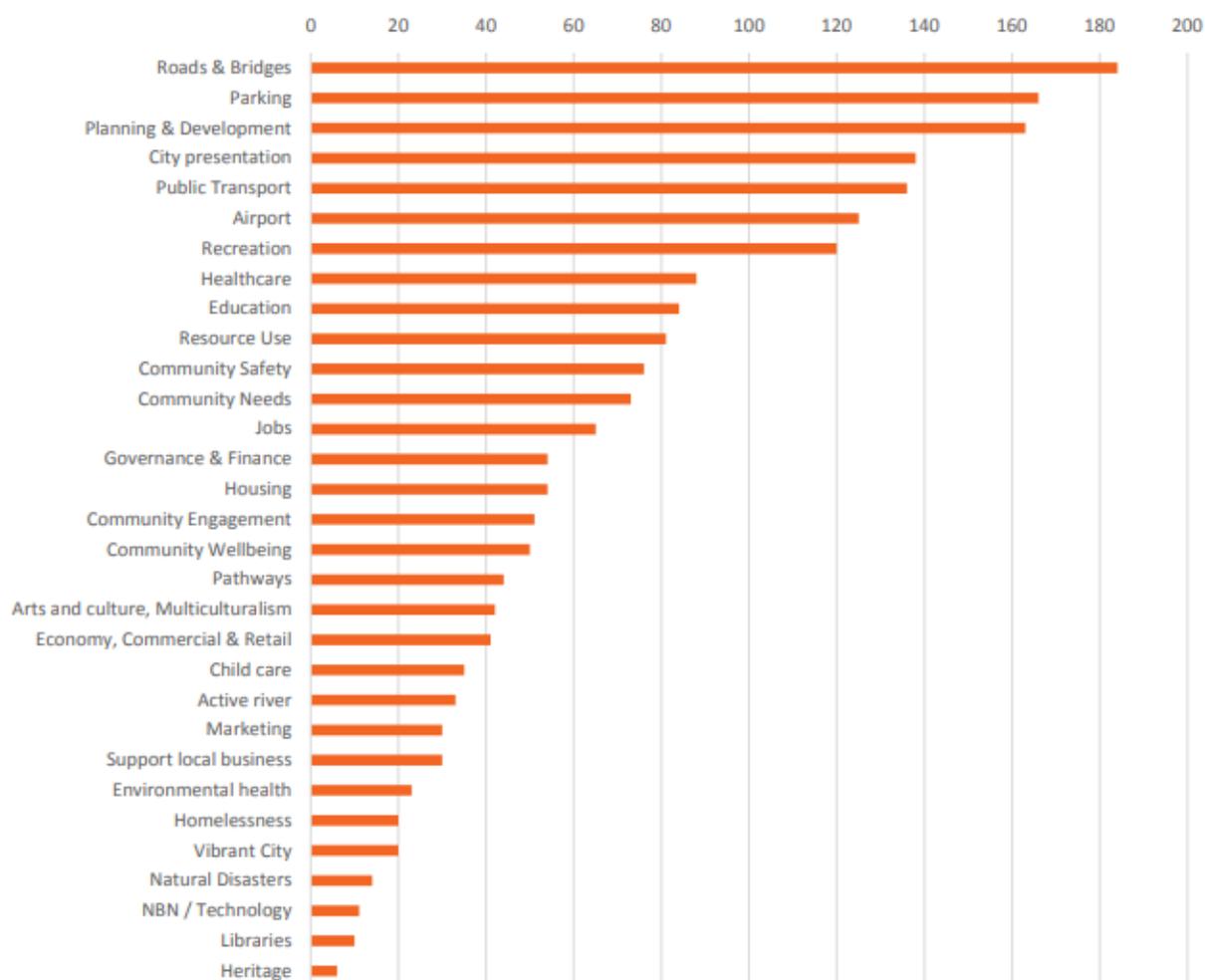
- the reliability of an asset
- the quality of an asset
- having the right quantity of assets
- the safety/risk/security of the assets.

The objective of asset management is to enable assets to be managed in the most cost-effective way based on an understanding of customer needs, expectations, preferences and their willingness to pay for any increase in the levels of service.

### 5.2 KEY ISSUES FROM COMMUNITY CONSULTATION

As part of Council's community consultation for the Community Strategic Plan, Council conducted extensive surveys to determine what areas were priorities for the community. The following graph highlights the key findings of the consultation.

**Figure 4 Key emerging issues and number of responses**



### 5.3 PERFORMANCE MEASURES

The level of service statement is supported by performance measure(s), also referred to as performance indicator(s), that indicate how the organisation is performing in relation to that level of service. The performance measure includes targets that are made up of community and technical measures. The customer measure relates to how the community receives the service, whereas technical measures support customer measures to ensure all aspects of organisational performance are being monitored, even those that may not be understood by customers.

In this plan, the level of services is prepared so that they are clearly and directly linked with the performance measures. For some performance measures in this plan, Council will have full control over the outcome, for example 'respond to service requests within seven days'. However, it is important to recognise that some performance measures may be influenced by external factors. For example, the number of fatalities can be influenced by road management, but driver behaviours, police enforcement and a number of other factors also strongly contribute to the overall outcome.

## 5.4 SERVICE LEVEL OUTCOMES

The levels of service in this plan have been developed with a customer focus and are grouped into core customer value areas that are referred to as 'service level outcomes'. These service level outcomes (sometimes referred to as service criteria) encompass:

- condition
  - accessibility and/or availability
  - quality/condition
- functionality
  - reliability/responsiveness
  - sustainability
  - customer satisfaction
- capacity
  - affordability
  - health and safety.

### 5.4.1 CONDITION

#### *Accessibility*

To ensure the asset base performs as required, it is essential that the asset, no matter which type of asset, is generally available to the community as required. As a service outcome, the Council's customers will require assets that are accessible and can be relied upon to deliver the services that are not only expected, but the services that are required.

#### *Quality/condition*

Asset quality is also very important. In this regard, Council should determine the quality of the assets required. Quality will have more to do with manner and type of the asset rather than its condition. An asset may be poor in quality yet have a condition which is described as good.

Condition is a measure of an asset's physical condition relative to its condition when first constructed. When rating asset condition, Council uses a scale of 0 - 5, where 0 = new and 5 = totally failed. A copy of a typical condition rating matrix is detailed below.

**Table 11 Asset condition rating matrix**

Condition rating	Condition	Descriptor	Guide	Residual life as a % of total life	Mean percentage residual life
1	Excellent	An asset in excellent overall condition, however, is not new and providing its intended level of service.	Normal maintenance required	>86	95
2	Good	An asset in good overall condition with some possible early stages of slight deterioration evident, minor in nature and causing no serviceability issues. No indicators of any future obsolescence and providing a good level of service.	Normal maintenance plus minor repairs required (to 5% or less of the asset)	65 to 85	80

Condition rating	Condition	Descriptor	Guide	Residual life as a % of total life	Mean percentage residual life
3	Satisfactory	An asset in fair overall condition with some deterioration evident, which may be slight or minor in nature and causing some serviceability issues. Providing an adequate level of service with no signs of immediate or short-term obsolescence.	Significant maintenance and/or repairs required (to 10 - 20% of the asset)	41 to 64	55
4	Poor	An asset in poor overall condition, moderate to high deterioration evident. Substantial maintenance required to keep the asset serviceable. Will need to be renewed, upgraded or disposed of in near future. Is reflected via inclusion in the ten-year Capital Works Plan.	Significant renewal required (to 20 - 40% of the asset)	10 to 40	35
5	Very poor	An asset in extremely poor condition or obsolete. The asset no longer provides an adequate level of service and/or immediate remedial action required to keep the asset in service in the near future.	Over 50% of the asset requires renewal	<10	5

#### 5.4.2 FUNCTION

##### **Responsiveness**

Council will maintain assets in a diligent manner and be responsive to the needs of the community now and into the future. Whilst this may be difficult in some instances, Council places a high emphasis on customer service and its responsiveness to customer enquiries. Strategies will be implemented to ensure that Council maintains a high level of customer support.

##### **Customer satisfaction**

Council will continue to provide services to the community in a manner that is efficient and effective. Council will continue to monitor community satisfaction with its current services and strive to improve community satisfaction where possible.

##### **Sustainability**

Council will ensure that its assets are maintained in a manner that will ensure the long-term financial sustainability for current and future generations. This will be achieved by ensuring efficient and effective service delivery and ensuring appropriate funds are allocated to maintain and renew infrastructure assets.

### 5.4.3 CAPACITY

#### *Affordability*

Council will maintain its infrastructure assets in a cost-effective, affordable manner in accordance with responsible economic and financial management. In order for Council's assets to assist in meeting the strategic goals and in attaining optimum asset expenditure, Council will need to continually review its current operational strategies and adopt new and proven techniques to ensure that assets are maintained in their current condition.

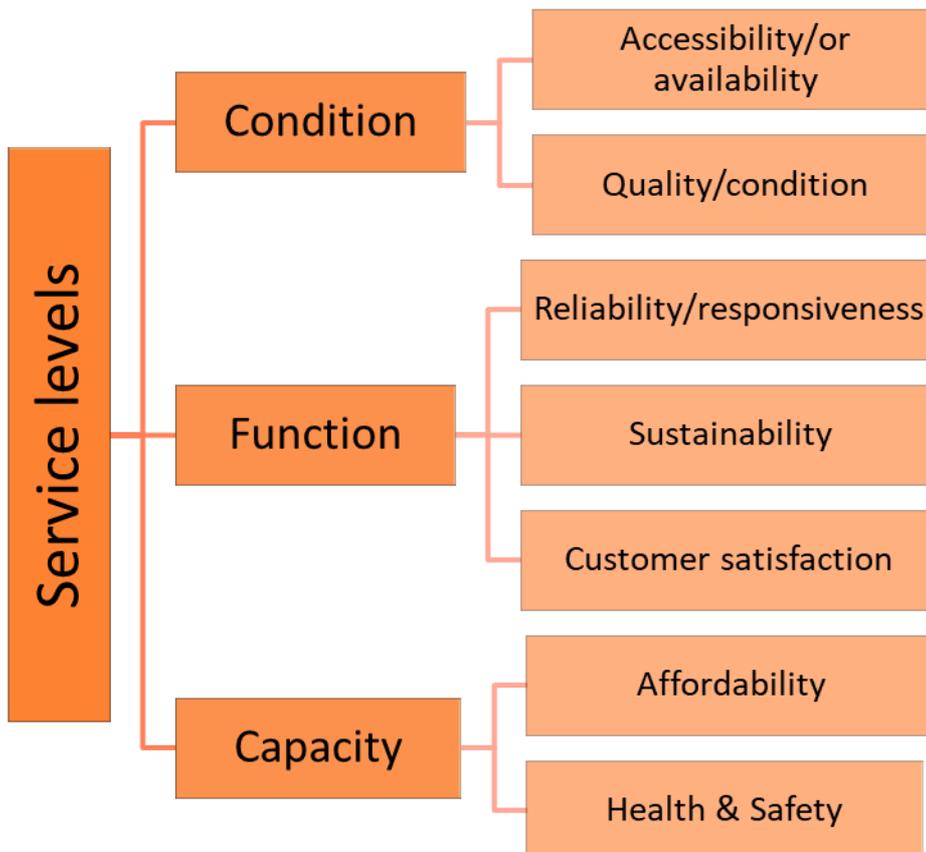
#### *Health and safety*

Council will endeavour to identify and mitigate all key health and safety risks created by the provision of services. Examples of level of service based on safety might include the following:

- services do not cause a hazard to people
- water is safe for swimming.

Each of the service level outcomes is related directly to the Council's Community Strategic Plan by the way each asset class helps deliver the services required by the community. These service level outcomes are essential to ensure the asset portfolio is not only maintained to a satisfactory level but also caters for the future demands of the community whilst balancing the potential risks to the community and the Council.

**Figure 5 Service level framework**



## **5.5 FINANCIAL BASED SERVICE LEVELS**

The premise of asset management is that asset requirements and asset management strategies should be driven by defined and acceptable service levels and performance standards. This section defines the various factors that are considered relevant in determining the levels of service for Council's assets that have been used to provide the basis for the lifecycle management strategies and works programme identified within this Strategic Asset Management Plan.

### **5.5.1 ASSET BACKLOG RATIO**

This ratio shows what proportion the infrastructure backlog is against the total value of a Council's infrastructure. The benchmark is less than 2%. The ratio is determined by dividing the estimated cost to bring assets to a satisfactory condition by the carrying value of infrastructure, building, other structures and depreciable land improvement assets (averaged over 3 years).

### **5.5.2 ASSET CONSUMPTION RATIO**

The average proportion of 'as new' condition remaining for assets. This ratio shows the written down current value of the local government's depreciable assets relative to their 'as new' value. It highlights the aged condition of a local government's stock of physical assets and the potential magnitude of capital outlays required in the future to preserve their service potential. It is also a measure of Council's past commitment to renewal of the asset class. A consumption ratio of less than 50% would suggest that past renewal funding has been inadequate or that the asset could expect to decay more rapidly.

### **5.5.3 ASSET SUSTAINABILITY RATIO**

Are assets being replaced at the rate they are wearing out? This ratio indicates whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out. It is calculated by measuring capital expenditure on renewal or replacement of assets relative to the rate of depreciation of assets for the same period. A local government would need to understand and be measuring its renewal expenditure to be able to determine this ratio.

### **5.5.4 ASSET RENEWAL AND RENEWALS FUNDING RATIO**

Is there sufficient future funding for renewal and replacement of assets? This ratio indicates whether Council is allocating sufficient funds in its Long Term Financial Plan to adequately fund asset renewals. The benchmark is 100% (averaged over 3 years).

### **5.5.5 ASSET MAINTENANCE RATIO**

This ratio compares actual versus required annual asset maintenance for each asset class. A ratio of above 100% indicates that Council is investing enough funds that year to halt the infrastructure backlog from growing. The benchmark is greater than 100% (averaged over 3 years).

**Table 12 Service levels**

Key performance indicator	Level of service	Performance measurement process	Target performance	Current performance
<b>Accessibility</b>	Provision of quality of assets to meet community needs	Condition of assets are measured and reported annually	No net decrease in condition across all asset classes	
	Community has confidence in Council to manage assets	Community satisfaction survey and Community engagement strategy	Increased level of confidence from previous survey	
<b>Quality/condition</b>	Assets are maintained in a satisfactory condition	Backlog ratio (estimated cost to bring asset to a satisfactory condition / written down value of the assets)	OLG benchmark <2%	
<b>Reliability/ responsiveness</b>	Provision of sufficient assets to meet community needs	Number of requests for additional/ increased level of service	Number of requests for additional/ increased level of service less than rolling previous three-year average	
<b>Customer satisfaction</b>	Be responsive to the needs of customers using asset	No customer requests received	85% of requests are completed within Council's service charter	
	Opportunity for community involvement in decision making are provided	Asset management plan	All asset management plans are available on the website and for circulation to the public	
<b>Sustainability</b>	Assets are managed with respect for future generations	Lifecycle approach to managing assets	Prepare a ten-year asset condition and age-based renewals plan - ensure the plan is approved by Council and updated annually	
	Continuous improvement in asset knowledge, systems and processes.	Asset Management Working Group meets regularly to report on performance of strategic asset improvement program	100% of the strategic asset improvement actions completed annually	
	Assets are being renewed in a sustainable manner	Asset renewal ratio (asset renewal expenditure / annual depreciation expense)	OLG benchmark >100%	
<b>Affordability</b>	Council maintains its assets	Asset maintenance ratio, measured by (actual maintenance expenditure and required maintenance expenditure)	OLG benchmark 100%	
<b>Health and safety</b>	Ensure all assets are safe and do not cause a hazard to people	Safety audits	The three-year rolling average of total claims decreases	

# 6 FUTURE DEMAND

## 6.1 DEMAND FORECAST

The future infrastructure demand for community infrastructure and facilities is driven by changes and trends in:

- population growth
- changes in the demography of the community
- urban planning
- residential occupancy levels
- commercial/industrial demand
- technological changes which impact the asset
- the economic situation
- government policy
- the environment.

**Table 13 Future demand impacts**

Projection	Impact on services
<b>Population growth</b>	
Estimated 2020 population is 219,910. Growth in older age groups is a key consideration for future asset provision.	Increased population increases demand for all asset classes. Changing demographics may mean that assets that are still in good condition may not be in the best form or location to meet changing community needs. Ongoing engagement is required to ensure assets provided are fit for purpose.
<b>Urban consolidation</b>	
High rise and multi-unit development will become more common. Public spaces – parks, squares etc – will become more popular and expectations of their quality will increase.	Greater use of facilities will increase operational and maintenance costs and may bring forward the need for renewal and upgrade. Increased density can put pressure on recreational and community assets in particular, as block sizes shrink.
<b>New urban growth</b>	
New lots will continue to be developed in Glenmore Park, Jordan Springs, Thornton and other identified release areas to meet State Government growth targets.	Release areas add to the asset portfolio in all areas – drainage, transport and some building and park assets are usually constructed by the developer and dedicated to Council. Additional fleet and assets and increased capacity in park and building assets may be required to cater to the additional demand. Growth in some assets has been accounted for as part of the financial modelling for this plan.
<b>Transport network</b>	
1-2% growth in transport network per year.	Greater traffic congestion on existing roads and additional road networks to maintain. Growth in transport assets of 1-2% is included in the modelling for the plan. If growth rates exceed this the quality of the network will decline unless additional funding is allocated.
<b>Traffic levels</b>	
2-3% growth in traffic per year.	Greater traffic congestion will require additional funding to road maintenance. If growth rates exceed that predicted the quality of the network will decline unless additional funding is allocated.

Projection	Impact on services
<b>Climate change</b>	
Less frequent, more extreme weather events, particularly heatwaves, storms, intense rainfall and risk of bushfire.	All asset classes could be impacted by any extreme event. Risk management planning particular for bushfire and flood will become more important, as will research into weather resistant building techniques and materials. Operational and maintenance costs are likely to increase (electricity in particular) increasing energy efficiency, water efficiency and use of alternate energy sources will become a key way to address this. Street trees and green spaces will be critical in managing urban heat to reduce impact on our most vulnerable communities.
<b>Community Priorities and expectations</b>	
Community priorities will change over time, particularly as the nature of the population changes and different recreational and travel trends develop.	Asset provision, particularly building and recreational assets, must keep up with changing community priorities and expectations. This may have impacts on asset location, internal and external design, usage patterns, management, and planning. Keeping in touch with our community, asset users and monitoring trends in recreation and leisure will assist in mitigating this risk, allowing us to be proactive in the planning and refurbishment of assets to ensure they continue to meet changing expectations.

## 6.2 DEMAND MANAGEMENT STRATEGIES

Demand management strategies have been developed to effectively manage the growth of Penrith City Council. These strategies will need to be monitored to ensure that they capture and are responsive to changing community expectations and demographic profile as the region develops.

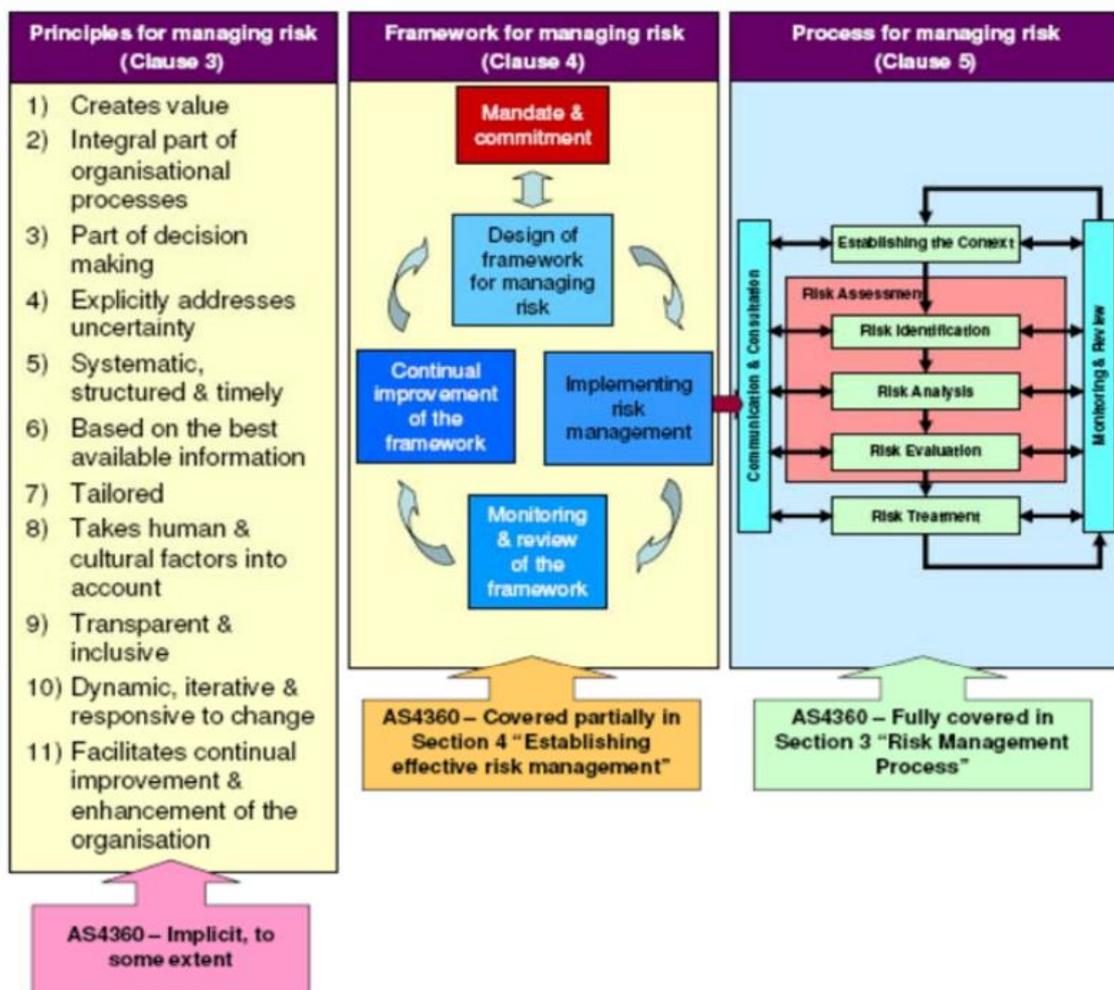
**Table 14 Demand management strategies**

Service impact	Demand management plan
Assets require upgrading to accommodate higher levels of use or changed usage patterns.	Asset rationalisation – provide funds to upgrade assets to increase capacity through sale of underutilised assets. This applies particularly to buildings and parks but must be done in conjunction with extensive community engagement.
Ongoing maintenance of underutilised community buildings, some of which will require significant expenditure in the near future.	Review model for delivery and function of community buildings to determine purpose for council's community building portfolio, key current and likely future use requirements, potential alternative methods of delivery and options for rationalisation of assets where several existing within proximity. Identify facilities available through other providers that may be able to be used to perform similar functions.
Increased demand for access to sports fields from existing and new sports.	Improve lighting of sports fields to accommodate longer hours of use Improve drainage, design, and maintenance of playing surfaces to withstand additional use.
Increase in traffic on road network results in congestion and greater need for traffic management facilities.	Encourage alternative modes of transport. Advocate for a better regional road network to reduce pressure on local roads as rat runs.
Aging fleet and plant assets require higher levels of maintenance (scheduled and unscheduled) and have lower resale value.	As plant ages investigate alternative options to ownership (including lease). Investigate options to share plant items with adjoining councils. Look to purchase alternative plant with higher potential utilisation rates.
Overall community expectations exceed Council's capacity to deliver.	Education of the community and councillors of Council's capacity to deliver, operate, maintain, renew, and replace assets. Undertake comprehensive asset management planning for potential new capital projects that highlights ongoing costs, including operating, maintenance, renewal, and replacement so decisions are made based on whole of life costs, not construction costs.

# 7 RISK MANAGEMENT

Council implements a holistic and comprehensive framework to risk management, focusing on an informed approach to risk which is detailed in Council’s Enterprise Risk Management Framework. The framework outlines the ongoing operation of a holistic risk reporting and review process, providing guidance for business units at all levels and fostering their knowledge of risk management within the parameters of the International Standard for Risk Management ISO 31000:2009.

Figure 6 Risk management parameters – ISO 31000:2009



This is a structured, best-practice and proven approach that is to be applied Council-wide to support the management of strategic, operational, financial, regulatory, and other risk. Under this approach, there are five key stages to the risk management process:

- communicate and consult - with internal and external stakeholders
- establish context - the boundaries
- risk assessment - identify, analyse and evaluate risks
- treat risks - implement and assess controls to address risk
- monitoring and review - risks reviews and audit.

These stages are further detailed in Council’s Risk Management Strategy.

## 7.1 INFRASTRUCTURE RISK MANAGEMENT FRAMEWORK

Council is currently developing 'infrastructure risk management plans' for each of its asset classes. These plans provide greater detail on Council's risk management approach for each of its infrastructure assets, including the risk analysis (likelihood and consequence) and treatment criteria specific to each asset class.

In general, risks are evaluated in the following way in Council's asset risk registers:

- risk identification
  - which asset is at risk?
  - what can happen?
  - when can it occur?
  - what are the possible causes?
  - what are the existing controls?
  - is the risk credible?
- risk analysis
  - what is the likelihood of occurrence?
  - what are the consequences of occurrence?
  - risk rating
  - what action is required?
  - is the risk acceptable?
- risk treatment
  - what treatment options are available?
  - what is the plan to treat the risk?
  - what is the residual risk?
- risk treatment plan
  - actions
  - responsibility
  - resource
  - budget
  - due date.

## 7.2 STRATEGIC INFRASTRUCTURE RISKS

Using Council's Risk Management Framework, some high-level infrastructure-based risks have been identified that are associated with the management of the assets. These strategic risks are identified in following table.

**Table 15 Risk identification table**

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Urban road	Unserviceable, water over road due to flooding	Flooding/damage caused by under capacity	Very high	Communications/community awareness of Council policies
Road base (pavement)	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
Footpath or shared path	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
Kerb and gutter	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
All assets	Defect inspection program not implemented	Lack of resources; responsibility not clearly defined	Very high	Resolve asset management role and responsibility
Urban road	Unserviceable, due to major damage by developer	Inappropriate construction management by developers for high-risk work	High	Proactive public domain inspections
Urban road	Unserviceable, due to damage by utility provider or their contractor	Inappropriate construction management by utility providers and their contractors	High	Review utility provider work management practices; proactive precinct inspections
Urban road	Unserviceable, road blocked/water over road due to flooding	Due to defects of stormwater pit/pipe on/under a road	High	Proactive precinct inspections
Urban road	Unserviceable, road blocked/water over road due to flooding	Due to condition of stormwater pit/pipe on/under a road	High	Proactive condition inspection process
Urban road	Unserviceable, oil/chemical spill	As a result of a vehicular or industrial accident	High	Critical assets
Urban road	Unserviceable, water over road due to flooding	Flooding caused by trunk stormwater drainage asset failure	High	Critical assets
Urban road	Unserviceable, water over road due to flooding	Illegal dumping causing trunk drainage blockage	High	Critical assets
Urban road	Waste containers causing hazards and sight distance problems	Skip bins placed inappropriately on roads, not compliant to conditions	High	Continue existing regulatory controls; proactive precinct inspections

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Road base (pavement)	Asset failure	Pavement condition due to poor wearing surface condition	High	Proactive precinct inspections; proactive condition inspection process
Bridge or culvert	Asset failure	Structural fatigue; traffic loads	High	Proactive precinct inspections; proactive condition inspection process
Bridge or culvert	Structural flood or storm damage	Severe storms	High	Proactive precinct inspections; proactive condition inspection process
Bridge or culvert	Structure deterioration	Lack of planned or reactive maintenance	High	Proactive precinct inspections; maintenance program
Footpath or shared path	Unserviceable, due to damage by utility provider or their contractor	Inappropriate construction management by utility providers and their contractors	High	Review utility provider work management practices; proactive precinct inspections
Footpath or shared path	Trip or fall	Service pits	High	Review utility provider work management practices; proactive precinct inspections
Footpath or shared path	Trip or fall	Surface	High	Proactive precinct inspections; maintenance program
Footpath or shared path	Trip or fall	Tree roots/slab lift or tilt	High	Proactive precinct inspections; maintenance program
Footpath or shared path	Waste containers/materials on footpath causing obstruction	Skip bins placed in inappropriate location	High	Continue existing regulatory controls; proactive precinct inspections
Kerb and gutter	Cyclist crash/collision, due to stormwater grate	Stormwater grate missing	High	Proactive precinct inspections
Kerb and gutter	Poor condition causing injury	Slip, trip and fall from pedestrians crossing roads	High	Proactive precinct inspections
Traffic facility/ pedestrian crossing	Collision - motor vehicle and pedestrian	Facilities not maintained to appropriate condition	High	Proactive precinct inspections; maintenance program
All assets	Unserviceable, due to damage caused by natural disaster	Natural disaster emergency	High	Review critical assets and disaster management responsibilities

### 7.3 CRITICAL ASSETS

Critical assets are those assets that are likely to result in a more significant financial, environmental and social cost in terms of impact on organisational objectives. By identifying critical assets and critical failure modes, organisations can target and refine investigative activities, maintenance plans and capital expenditure plans at critical areas.

ISO 55001 Cl 6.2.1.2b requires organisations to 'review the importance of assets related to their intended outcomes, objectives and product or service requirements.' ISO 55002 Cl 6.2.2.1 suggests that 'a key aspect of planning is the identification of events in which the functionality of assets is compromised, including potentially catastrophic events in which function is completely lost'. Council determines the criticality of assets based upon the following criteria:

- complexity
- impact of loss of service
- environmental impact
- health and safety impact
- cost of failure.

Critical assets for each asset class have been identified in their respective asset management plans.

## 8 EXPENDITURE PROJECTIONS

### 8.1 ASSET VALUES

In preparing this SAMP, it has been identified that Penrith City Council has an infrastructure assets portfolio valued with a current replacement cost of just under \$2.85 billion. The major asset classes included in this strategy and their values are detailed in the table below.

**Table 16 Summary of combined infrastructure assets values**

Asset class	Gross replacement cost (CRC)	Written down value (WDV)	Annual depreciation expense
<b>Buildings</b>	<b>\$502,852,449</b>	<b>\$361,058,306</b>	<b>\$12,509,351</b>
<b>Open space</b>	<b>\$61,967,562</b>	<b>\$45,760,663</b>	<b>\$4,070,632</b>
<b>Roads</b>			
Sealed roads	\$714,269,471	\$559,533,126	\$11,732,416
Unsealed roads	\$4,808,473	\$2,614,607	\$48,085
Bridges	\$74,718,986	\$44,024,646	\$942,066
Footpaths	\$137,458,538	\$62,129,852	\$2,749,171
Other road assets	\$419,853,276	\$213,930,679	\$6,046,410
Bulk earthworks (land under roads)	\$196,467,721	\$196,467,721	\$0
<b>Total</b>	<b>\$1,547,576,465</b>	<b>\$1,078,700,631</b>	<b>\$21,518,148</b>
<b>Stormwater drainage</b>	<b>\$734,629,318</b>	<b>\$509,728,966</b>	<b>\$7,346,293</b>
<b>Grand total</b>	<b>\$2,847,025,793</b>	<b>\$1,995,248,566</b>	<b>\$45,444,424</b>

## 8.2 ASSET BACKLOG

As per the 2020/21 Special Schedule 7 analysis, Council has a combined asset backlog of \$62.9 million, with this being the estimated cost to bring assets to a satisfactory standard. The satisfactory standard is currently taken as condition 3. The breakdown of backlog per asset class as of 30 June 2021 is shown in the following table.

**Table 17 Asset backlog summary**

Estimated cost to satisfactory	Backlog (\$,000)	Backlog ratio % (backlog / WDV)
Buildings	\$1,555	0.71%
Roads infrastructure	\$9,412	1.67%
Bridges	\$3,007	6.83%
Footpaths	\$644	1.66%
Other road assets	\$17,004	4.14%
Stormwater	\$29,752	5.84%
Open space	\$690	1.51%
<b>Total</b>	<b>\$62,868</b>	<b>3.08%</b>

## 8.3 ASSET CONDITION

Reviewing asset condition data shows that the most of Council's assets are in a satisfactory or better condition. The reliability of Council's condition data varies between the asset classes with most data being reliable, or highly reliable. Details of Council's current asset condition are shown in the table below. The condition is represented as a percentage of the replacement cost of Council's assets.

**Table 18 Asset condition**

Asset class	Asset condition (% of CRC)				
	1	2	3	4	5
Buildings	7%	74%	16%	3%	0%
Sealed roads	11%	54%	30%	4%	1%
Unsealed roads	2%	20%	60%	10%	8%
Bridges	46%	16%	15%	23%	0%
Footpaths	29%	33%	37%	1%	0%
Other road assets	40%	22%	28%	7%	3%
Stormwater	12%	33%	41%	10%	4%
Open space	39%	44%	15%	2%	0%
<b>Total</b>	<b>21%</b>	<b>41%</b>	<b>30%</b>	<b>6%</b>	<b>2%</b>

## 8.4 EXPENDITURE AND REPORTING

The average capital and maintenance expenditure on Council assets over the ten-year forecast period is approximately \$113.4 million per year. This compares to the expenditure which is required to maintain, operate, and renew the asset network as required being \$157.4 million per year. This represents an average annual shortfall of \$44 million per year, of which \$15 million is attributable to a shortfall in operations and maintenance funding and a \$29 million average shortfall in renewal funding.

A summary of the projected expenditure requirements can be found in the following table.

**Table 19 Combined asset expenditure projections**

Expenditure projections (\$,000s) – combined assets		2022/23 Budget	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Actual	Renewal	\$30,545	\$31,225	\$27,179	\$27,615	\$27,902	\$28,398	\$28,505	\$28,823	\$29,153	\$29,696
	New and expanded assets	\$54,655	\$123,348	\$42,591	\$22,629	\$22,667	\$22,707	\$22,746	\$22,787	\$22,827	\$22,869
	Maintenance and operational	\$36,662	\$38,938	\$41,277	\$43,549	\$45,613	\$47,756	\$49,995	\$52,260	\$54,679	\$57,033
	<b>Total expenditure</b>	\$121,862	\$193,511	\$111,047	\$93,793	\$96,182	\$98,861	\$101,247	\$103,870	\$106,660	\$109,597
Required	Required renewal (depreciation)	\$39,921	\$42,502	\$44,991	\$46,631	\$48,147	\$49,702	\$51,297	\$52,933	\$54,611	\$56,331
	New and expanded assets	\$54,655	\$123,348	\$42,591	\$22,629	\$22,667	\$22,707	\$22,746	\$22,787	\$22,827	\$22,869
	Required O&M	\$56,955	\$66,412	\$68,996	\$71,012	\$73,194	\$75,479	\$77,901	\$80,384	\$82,949	\$85,579
	<b>Total</b>	\$151,532	\$232,262	\$156,577	\$140,272	\$144,008	\$147,888	\$151,945	\$156,104	\$160,387	\$164,778
Overall (GAP)		-\$29,670	-\$38,752	-\$45,530	-\$46,479	-\$47,826	-\$49,027	-\$50,698	-\$52,234	-\$53,727	-\$55,181
Maintenance gap		-\$20,293	-\$27,475	-\$27,719	-\$27,463	-\$27,581	-\$27,722	-\$27,906	-\$28,124	-\$28,270	-\$28,546
Renewal gap		-\$9,377	-\$11,277	-\$17,811	-\$19,016	-\$20,245	-\$21,304	-\$22,792	-\$24,110	-\$25,457	-\$26,635

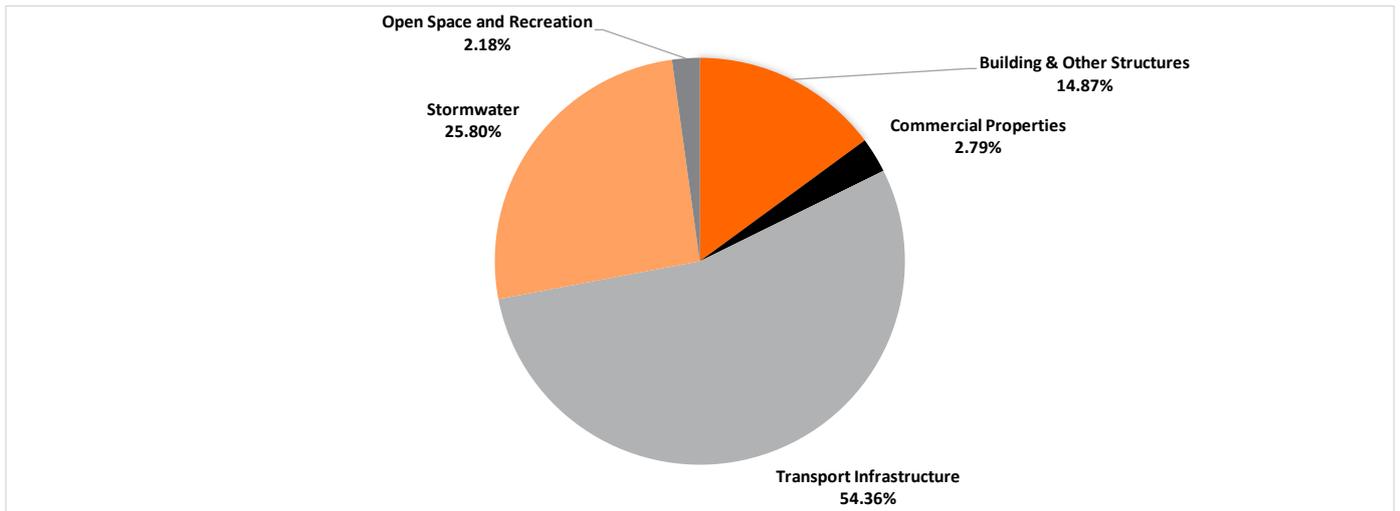
## 8.5 FINANCIAL PERFORMANCE

The Office of Local Government has established financial benchmarks for councils to strive towards and adhere to. The charts below showcase Council's current financial service levels and the impacts of Council's projected expenditure upon these service levels

Figure 7 Portfolio overview 1

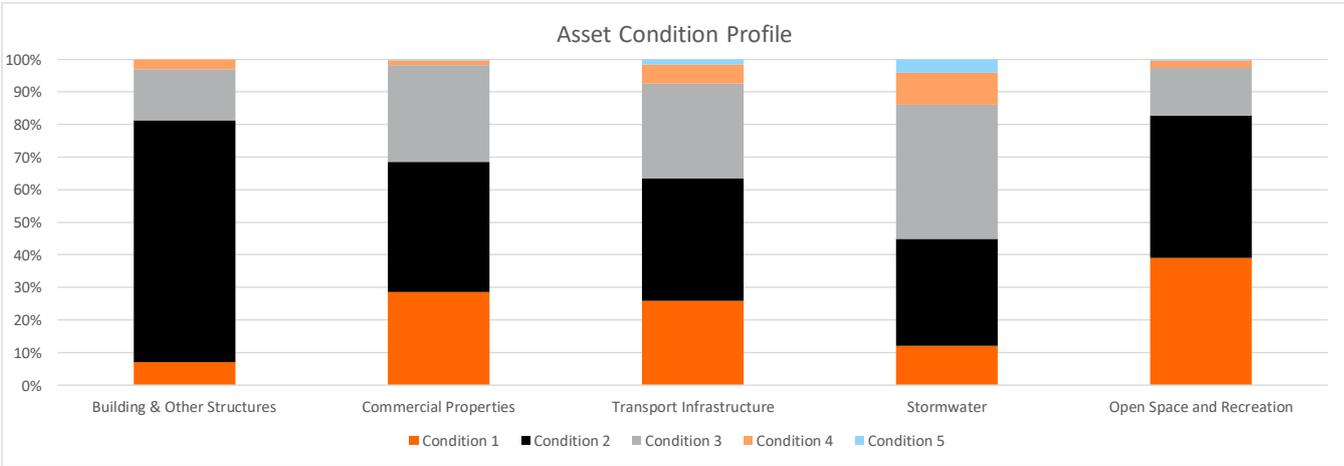
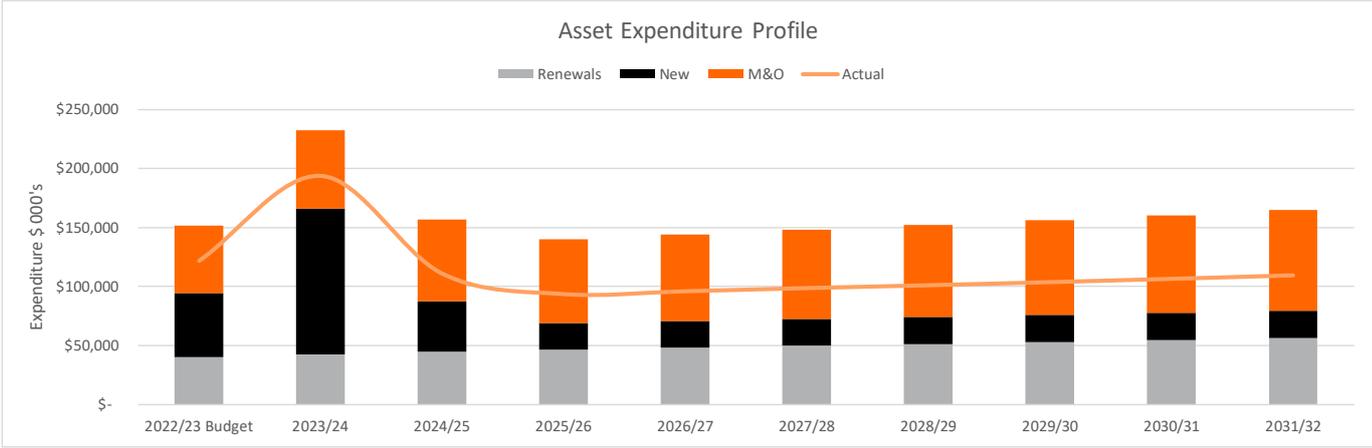
### PCC Infrastructure Portfolio

Total Asset Value \$2,847,025,322

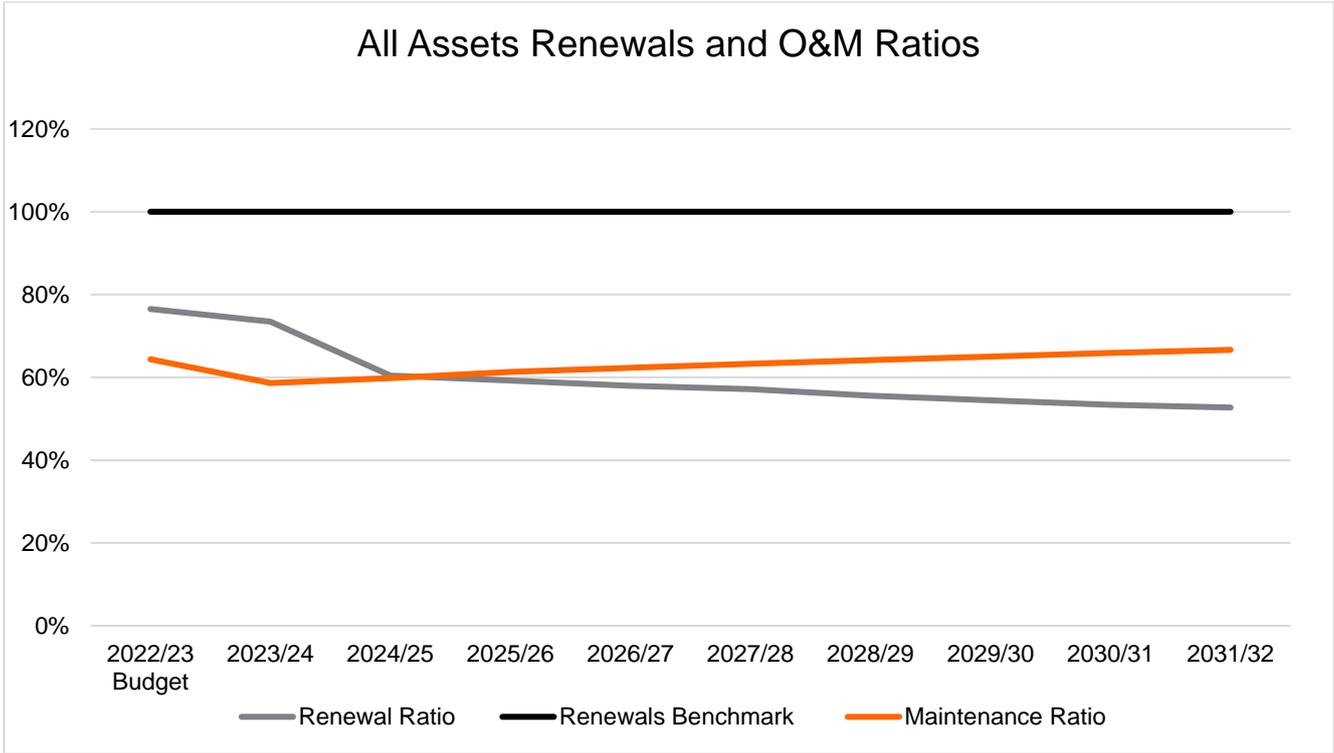


Ratio	2022/23 Budget	2031/32 Estimate		Funding Gap
Infrastructure Renewals Ratio	76.51%	52.72%	Yr 1	-\$29,669,891
Infrastructure Backlog Ratio	3.16%	4.02%	Ave 5 Yr	-\$42,880,537
Asset Maintenance Ratio	64.37%	66.64%	Ave 10 Y	-\$28,780,712
Long Term Funding Ratio	60.66%			

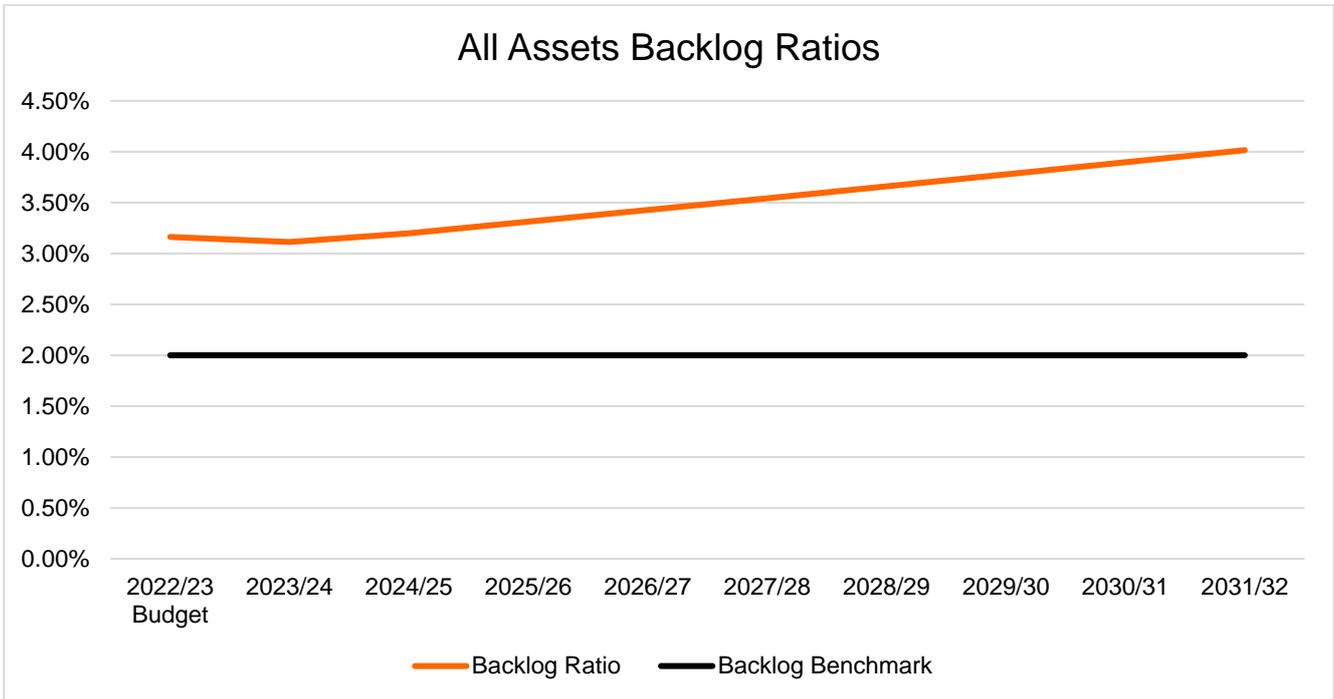
**Figure 8 Portfolio overview 2**



**Figure 9 OLG asset expenditure ratios**



**Figure 10 OLG backlog ratio**



# 9 OVERARCHING IMPROVEMENT PLAN

The Strategic Asset Management Plan is to enable Council to:

- demonstrate how its asset portfolio will meet the service delivery needs of its community into the future
- ensure the integration of Council’s asset management with its Community Strategic Plan.

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

**Table 20 Asset management strategic actions**

Ref	Task	Resourcing	Priority	Responsibility	Target date
<b>Asset knowledge - data</b>					
1.1	Develop and implement strategy to harmonise the classification structure of assets, asset attributes, and asset rating systems for condition, performance, utilisation and capacity data of road, building, drainage and open space infrastructure.	Internal	H	AMSG	2023
1.2	Develop and implement program to collect asset condition data, particularly council’s stormwater and open space assets.	Internal	VH	AMSG	2022
1.3	Council to document clear asset lifecycle strategy for all assets, which is to be supported by Council’s Long Term Financial Plan.	Internal	H	AMSG	2023
<b>Asset knowledge - processes</b>					
2.1	Document the assumptions and methodology used to determine the current depreciation values of all. Special consideration should be given to the determination of useful life, remaining life and asset condition.	Internal	H	Finance	2022
2.2	Review asset capitalisation procedure and develop asset capitalisation review procedure involving project managers, asset managers and finance.	Internal	H	Finance/AMWG	2022
<b>Strategic asset planning</b>					
3.1	Develop clear and concise service levels for each asset group. These service levels should drive asset expenditure and service delivery improvements.	Internal/external	VH	Asset coordinator	2022
3.2	Develop and implement a plan to review infrastructure strategies, including community facilities strategy, transport strategy, and open space and recreation strategy.	Internal	M	AMSG	2022
3.3	Continue towards the integration of the Long-Term Financial Plan and asset management plan(s).	Internal/external	H	Finance	2023
3.4	Develop asset management plans for each asset class.	Internal/external	VH	Asset custodians	2022
3.5	Council is to monitor and report on levels of service in Operational Plan.	Internal	H	AMSG	annual

Ref	Task	Resourcing	Priority	Responsibility	Target date
<b>Operations and maintenance work practices</b>					
4.1	Review roles and responsibilities particularly of asset managers and operational staff to promote strategic planning for assets.	Internal/external	VH	AMSG	2022
4.2	Undertake risk and criticality assessment of Council's infrastructure assets.	Internal/external	H	Asset custodian	2022
4.3	Develop inspection and maintenance strategies around critical assets and highlight emergency response plans should there be a major service disruption within the assets.	Internal/external	H	AMWG	2022
4.4	Council is to review risk treatment/minimisation strategy for high-risk assets annually.	Internal/external	H	AMWG	Annual
<b>Information systems</b>					
5.1	Continue work towards the implementation of a corporate asset management system. Ensure asset hierarchy and asset characteristics are aligned prior to going live with the system.	Internal	VH	IT	2022
<b>Organisational context</b>					
6.1	Reconstitute the Asset Management Steering Group to ensure that the asset management improvement plan is being implemented.	Internal	VH	AMSG	2022
6.2	Council is to formalise and document asset handover processes and capitalisation processes.	Internal	H	AMWG	2023
6.3	Council to map out the organisation's asset management roles and responsibilities and formalise/clarify asset management functions ensuring the asset management practices are accurately reflected in Council's financial management and financial modelling.	Internal/external	VH	AMSG	2022

# APPENDIX A – BUILDINGS ASSET MANAGEMENT PLAN

This asset management plan covers the portfolio of structures that deliver a wide range of services to the Penrith City Council community. These include services such as childcare, libraries, entertainment venues, rooms and halls for hire, sports venues, public amenities as well as Council's commercial properties.

As the owner and operator of building and other structural assets, Council has a responsibility for a number of functions including:

- maintenance
- renewal and refurbishment
- upgrades and improvements
- disposal of assets.

The planning of these functions is outlined in this asset management plan.

## A1.1 PURPOSE OF THIS PLAN

The purpose of this asset management plan is to develop a strategic framework for the maintenance and renewal of buildings and other structures and to provide an agreed level of service in the most effective manner.

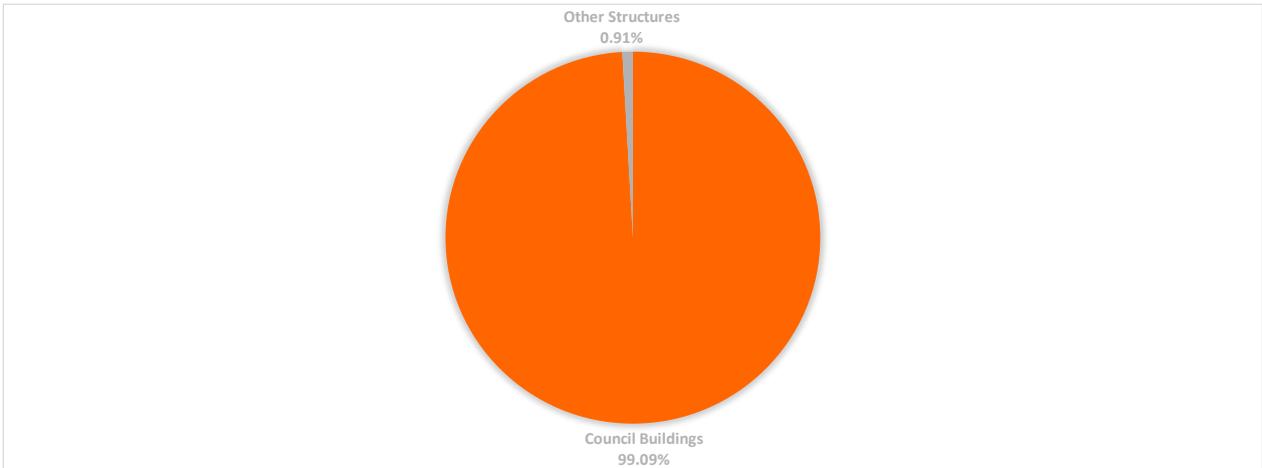
This plan includes the following scope of management:

- asset inventory, values and condition
- asset based levels of service
- demand and service management
- risk management
- development of the long-term financial plan (LTFP) for the maintenance and renewal of buildings and other structures.

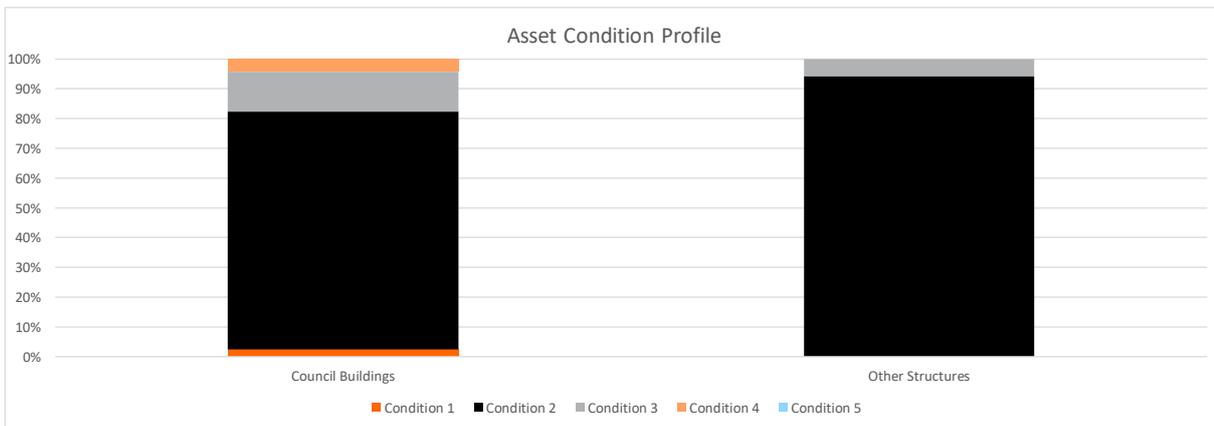
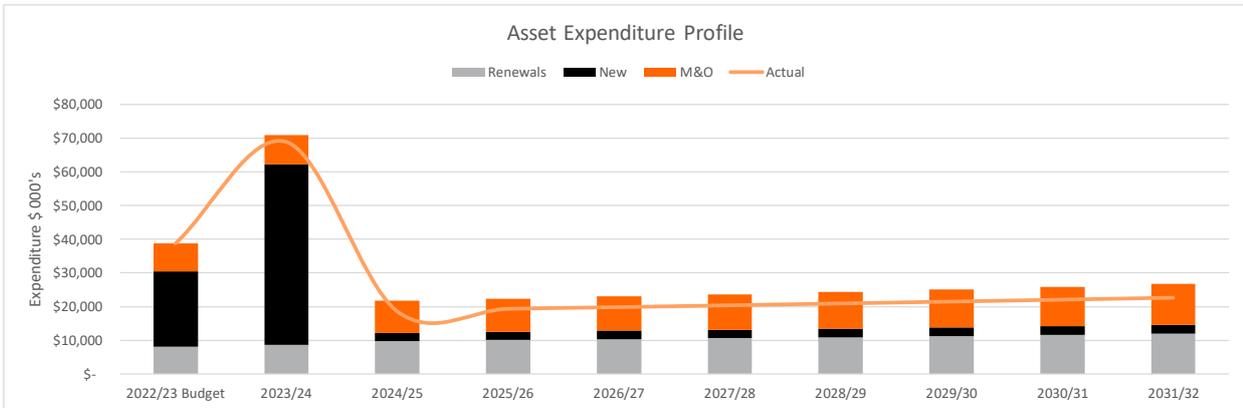
# A1.2 PORTFOLIO OVERVIEW

## Building & Other Structures Assets

Total Asset Value \$423,452,190

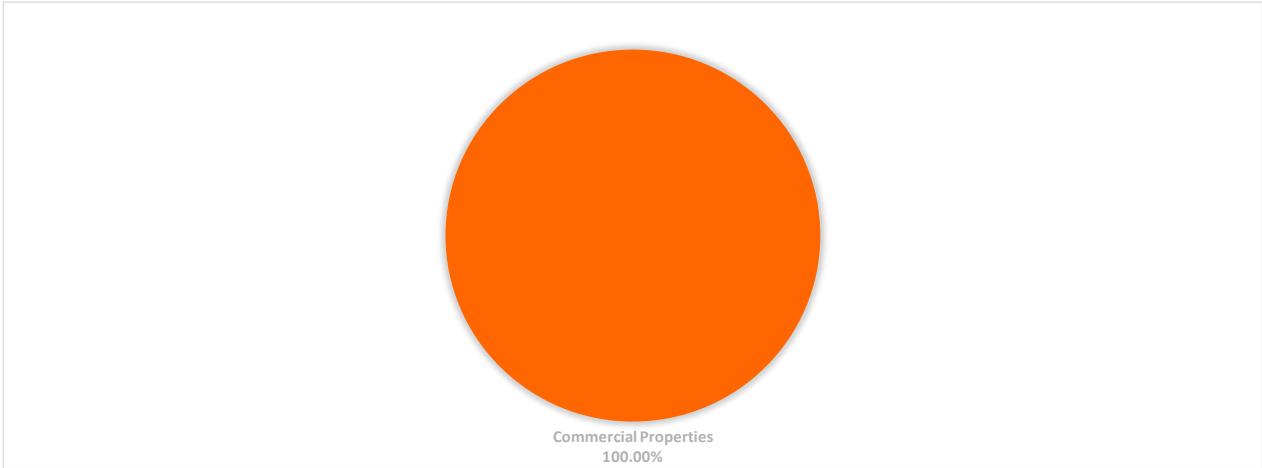


Ratio	2022/23 Budget	2031/32 Estimate	Funding Gap	
Infrastructure Renewals Ratio	98.29%	59.34%	Yr 1	\$367,721
Infrastructure Backlog Ratio	0.95%	2.10%	Ave 5 Yr	-\$1,874,056
Asset Maintenance Ratio	99.95%	106.20%	Ave 10 Y	-\$1,756,043
Long Term Funding Ratio	68.28%			

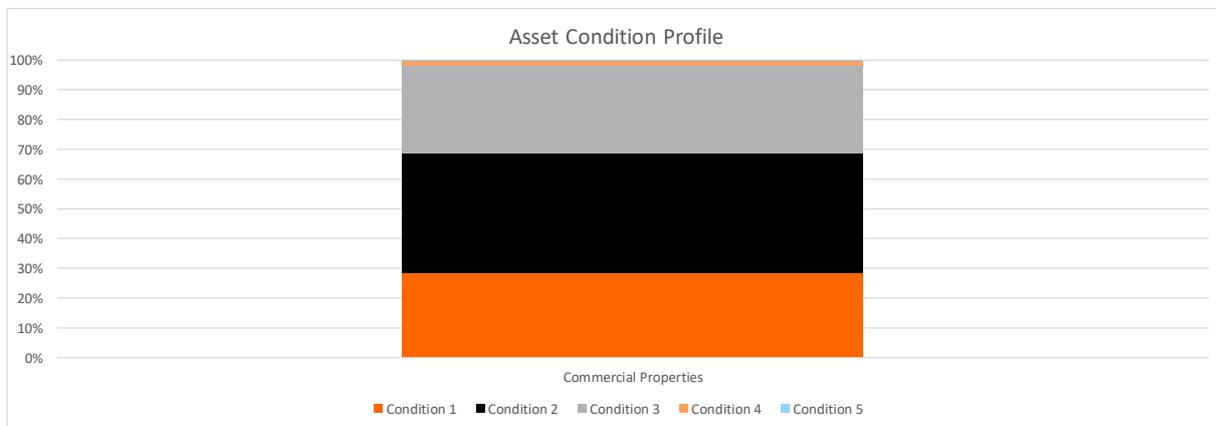
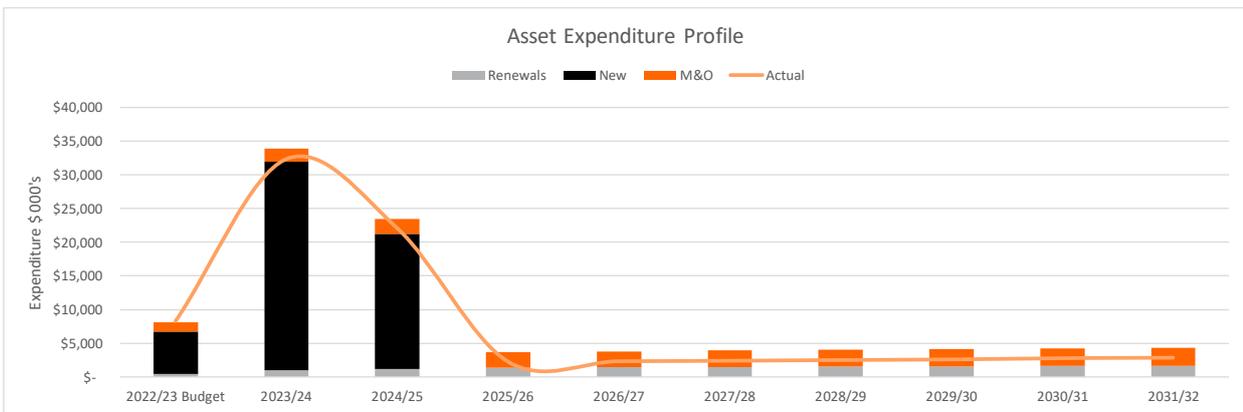


## Commercial Properties Assets

**Total Asset Value**      \$79,400,258



Ratio	2022/23 Budget	2031/32 Estimate	Funding Gap	
<b>Infrastructure Renewals Ratio</b>	203.67%	100.00%	<b>Yr 1</b>	\$134,768
<b>Infrastructure Backlog Ratio</b>	0.29%	0.20%	<b>Ave 5 Yr</b>	-\$1,142,147
<b>Asset Maintenance Ratio</b>	72.71%	45.31%	<b>Ave 10 Y</b>	-\$873,345
<b>Long Term Funding Ratio</b>	100.79%			



## A1.3 ASSET INVENTORY, VALUES AND CONDITION

The assets covered by this asset management plan are shown below:

**Table 21 Buildings and other structures asset inventory**

<b>Asset type</b>	<b>Total</b>
<b>Buildings</b>	<b>299</b>
Administration & operations	30
Childcare	28
Community use	40
Emergency services	21
Hall	9
Other building	13
Public toilet	27
Historical	14
Residential	1
Sporting facility	115
Unclassified	1
<b>Commercial</b>	<b>33</b>
Other building	1
Property development	29
Public toilet	1
Sporting facility	2
<b>Other structures</b>	<b>28</b>
Gazebo	2
Other structure	15
Pool	2
Shade structure	7
Shelter	2
<b>Grand total</b>	<b>350</b>

There are two distinct types of buildings that Council own:

- Community buildings:
  - The community buildings are maintained at an accepted level of service that the community require to ensure that the building meets the needs of the user and will last ongoing into the future without any major critical failure of the asset components.
- Commercial properties:
  - Commercial buildings are assets that are purchased and held for the purpose of property development or land acquisition for future developments. These buildings are maintained at different levels of service as some are purely for land acquisition and have a run to failure maintenance scenario, others are commercial buildings that are maintained to an agreed level or maintained by the commercial tenancy.

**Table 22 Buildings and other structures summary**

Asset group	Gross replacement cost (CRC) \$ 000's	Written down value (WDV) \$ 000's	Annual depreciation expense \$ 000's	Condition				
				1	2	3	4	5
Council buildings	\$419,616	\$303,459	\$5,823	2.5%	79.8%	13.5%	4.2%	0.0%
Commercial properties	\$79,400	\$55,892	\$6,588	21.8%	53.3%	23.5%	1.1%	0.3%
Other structures	\$3,836	\$1,708	\$98	0.0%	94.3%	5.7%	0.0%	0.0%

## A1.4 ROLES AND RESPONSIBILITIES

Council has adopted the following roles and responsibilities matrix for its buildings and other structures assets.

**Table 23 Roles and responsibilities matrix**

Asset Management	City Presentation	Children Services	Community Facilities	Sporting Facilities	Property Development
<p>Maintain Asset Management Plans.</p> <p>Prepare ten-year capital works program for building assets annually.</p> <p>Inspect and condition rate assets.</p> <p>Create and update maintenance schedules based on asset type, legislative requirement, Australian standards and manufacturers requirements.</p> <p>Create technical specifications for service delivery contracts/tenders.</p> <p>Create once off specifications for un-planned asset replacement works.</p> <p>Investigate and prioritize complex corrective maintenance tasks &gt;\$10,000.</p> <p>Review minor single asset creation requests, discuss with</p>	<p>Review work/portal requests and undertake work for all reactive type works.</p> <p>Complete reactive maintenance work within agreed timeframes.</p> <p>Complete schedules maintenance works within legislated timeframes.</p> <p>Identify corrective maintenance items from reactive/scheduled tasks and undertake work &lt;\$10,000, otherwise coordinate with asset management.</p> <p>Complete minor asset replacement/upgrade for small works &lt;\$50,000, all work &gt;\$50,000 to be delivered by projects team.</p>	<p>Create portal requests for all reactive maintenance works identified during centre operations.</p> <p>Responsible for cleaning based on building usage including all internal rooms external verandas and covered areas.</p> <p>Maintain all landscaping components within the fenced area located at the front and rear of buildings with addition of garden beds between carparks and front buildings.</p> <p>Maintain internal dividing fences within yard spaces.</p> <p>Maintain and clean freestanding shade structures within the fenced year (excluding gazebos).</p>	<p>Create portal requests for all reactive maintenance works identified during building operations.</p> <p>Responsible for cleaning based on building usage including all internal rooms external verandas and covered areas.</p> <p>Responsible for chair and table replacement.</p> <p>Responsible for curtain and blind replacement.</p> <p>Responsible for hirer inspections pre and post usage, identifying damage and repairs and liaising with hirer regarding bond reimbursement.</p> <p>Maintain all landscaping components within the fenced area located at the front and rear of buildings with addition or garden beds between carparks and front building.</p>	<p>Create portal requests for all reactive maintenance works identified by users.</p> <p>Clubs responsible to complete cleaning of amenities building/canteens/storerooms/changerooms/club toilets.</p> <p>Community facilities and recreation responsible for monitoring building usage and operations.</p> <p>Community facilities and recreation responsible for hire agreements/user agreements.</p> <p>Maintain landscaping components of assets in line with building occupancy/hirer/usage agreements.</p>	<p>Property buildings include CWA, U3A, pigeon clubs, baby health care centre, commercial buildings and club houses.</p> <p>Prepare ten-year capital works program for commercial properties annually.</p> <p>Complete reactive works within the agreed timeframes.</p> <p>Complete scheduled maintenance work within agreed/legislated timeframes.</p> <p>Complete asset replacement/upgrades.</p>

Asset Management	City Presentation	Children Services	Community Facilities	Sporting Facilities	Property Development
<p>appropriate custodian and identify funding sources.</p>					

## **A1.5 ASSET BASED LEVELS OF SERVICE**

**Table 24 Service levels**

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
10 Capacity 11	12 Affordability	13 The services are affordable and managed using the most cost-effective methods for the required level of service.	14 Review of service agreements and benchmark with other councils.	15 Maintenance/opex budget expenditure +/- 5% of annual budget.	16
		17 Council maintains its assets.	18 Asset maintenance ratio (measured by actual maintenance expenditure / required maintenance expenditure).	19 OLG benchmark 100%.	20
	21 Health and safety 22	23 Ensure all assets are safe and do not cause hazards to people.	24 Compliance certification.	25 Fewer than five reported incidents which can be attributed to poorly maintained facilities.	26
			27 Number of insurance claims.	28 0 successful claims.	29
			30 Annual Fire Safety Statements completed within three months of annual service and inspection.	31 100% of Annual Fire Safety Statements are certified for each facility requiring it, within required timeframe.	32
			33 Safety audits.	34 The three-year rolling average of total claims decreases.	35

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
36 Condition 37	38 Accessibility/or availability	39 Provide adequate physical access to facilities.	40 Disability Discrimination Act (DDA) compliance.	41 100% of all new buildings and major building asset renewal works bring the building up to the current DDA standard.	42
		44 Provide buildings in good condition and fit for purpose.	45 Survey of building assets condition.	46 90% of buildings in condition 3 or better (CRC).	47
	43 Quality/condition	48 Provide safe, suitable facilities, free from hazards.	49 Regular assessments of sites depending on use (e.g. childcare facilities require frequent inspections).	50 Improvements and outcome from audit/assessment is to be 100% completed within four weeks of audit.	51
			52 Planned preventative maintenance requirements to be completed as per standards and regulatory legislation.	53 100% of audits completed on time and completion of incident reports within five days of event.	54
		55 Assets are maintained in a satisfactory condition.	56 Backlog ratio (estimated cost to brig asset to a satisfactory condition / written down value of the assets).	57 OLG benchmark <2%.	58

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
		59 Facilities provide a good quality experience for all users and customers.	60 Regular site inspections and audits. Condition assessments.	61 90% of compliance with key performance indicators for maintenance and cleanliness as measured through cleaning diary audits.	62
63 Function	64 Customer satisfaction	65 Be responsive to the needs of customers using asset.	66 Number of customer requests received.	67 85% of requests are completed within Council's service charter.	68
	69 Reliability/ responsiveness	70 Be responsive to the needs of asset users.	71 Number customer requests received.	72 85% of requests are completed within Council's service charter.	73
		74 Provide well maintained facilities that are affordable to the community.	75 Annual condition assessment. Planned versus reactive.	76 Scheduled maintenance to be > 60% of maintenance budget, reactive maintenance to be < 40% of maintenance budget.	77
		78 Planned works completed in accordance with schedules.	79 Completion of scheduled work.	80 90% completion within service standard.	81

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
	82 Sustainability	83 Continues to provide building assets to meet the need of the community.	84 Complete capital work program on time and on budget.	85 Annual capital works for time and budget +/- 5%.	86
		87 Assets are being renewed in a sustainable manner.	88 Asset renewal ratio (asset renewal expenditure / annual depreciation expense).	89 OLG benchmark >100%.	90

## A1.6 FUTURE DEMAND

Table 25 Future demand

Demand factor	Impact on assets
Population	The increase in population will impact on the number of people using services provided out of Council owned buildings. Council will need to regularly assess whether the current building portfolio is fit for purpose and has the functionality and capacity to provide the current range of services and any additional services required into the future.
Demographics	Changing demographics may not have a direct impact on the type of buildings council provides, however if the current and/or new services required as a result of changing demographics are not appropriate for the current facilities, then new, enhanced or different buildings may be required.
Social/economic	May have an impact on the type of services provided and indirectly the type of buildings available.
Transportation changes	Current facilities may not be appropriately located.
Increasing costs	Will be a requirement to continue to maximise service delivery within the funding limitations.
Environment and climate	May impact on the environmental sustainability of buildings and their increasing move to renewable energy sources.
Lifestyle	May have an impact on the type of services provided and indirectly the type of buildings available.
Technology	May require improved environmental management of construction and the management of the building portfolio into the future.

## A1.7 MAINTENANCE STRATEGIES

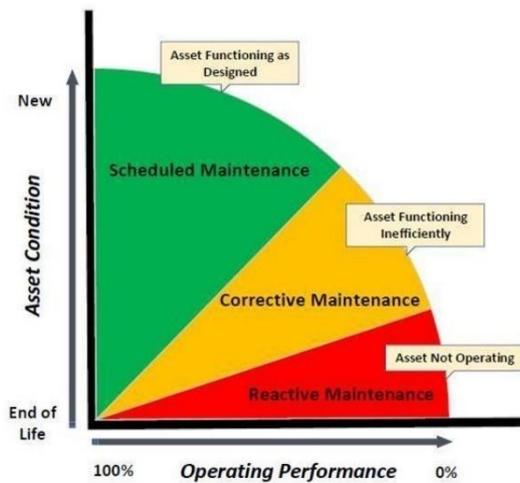
Council actively monitors and maintains its building and commercial property portfolios to ensure assets meet a safe standard and maximise their long-term benefit to the community. These portfolios are currently managed separately with maintenance activities managed by the divisions as per the roles and responsibilities matrix.

Councils classifies its maintenance activities as follows:

- Reactive – work on breakdowns, failures and or damaged assets that are not operating or are about to fail.
- Corrective – works identified through schedules maintenance/asset inspections whereby assets are not operating as designed or to 100% capacity.
- Scheduled – planned preventative maintenance.

The following chart shows the overall approach to maintenance which is further explained in Council's Buildings Maintenance Manual. The idea is to keep asset maintained through scheduled maintenance and not let them fall into failure reactive maintenance territory.

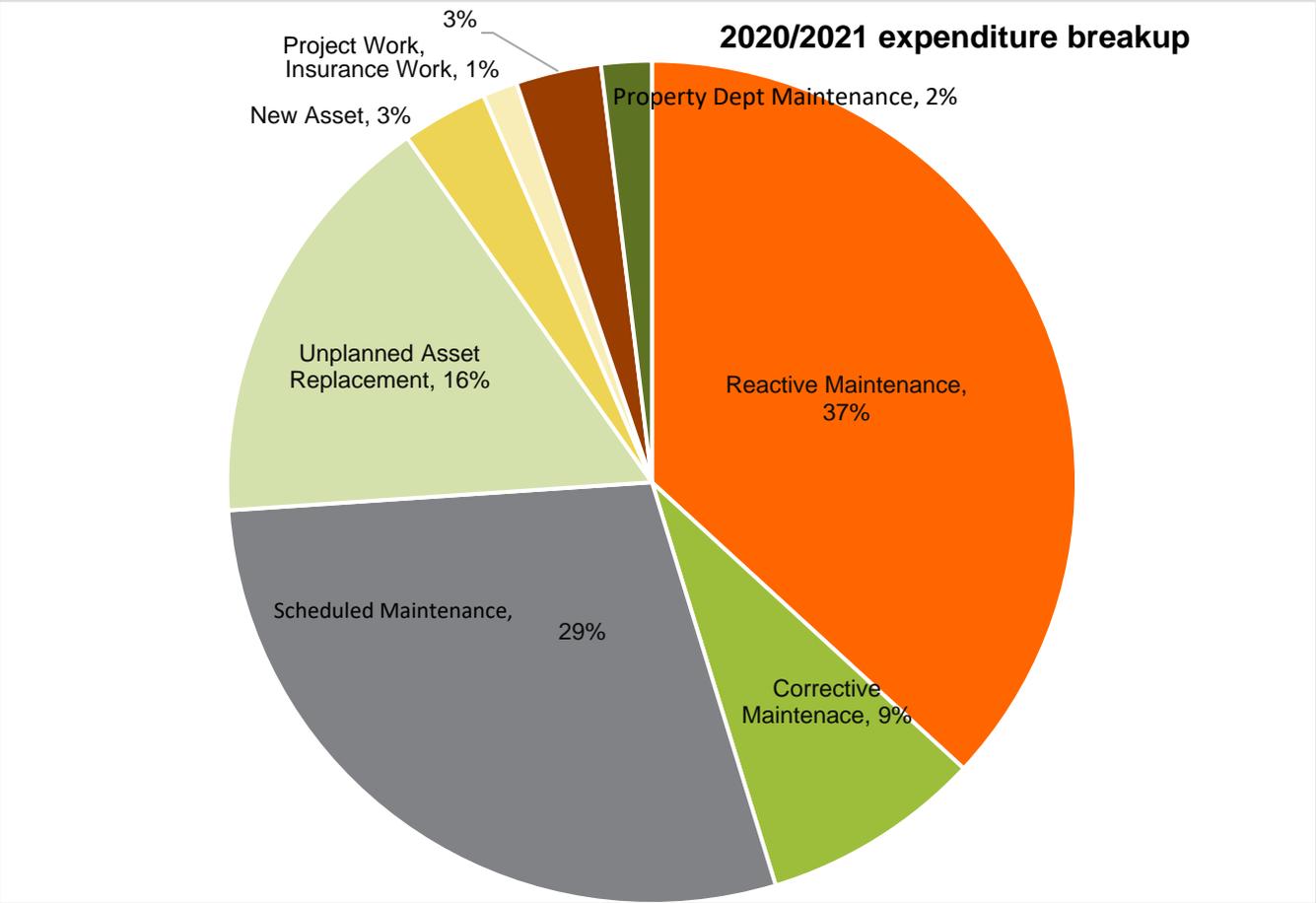
**Figure 11 Maintenance performance ratio**



The total maintenance budget was broken up into the 5 different maintenance budgets based on three years data of expenditure previously, the five key expenditure classifications are:

- reactive maintenance
- scheduled maintenance
- corrective maintenance
- unplanned asset replacement (capital)
- new asset creation (capital).

Figure 12 O&M expenditure categorisation 2021



Council aims to increase the proportion of budget expenditure on scheduled activities relative to the reactive maintenance undertaken. These targets are set out in Council's Service Level Agreements and are to be captured on and reported on annually as part of the annual reporting process.

Maintenance activities for Council's commercial properties are balanced against planned purchase and disposal of assets and as such are run at a minimal intervention and maintenance level.

## **A1.8 RENEWAL STRATEGIES**

Council's current buildings asset capital program has been primarily driven by the recently developed Sports and Recreation Strategy (SPROS). The SPROS focused on customer demands and needs to generate requirements for Council's capital program however key assets were excluded due to the development of their own masterplan and operational plans. These will be integrated into Council's buildings capital program upon their completion to ensure strategic allocation and expenditure of Council's funding. However as these are currently not completed, there has been an increased maintenance burden on Council and Council has been addressing issues with the assets in a reactionary manner while they would be better economically suited for asset replacement/renewal.

Further, it was noted that primarily the current preferred strategy for the planning of asset renewal is refurbishment. However, it has been noted that despite an improvement in condition of these assets, functionality and community expectations are not being met and Council should factor in functionality and performance as key factors in developing the asset renewal program.

## A1.9 EXPENDITURE PROJECTIONS

Table 26 Budget gap by asset group

Budget Gap by Asset Group		2022/23 Budget	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
<b>Buildings</b>	<b>Actual</b>											
	Renewal	\$7,953	\$6,495	\$6,556	\$6,620	\$6,688	\$6,760	\$6,837	\$6,917	\$7,002	\$7,093	
	New and Expanded Assets	\$22,457	\$53,528	\$2,463	\$2,476	\$2,491	\$2,505	\$2,521	\$2,536	\$2,551	\$2,567	
	Maintenance	\$8,303	\$8,887	\$9,528	\$10,182	\$10,607	\$11,058	\$11,517	\$11,979	\$12,451	\$12,931	
	Operations											
	Total Expenditure	\$38,713	\$68,911	\$18,547	\$19,278	\$19,786	\$20,324	\$20,874	\$21,432	\$22,005	\$22,591	
	<b>Required</b>											
	Required Renewal (Depreciation)	\$8,091	\$8,607	\$9,771	\$10,056	\$10,352	\$10,656	\$10,968	\$11,288	\$11,617	\$11,954	
	New and Expanded Assets	\$22,457	\$53,528	\$2,463	\$2,476	\$2,491	\$2,505	\$2,521	\$2,536	\$2,551	\$2,567	
	Required O&M	\$8,307	\$8,788	\$9,500	\$9,807	\$10,153	\$10,518	\$10,915	\$11,321	\$11,743	\$12,176	
	Total	\$38,855	\$70,923	\$21,734	\$22,339	\$22,996	\$23,680	\$24,403	\$25,145	\$25,911	\$26,697	
	<b>Overall (GAP)</b>	<b>\$(142)</b>	<b>\$(2,012)</b>	<b>\$(3,186)</b>	<b>\$(3,061)</b>	<b>\$(3,210)</b>	<b>\$(3,356)</b>	<b>\$(3,529)</b>	<b>\$(3,713)</b>	<b>\$(3,906)</b>	<b>\$(4,106)</b>	
<hr/>												
Budget Gap by Asset Group		2022/23 Budget	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
<b>Commercial Properties</b>	<b>Actual</b>											
	Renewal		\$1,000	\$561	\$1,223	\$1,423	\$1,458	\$1,495	\$1,532	\$1,570	\$1,610	\$1,650
	New and Expanded Assets		\$6,273	\$30,924	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Maintenance		\$997	\$822	\$847	\$869	\$889	\$918	\$990	\$1,039	\$1,187	\$1,212
	Operations											
	Total Expenditure		\$8,270	\$32,307	\$22,069	\$2,291	\$2,348	\$2,413	\$2,522	\$2,610	\$2,796	\$2,862
	<b>Required</b>											
	Required Renewal (Depreciation)		\$491	\$1,024	\$1,223	\$1,423	\$1,458	\$1,495	\$1,532	\$1,570	\$1,610	\$1,650

New and Expanded Assets	\$6,273	\$30,924	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Required O&M	\$1,372	\$1,890	\$2,250	\$2,306	\$2,364	\$2,423	\$2,484	\$2,546	\$2,609	\$2,674
Total	\$8,136	\$33,838	\$23,473	\$3,729	\$3,822	\$3,918	\$4,016	\$4,116	\$4,219	\$4,324
<b>Overall (GAP)</b>	<b>\$135</b>	<b>-\$1,530</b>	<b>-\$1,403</b>	<b>-\$1,438</b>	<b>-\$1,474</b>	<b>-\$1,505</b>	<b>-\$1,493</b>	<b>-\$1,506</b>	<b>-\$1,423</b>	<b>-\$1,463</b>

## Buildings and other structures

Figure 13 Buildings and other structures renewals

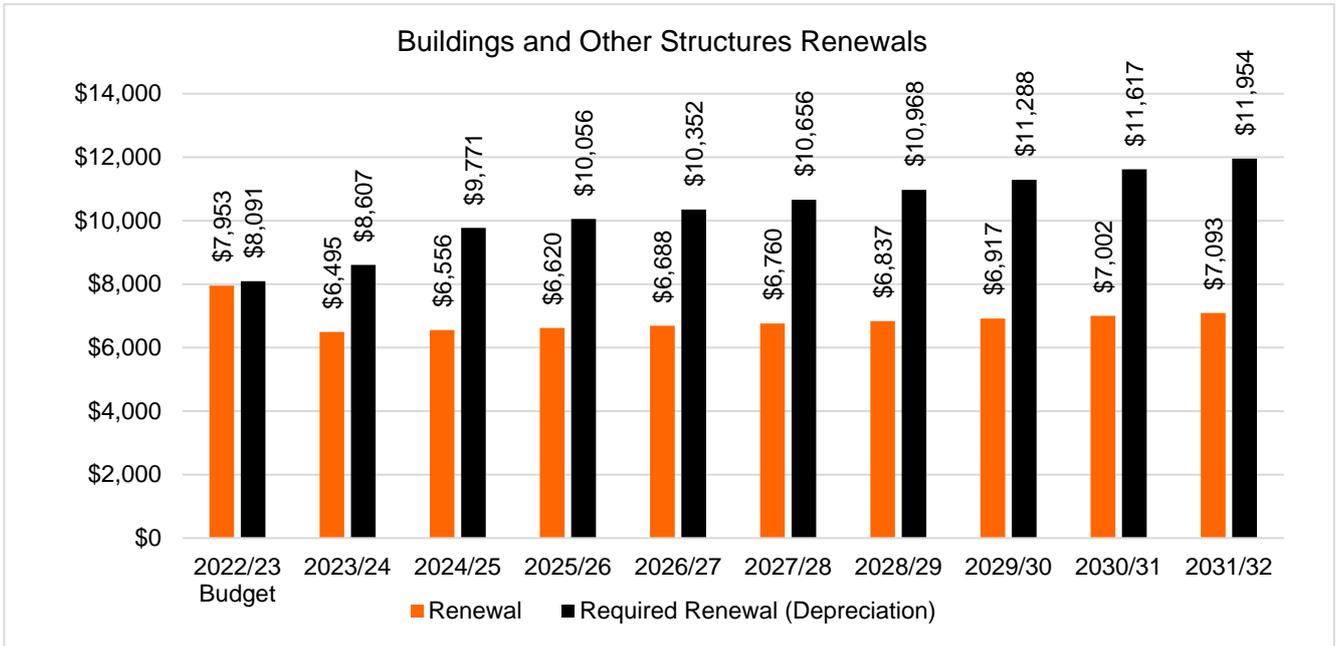
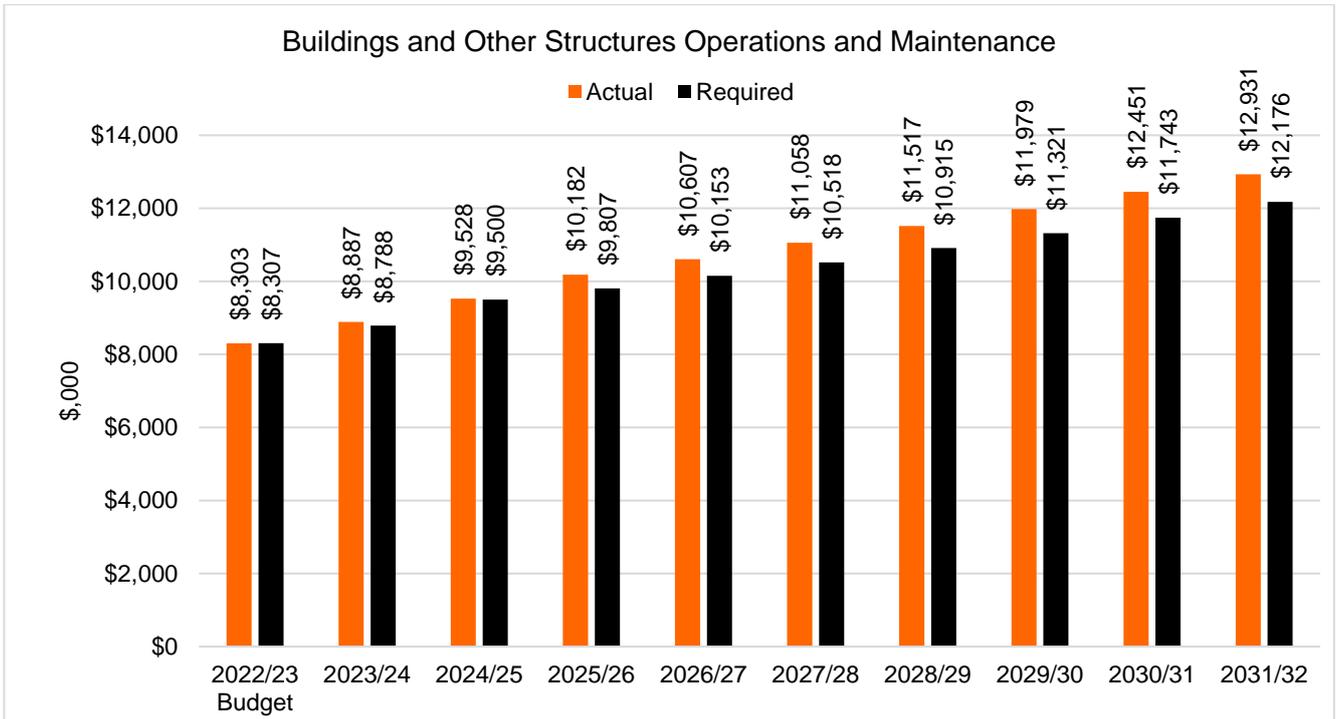
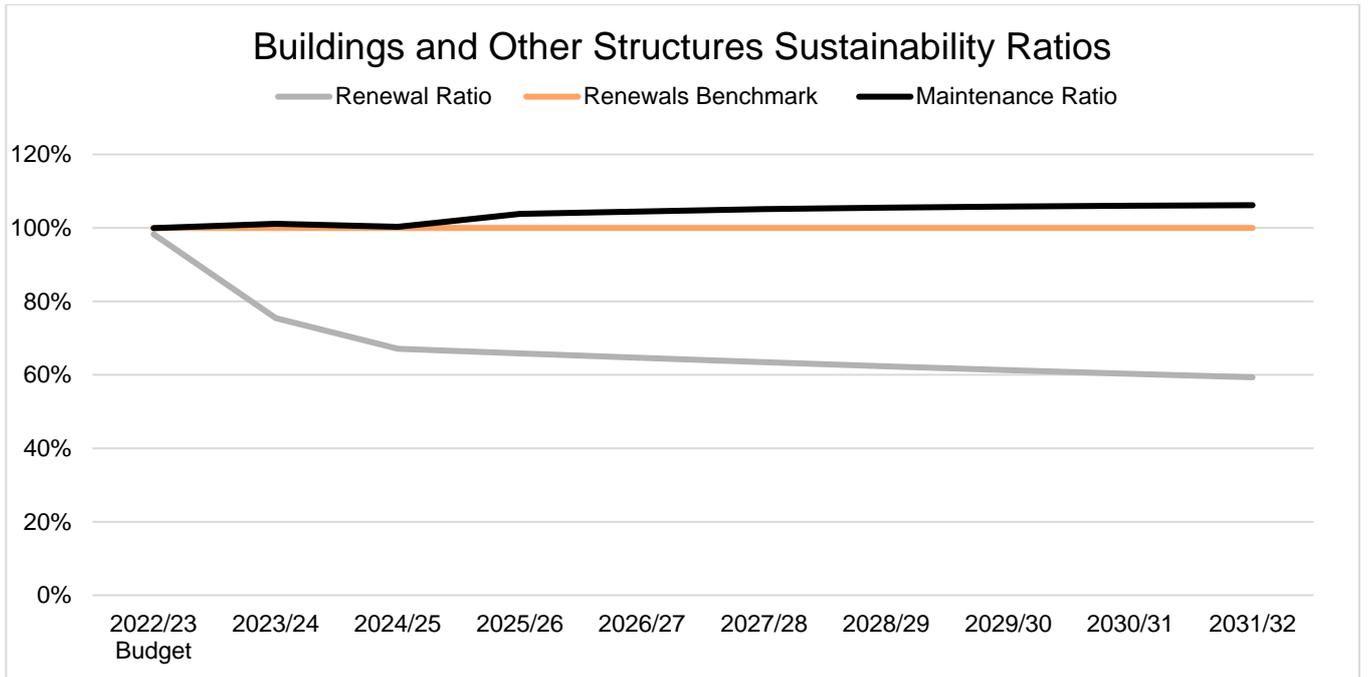


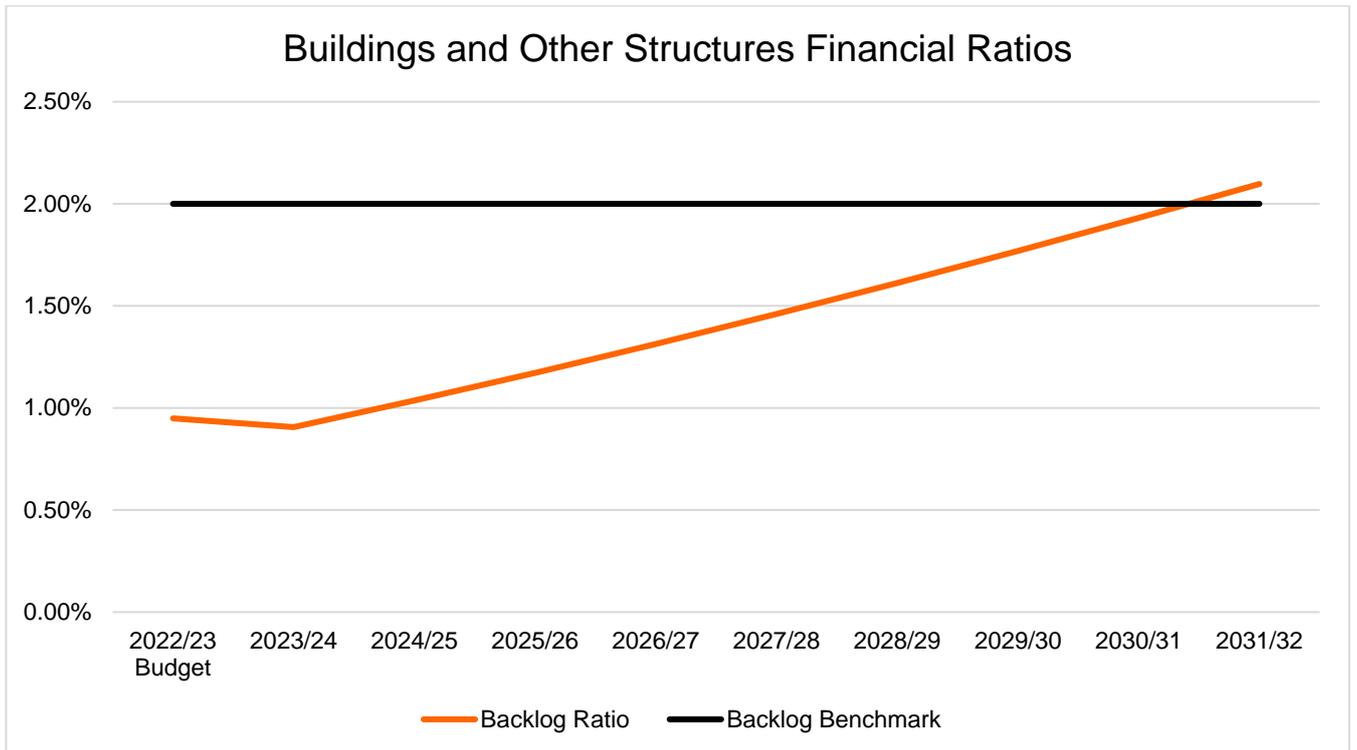
Figure 14 Buildings and other structures operations and maintenance



**Figure 15 Buildings and other structures sustainability ratios**



**Figure 16 Buildings and other structures financial ratios**



## Commercial properties

Figure 17 Commercial properties renewals

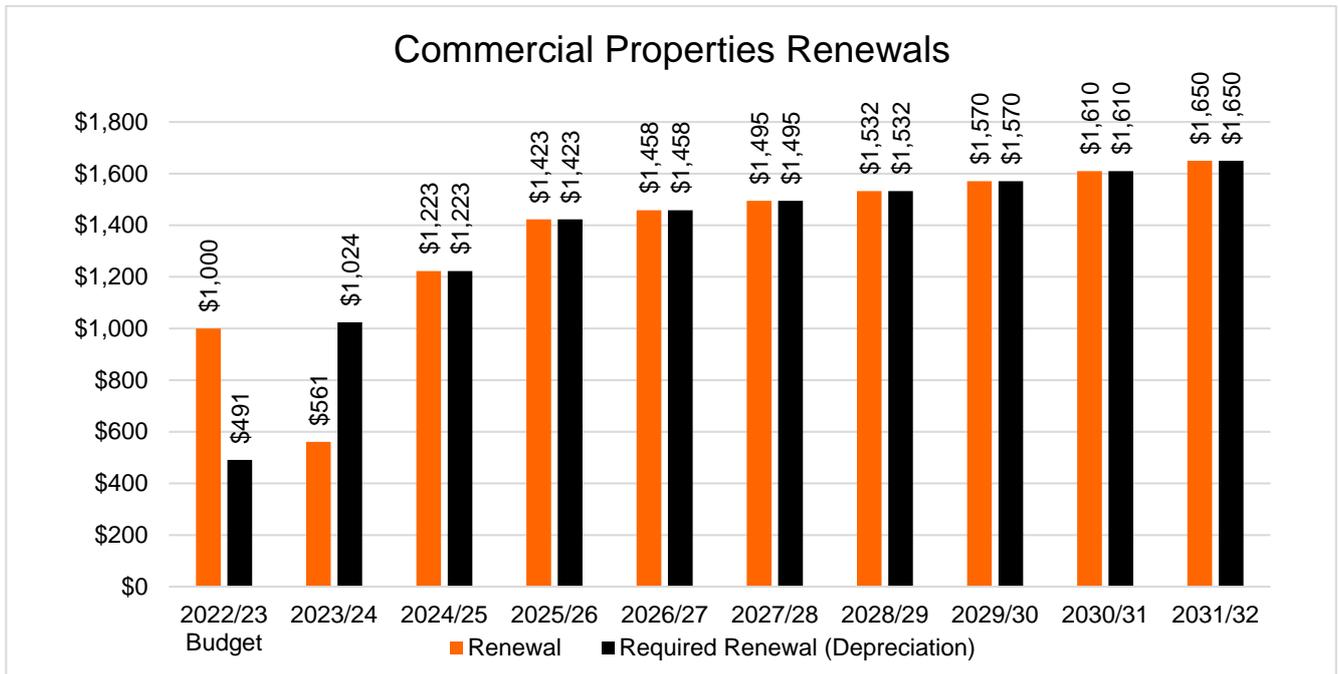
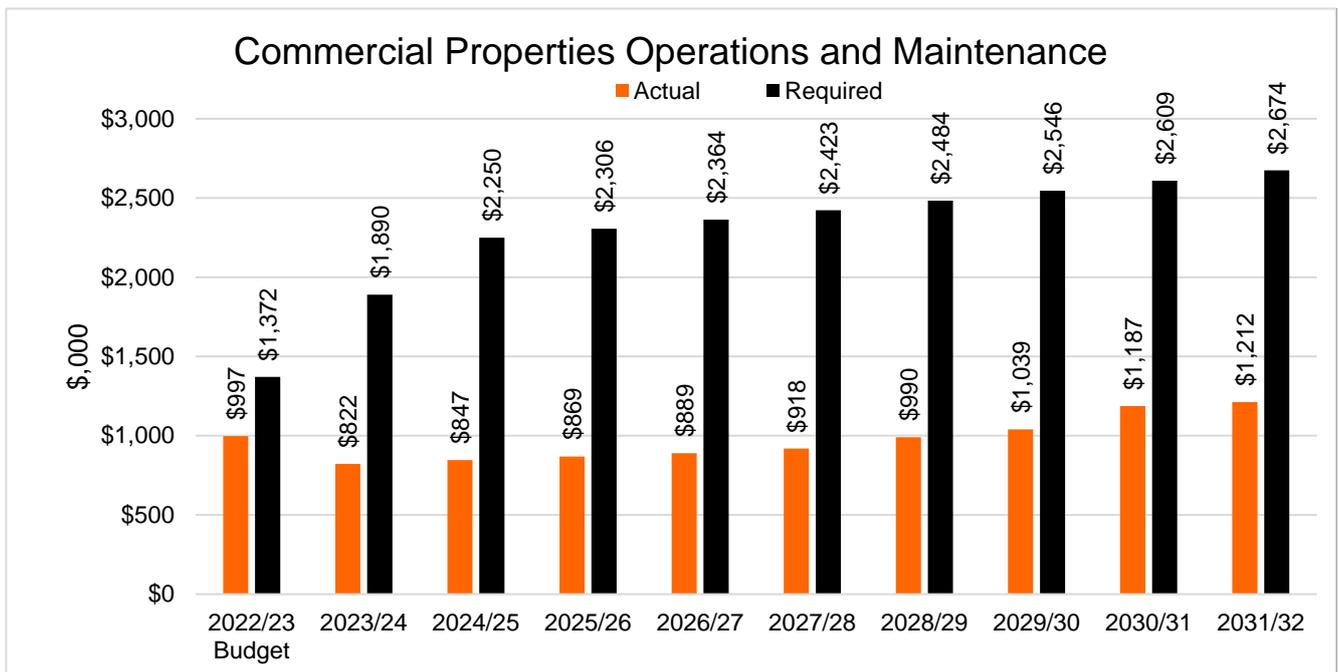
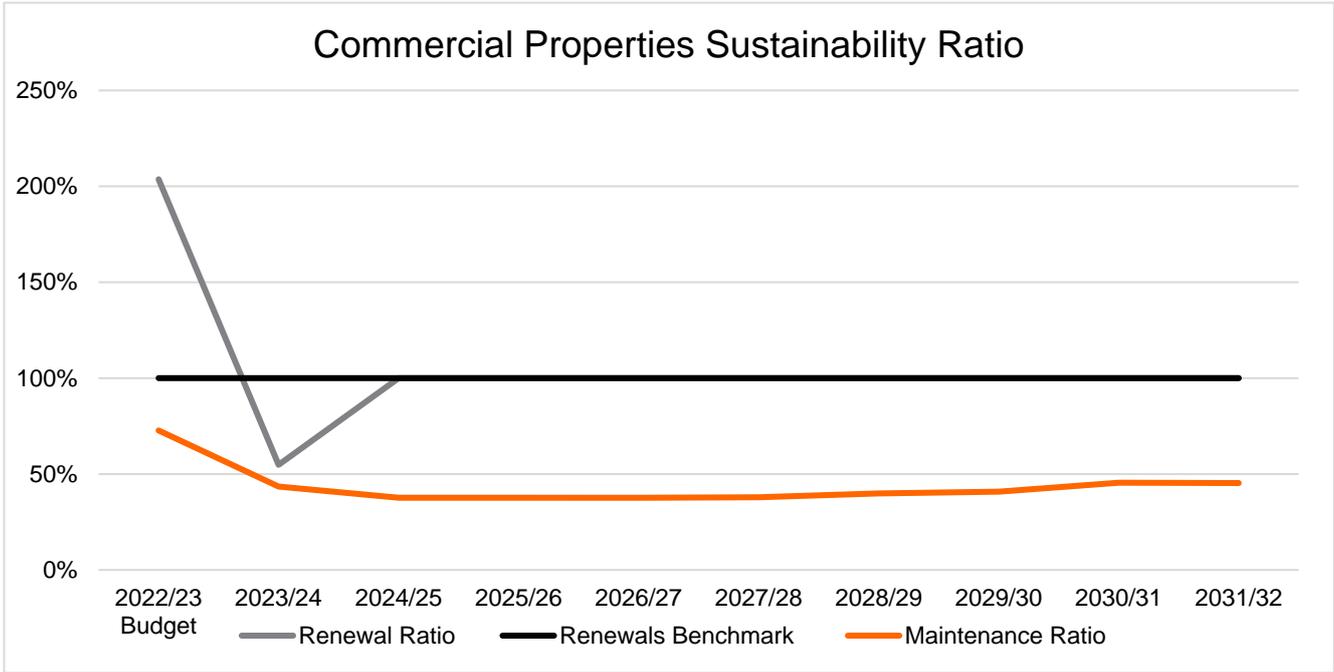


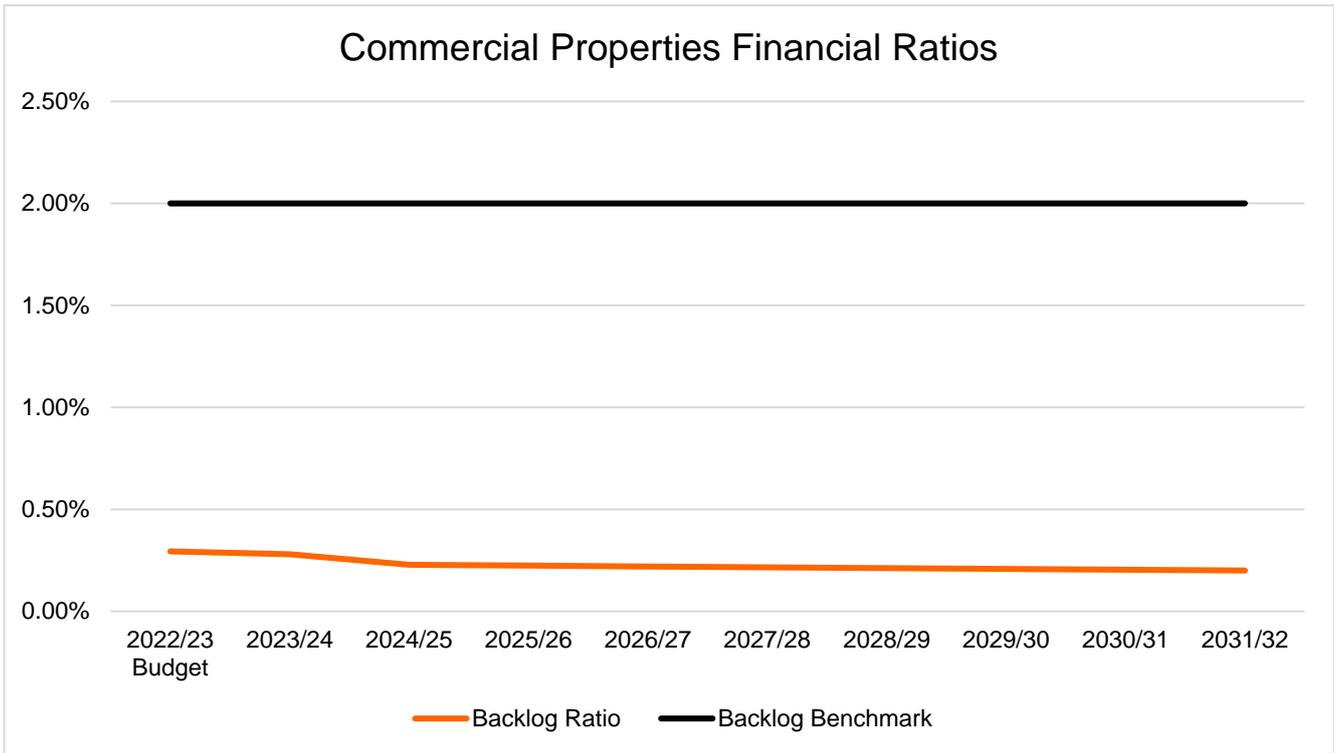
Figure 18 Commercial properties operations and maintenance



**Figure 19 Commercial properties sustainability ratios**



**Figure 20 Commercial properties financial ratios**



## A1.10 RISK - CRITICAL ASSETS

Council has assessed the criticality of its buildings and other structures portfolio. The following attributes were considered when reviewing the criticality of its assets.

**Table 27 Asset criticality**

Asset criticality	High	Medium	Low
Civic purpose	Yes		
Size	Large (1000sqm approx.)	Medium (300sq approx.)	Small (<300sqm)
Multipurpose	>5 users	5 -2 users	1 additional user
Leased (involving commercial component, market terms or residential occupancy)	Commercial	Residential	
Frequency of use	Daily	2 - 4 time per week	1 time per week
Capacity	>100	50 - 100	<50
Hazardous materials stored on site	Yes		
Historical significance	Yes		
Emergency service/management use	Yes		

Council is currently in the process of applying these factors to its current asset portfolio.

## A1.11 RISK – RISK MANAGEMENT

Penrith City Council utilises a corporate risk framework which aligns with ISO 31000:2009. The framework has been adopted for Council's buildings and other structures and highlights the strategic risks which impact council's asset portfolio.

**Table 28 Buildings and commercial properties strategic risks**

Consequence type	Negative consequence					
	NC1	NC2	NC3	NC4	NC5	NC6
<b>Strategic Prompts</b> Ability to meet strategic and asset management Objectives	Little or no impact on strategic and/or asset management objectives.  No reprioritisation of asset management strategies and resources required to meet the strategic and/or asset management objectives <b>Managed through basic reactive maintenance work</b>	Minor impacts on strategic and/or asset management objectives.  Minor reprioritisation of asset management strategies and resources may be required to meet the strategic and/or asset management objectives <b>Managed through detailed reactive maintenance work / some funding maybe forward funded</b>	Considerable impacts on strategic and/or asset management objectives.  Considerable reprioritisation of asset management strategies and resources may be required to meet the strategic and/or asset management objectives <b>Asset renewal projects need to be reprioritised next financial year</b>	Significant impacts on strategic and/or asset management objectives.  Significant reprioritisation of asset management strategies and resources may be required to meet the strategic and/or asset management objectives <b>Asset renewal projects need to be reprioritised immediately</b>	Severe impacts on strategic and/or asset management objectives.  Parts of asset management strategies may have to be redeveloped and some additional resources may be needed to meet the strategic and/or asset management objectives <b>More than one asset renewal project needs to be reprioritised immediately</b>	Severe impacts on strategic and/or asset management objectives.  Asset management strategies may have to be redeveloped and significant additional resources may be needed to meet the strategic and/or asset management objectives <b>Unable to deliver significant number of current year or future year asset renewal projects</b>
<b>Financial Prompts</b> Financial gain or loss, changes in operating costs, change in revenue, ability to achieve Value for Money, ability to achieve Fit for Purpose,	Financial impact < \$5k (one off) or < \$1k (recurrent)  Minimal or no adverse impact on Council's finances	Financial impact \$5k - \$20k (one off) or \$1k - \$5k (recurrent)  Minor impacts on Council's finances requiring additional funding and/or reprioritisation	Financial impact \$20k - \$50k (one off) or \$5k - \$10k (recurrent)  Considerable impacts on Council's finances requiring	Financial impact \$50k - \$150k (one off) or \$10k - \$30k (recurrent)  Significant impacts on Council's finances. Decline in	Financial impact \$150k - \$500k (one off) or \$30k - \$100k (recurrent)  Severe impacts on Council's finances. Decline in service	Financial impact > \$500k (one off) or > \$100k (recurrent)  Severe impacts on Council's finances. Decline in service levels that may cause an extensive

Consequence type	Negative consequence					
	NC1	NC2	NC3	NC4	NC5	NC6
organisational efficiency, financial penalties, etc			additional funding and/or reprioritisation	service levels that may cause a short-term disruption (< 5 days)	levels that may cause a significant disruption (5 - 30 days)	prolonged disruption (> 30 days)
<b>Asset performance Prompts</b> Unplanned downtime, unplanned shutdowns, levels of service, asset condition, asset performance including asset availability and reliability, ability to achieve Fit for Purpose, etc	Minor decline in service levels in one location  Minor reduction in asset performance in one location  Minor reduction in asset availability and reliability in one location  Minor degradation in asset condition in one location  Minor increase in unplanned downtime/ shutdowns in one location	Minor decline in service levels across several locations  Minor reduction in asset performance across several locations  Minor reduction in asset availability and reliability across several locations  Minor degradation in asset condition across several locations  Minor increase in unplanned downtime/ shutdowns across several locations	Considerable decline in service levels in one location  Considerable reduction in asset performance in one location  Considerable reduction in asset availability and reliability in one location  Considerable degradation in asset condition in one location  Considerable increase in unplanned downtime/ shutdowns in one location	Considerable decline in service levels across several locations  Considerable reduction in asset performance across several locations  Considerable reduction in asset availability and reliability across several locations  Considerable degradation in asset condition across several locations  Considerable increase in unplanned downtime/ shutdowns across several locations	Significant decline in service levels in one location  Significant reduction in asset performance in one location  Significant reduction in asset availability and reliability in one location  Significant degradation in asset condition in one location  Significant increase in unplanned downtime/ shutdowns in one location	Significant decline in service levels across several locations  Significant reduction in asset performance across several locations  Significant reduction in asset availability and reliability across several locations  Significant degradation in asset condition across several locations  Significant increase in unplanned downtime/ shutdowns across several locations
<b>Asset utilisation Prompts</b> Number of customers using the asset	Usage < 10 people (per day) or < 20 people (occasionally)	Usage 10 - 20 people (per day) or 20 - 50 people (occasionally)	Usage 20 - 50 people (per day) or 50 - 100 people (occasionally)	Usage 50 - 100 people (per day) or 100 - 200 people (occasionally)	Usage 100 - 200 people (per day) or 200 - 500 people (occasionally)	Usage > 200 people (per day) or > 500 people (occasionally)

Consequence type	Negative consequence					
	NC1	NC2	NC3	NC4	NC5	NC6
<b>Reputation Prompts</b> Customer satisfaction and confidence, fraud and corruption, media, stakeholder management, legal / compliance / regulatory, etc	Adverse local media report <b>Local Community Concern</b>	Adverse local media reporting over a short period  Public, staff and/or stakeholder concern <b>Local Councilors / Significant Local Buisnesses Concerns</b>	Substantial adverse local media reporting  Negative public, staff and/or stakeholder statements/ feedback <b>Local MP Concerns</b>	Temporary regional adverse media reactions  Moderate change in customer satisfaction Moderate employee disengagement  Concern raised by stakeholder <b>Local MP Concerns Potential State Government Concerns</b>	Prolonged and widespread regional adverse reactions from media  Significant change in customer satisfaction  Significant employee disengagement  Significant concern raised by stakeholder <b>State Government Concerns</b>	Extensive prolonged and widespread national adverse reactions from media  Sustained organised reaction by public, staff and/or stakeholders <b>Federal Government Concerns</b>
<b>Environment, Health and Safety Prompts</b> Environmental damage, hazards, accidents, incidents, asset malfunctions, asset failures, etc	Negligible environmental impact. No corrective action. No impact on the overall condition of the habitat and ecosystem.  Minor illness/ injury affecting one person which requires minimal intervention, Minor Hazard in building not causing any shut down	Environmental damage is evident. Up to one year recovery period. Minor impact on the overall condition of the habitat and ecosystem.  Minor illness/ injury affecting more than one person which requires minimal intervention, if any.  Medium Hazard in building causing <2 days shut down	Environmental damage is evident. Up to three years recovery period. Considerable impact on the overall condition of the habitat and ecosystem. Regulatory enforcement action (e.g. fine notice, order).  Major illness/ injury affecting one person which requires hospitalisation and/or ongoing medical treatment.  Major Hazard in	Environmental damage is evident. Up to five years recovery period. Significant impact on the overall condition of the habitat and ecosystem. Significant regulatory enforcement action (e.g. fine notice, order).  Major illness/ injury affecting more than one person which requires hospitalisation and/or ongoing medical treatment.  Significant Hazard in	Medium term environmental damage (5 - 10 years). Severe impact on the overall condition of the habitat and ecosystem. Notification to authority required. Civil prosecution.  One fatality Severe Hazard in building causing 15 - 60 days shutdown	Detrimental long term environmental impact. Total destruction of the habitat and ecosystem. More than ten years recovery period. Criminal prosecution.  Multiple fatalities Catastrophic Hazard in building causing shut down for extended period > 60 days

Consequence type	Negative consequence					
	NC1	NC2	NC3	NC4	NC5	NC6
			building causing 2 to 5 days shut down	building causing 5 to 15 days shut down.		

## A1.12 CONFIDENCE LEVELS

The confidence in the asset data used as a basis for the forecasts has been assessed using the following grading system.

**Table 29 Confidence levels**

Confidence grade	General meaning
Highly reliable	Data based on sound records, procedure, investigations, and analysis that is properly documented and recognised as the best method of assessment.
Reliable	Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings; for example, the data is old, some documentation is missing, and reliance is placed on unconfirmed reports or some extrapolation.
Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported or extrapolation from a limited sample.
Very uncertain	Data based on unconfirmed verbal reports and/or cursory inspection and analysis.

The overall confidence level of the plan is considered to be '**reliable**'.

## A1.13 IMPROVEMENT PLAN

While the overall data would seem to be reliable for Council's buildings and other infrastructure assets, it was noted that both Council's buildings and commercial properties asset registers require a data cleanse and that there may be assets which are currently not accounted for in Council's asset register. Further, it has been recognised that there is a significant variance between the insured value of Council's buildings and the current financial value in Council's TechOne register, this is expected to have notable impact for Council with respect to required maintenance and depreciation following the adjustment in the value of the portfolio.

**Table 30 Improvement plan**

Task no	Task	Responsibility	Resources required	Timeline
1	Undertake reconciliation of commercial and buildings asset registers.	Asset coordinator Commercial Properties coordinator	Internal	3 months
2	Undertake inspection of 'missing assets' and reconcile with asset register.	Asset coordinator Commercial Properties coordinator	Internal	1 year
3	Develop and implement strategy to harmonise the classification structure of assets, asset attributes, and asset rating systems for condition, performance, utilisation and capacity data of building infrastructure.	Asset coordinator	Internal	1 year
4	Undertake full revaluation of Council's buildings assets.	Asset coordinator	External	1 year
5	Document clear asset lifecycle strategy for all assets, which is to be supported by Council's	Asset coordinator	Internal	1 year

<b>Task no</b>	<b>Task</b>	<b>Responsibility</b>	<b>Resources required</b>	<b>Timeline</b>
	LTFP. Review Council's current buildings replacement/refurbishment policy with consideration for buildings in terms of functionality and capacity rather than condition alone.			
<b>6</b>	Review buildings capital program to include poor performing assets which were excluded from Council's Sports and Recreation Strategy and are resulting in an increased OPEX burden on Council.	Asset coordinator	Internal	6 months
<b>7</b>	Review asset capitalisation procedure and develop asset capitalisation review procedure involving project managers, asset managers and finance.	Asset coordinator AMSG	Internal/external	2 years
<b>8</b>	Develop clear and concise service levels for community consultation.	Asset coordinator	Internal/external	1 years
<b>9</b>	Undertake risk and criticality assessment for Council's assets.	Asset coordinator	Internal	1 years
<b>10</b>	Develop inspection and maintenance strategies around critical building assets and highlight emergency response plans should there be a major service disruption within the assets.	Asset coordinator AMSG	Internal/external	1 years

# APPENDIX B – TRANSPORT ASSET MANAGEMENT PLAN

The provision of well-maintained safe and integrated transport infrastructure is critical to supporting Council's community. It facilitates the provision of multiple services by enabling the transportation of goods, materials and people. Council's transport portfolio includes roads, kerb and gutter, footpaths, bridges and culverts, as well as other roads infrastructure assets.

As the owner and caretaker of transport assets, Council has a responsibility for a number of functions including:

- maintenance
- renewal and refurbishment
- upgrades and improvements
- rationalisation of assets.

The planning of these functions is outlined in this asset management plan.

## B1.1 PURPOSE OF THIS PLAN

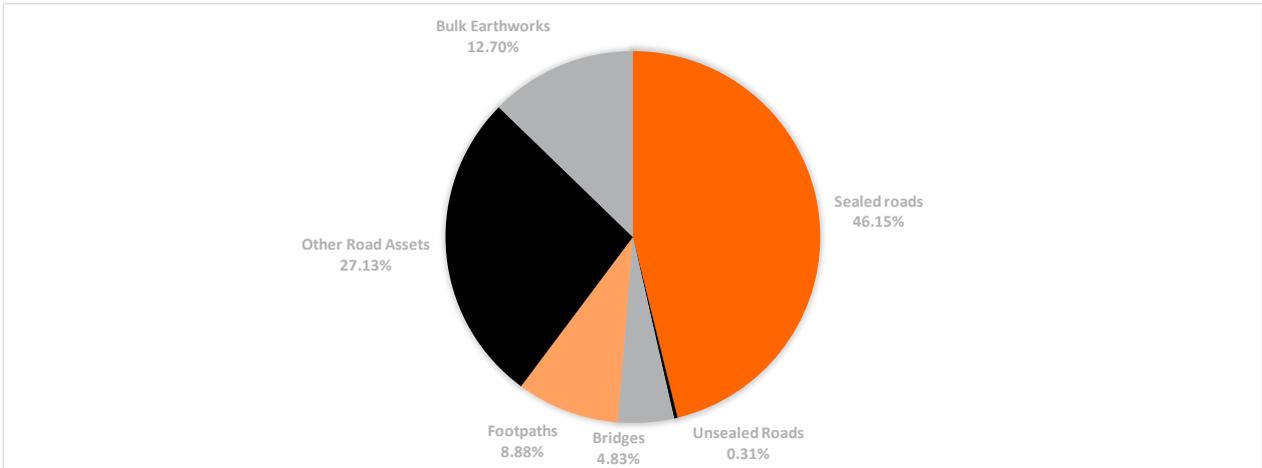
The purpose of this asset management plan is to develop a strategic framework for the maintenance and renewal of Council's transport assets and to provide an agreed level of service in the most effective manner.

This plan includes the following scope of management:

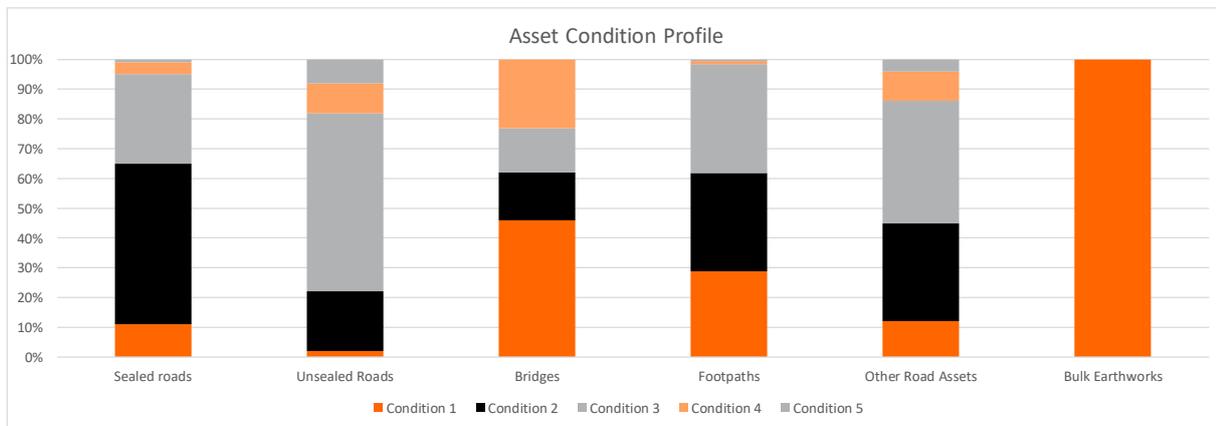
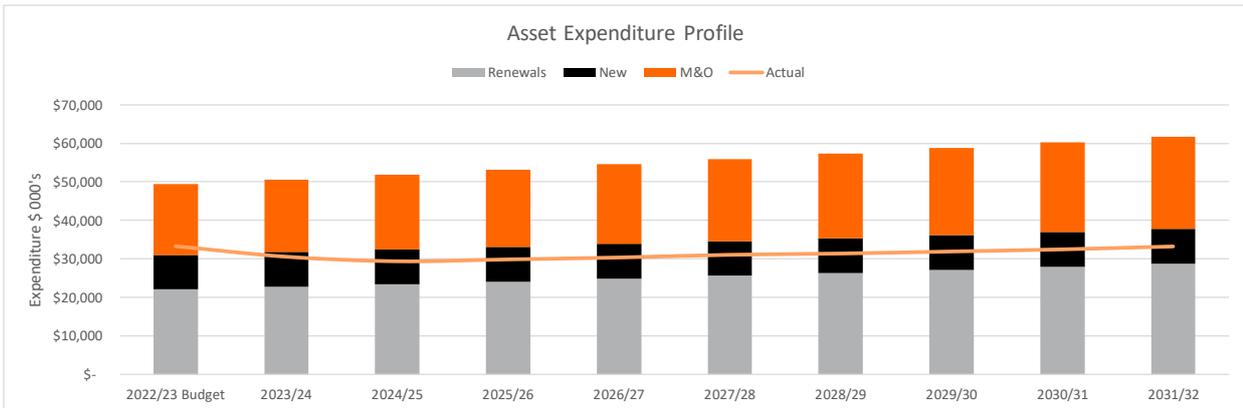
- asset inventory, values and condition
- asset based levels of service
- demand and service management
- risk management
- development of the long-term financial plan (LTFP) for the maintenance and renewal of transport infrastructure.

# B1.2 PORTFOLIO OVERVIEW

Total Asset Value \$1,547,575,994



Ratio	2022/23 Budget	2031/32 Estimate		Funding Gap
Infrastructure Renewals Ratio	60.05%	31.03%	Yr 1	\$16,692,349
Infrastructure Backlog Ratio	2.86%	4.29%	Ave 5 Yr	-\$14,919,228
Asset Maintenance Ratio	60.66%	64.20%	Ave 10 Y	-\$13,123,919
Long Term Funding Ratio	37.33%			



## B1.3 ASSET INVENTORY, VALUES AND CONDITION

The assets covered by this asset management plan are shown below:

**Table 31 Transport asset inventory**

Asset type	Component	Units	Unit
<b>Roads</b>			
	Collector	126.65	Km
	Local	686.08	Km
	Major collector	95.23	Km
	Minor arterial	35.36	Km
	Principal collector	187.31	Km
	Regional	69.64	Km
	<b>Road total</b>	<b>1,200.27</b>	<b>Km</b>
<b>Bridges</b>			
	Road bridge	36	No
	Pedestrian bridge	22	No
	<b>Bridge total</b>	<b>58</b>	<b>No</b>
<b>Culvert</b>			
	Urban-culvert	41	No
	Rural-culvert	9	No
	<b>Culvert total</b>	<b>50</b>	<b>No</b>
<b>Footpaths</b>			
	<b>Footpaths total</b>	<b>743.11</b>	<b>Km</b>
<b>Kerb and gutter</b>			
	<b>Kerb and gutter</b>	<b>1,583</b>	<b>Km</b>
<b>Other transport</b>			
	Bus shelter	151	No
	Carparks	11	No
	Roundabout	164	No
	Guard rail	9900	m
	Road safety devices	172	No

**Table 32 Transport portfolio summary**

Asset group	Gross replacement cost (CRC) \$ 000's	Written down value (WDV) \$ 000's	Annual depreciation expense \$ 000's	Condition				
				1	2	3	4	5
Sealed roads	\$714,269	\$559,533	\$11,732	11%	54%	30%	4%	1%
Unsealed roads	\$4,808	\$2,615	\$48	2%	20%	60%	10%	8%
Bridges	\$74,719	\$44,025	\$942	46%	16%	15%	23%	0%
Footpaths	\$147,354	\$62,130	\$2,749	29%	33%	37%	1%	0%
Other road assets (inc bulk earthworks)	\$616,321	\$410,398	\$6,046	40%	22%	28%	7%	3%

## B1.4 RESPONSIBILITIES

Council has adopted the following roles and responsibilities matrix for its transport assets.

**Table 33 Roles and responsibilities matrix**

Asset Management	City Presentation	Third Party Contractor
<p>Arrange regular road and footpath condition inspections. Conduct interim condition inspections as required.</p> <p>Create asset management plans for roads and footpaths.</p> <p>Create and update outcome-based maintenance specification on asset type, legislative requirement, Australian Standards and AUSPEC.</p> <p>Respond to customer requests for new assets.</p> <p>Include compulsory intervention levels when creating specification for maintenance.</p> <p>Create technical specifications for service delivery.</p> <p>Receiving new asset data, input into the asset register, develop maintenance schedules and ensure budget allocated.</p>	<p>Investigate and prioritise complex corrective maintenance tasks.</p> <p>Investigate customer requests and create a scope of works for delivery of maintenance works.</p> <p>Complete scheduled maintenance work within agreed timeframes.</p> <p>Complete reactive maintenance work within the agreed response timeframes.</p> <p>Respond to customer requests for hazards to make safe and then proceed with process as per thresholds defined below:</p> <p><u>Roads:</u> perform reactive maintenance tasks that are under ~100m<sup>2</sup> and/or 10% of the road segment but not greater than ~\$20,000 otherwise forward to Asset Management for approval.</p> <p><u>Footpaths and shared paths:</u> perform reactive maintenance tasks that are under ~10 lineal metres of continuous footpath segment area but not more than ~\$10,000 otherwise forward to Asset Management for approval.</p> <p><u>Kerb and gutter:</u> perform reactive maintenance tasks that are under</p>	<p>Deliver works as directed by work orders or purchase orders.</p> <p>Upon completion of works provide completion report in the works order system or with the invoice.</p>

Asset Management	City Presentation	Third Party Contractor
	~6 metres of continuous kerb and gutter otherwise forward to Asset Management for approval.	

## B1.5 ASSET BASED LEVELS OF SERVICE

Table 34 Service levels

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
Capacity	Affordability	The services are affordable and managed using the most cost-effective methods for the required level of service.	Review of service agreements and benchmark with other councils.	Maintenance/opex budget expenditure +/-5% of annual budget.	
		Council maintains its assets.	Asset maintenance ratio (measured by actual maintenance expenditure / required maintenance expenditure).	OLG benchmark 100%.	
	Health and safety	Provide roadways free from hazards.	Number of vehicle insurance claims for potholes received by Council.	0 successful insurance claims.	
		Provide footpaths free from hazards.	Number of insurance claims received.	0 successful insurance claims.	
Condition	Quality/condition	Provide sealed road with smooth ride appropriate to road type and speed limits.	Survey of road pavement condition.	95% of road pavements in condition 3 or better.	
		Provide kerb and gutter in a good condition and fit for purpose.	Survey of kerb and gutter asset condition.	90% of kerb and gutter in condition 3 or better.	
		Provide sealed footpaths which are smooth and free of defects.	Survey of footpath condition.	95% of footpaths in condition 3 or better.	
		Assets are maintained in a satisfactory condition.	Backlog ratio (estimated cost to bring asset to a satisfactory condition / written down value of the assets).	OLG benchmark <2%.	
Function	Reliability/ responsiveness	Be responsive to the needs of the road and transport asset users.	Number customer requests received.	85% of requests are completed within Council's service charter.	

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
		Planned works completed in accordance with schedules.	Completion of scheduled work.	90% completion within scheduled service standard.	
		Be responsive to the needs of the road and transport asset users.	Number of customer requests received.	85% of requests are completed within Council's service charter.	
		Provide well maintained facilities that are affordable to the community.	Annual condition assessment. Planned versus reactive.	Greater than 50% of maintenance expenditure is undertaken through planned maintenance schedules.	
	Sustainability	Continues to provide road and transport assets to meet the need of the community.	Complete capital work program on time and on budget.	Annual capital works for time and budget +/- 5%.	
		Assets are being renewed in a sustainable manner.	Asset renewal ratio (asset renewal expenditure / annual depreciation expense).	OLG benchmark >100%.	
	Customer satisfaction	Deliver great customer service.	Percentage of requests completed within service standard: <ul style="list-style-type: none"> <li>• high risk &lt; 24 hours</li> <li>• med risk &lt; 9 days</li> <li>• low risk &lt; 6 weeks.</li> </ul>	Target > 90%.	
		Fast and efficient response to reactive road maintenance requests.	Planned versus reactive maintenance distribution work order reports.	> 60 planned: 40 reactive ratio.	
		Fast and efficient response to reactive maintenance requests.	Planned versus reactive maintenance distribution. Asset management work order reports.	> 60 planned: 40 reactive ratio.	

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
		Be responsive to the needs of customers using asset.	No customer requests received.	85% of requests are completed within Council's service charter.	
	Reliability/ responsiveness	Planned works completed in accordance with schedules.	Completion of scheduled work.	90% completion within service standard.	

## B1.6 FUTURE DEMAND

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset condition. Examples of non-asset solutions include encouraging community title in development, so the strata body owns the roads and footpaths, but they are available for the public use.

Demand for new services will be managed through a number of strategies:

- supply side - a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand
- regulation - restrict time of use and type of use
- incentives - pricing and subsidies.

**Table 35 Future demand**

Demand factor	Impact on assets	Demand management plan
Population	Roads will become more congested with the increase in population, putting greater strain and usage on transport infrastructure.	Regulatory - heavy vehicle restriction, speed restrictions and local area traffic management.  Promote low-cost alternatives to road finishes.
Demographics	Increased need for footpath facilitation to accommodate walking frames and mobile scooters in built up areas.	Supply - modification of access to asset, for example in local area traffic management schemes.
Socio-economic	Higher expectation of services and presentation of roads assets, and the way we deliver them.	Operations - consider new technology for maintaining and managing traffic infrastructure.

## B1.7 MAINTENANCE STRATEGIES

Council currently undertakes maintenance activities for its transport infrastructure on a reactionary basis. Previously Council would undertake a quarterly defect inspection program which would allow for the development of a planned quarterly defect repair program however, Council has lost a resource in this space and as such has become reactive in nature. Implementation of Microsoft mobility will enable City Presentation staff to record defects in the field and enable maintenance works to be scheduled and planned. A key aspect of maturing Council's operational and maintenance practices is determining the most cost-effective mix of planned and unplanned works for Council's transport infrastructure assets.

## B1.8 RENEWALS STRATEGIES

Council currently develops its renewal program from the findings of its five-year condition inspection program for its roads and footpaths assets. The renewal program prioritises works based primarily on asset condition however other factors considered include safety risk, heavy vehicle use as well as network significance. Council is currently in the processes of incorporating its other key transport assets into its capital program.

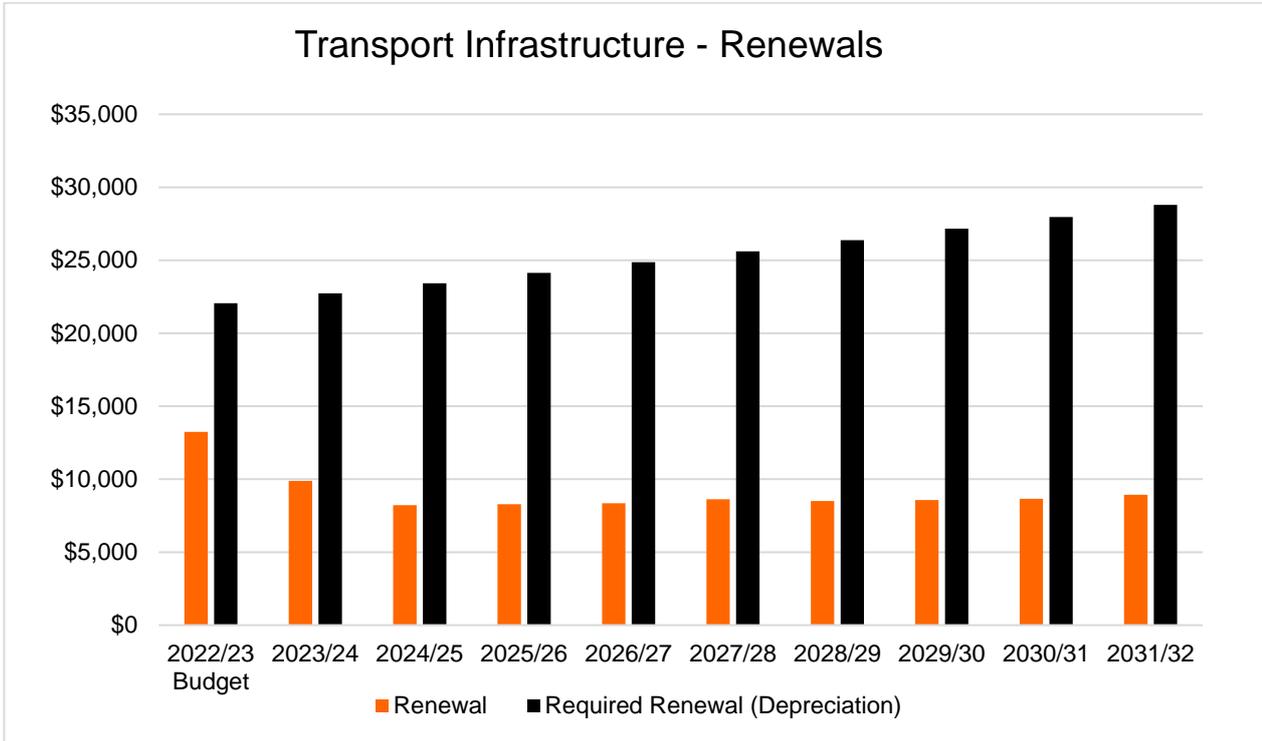
## B1.9 EXPENDITURE PROJECTIONS

Table 36 Budget gap by asset group

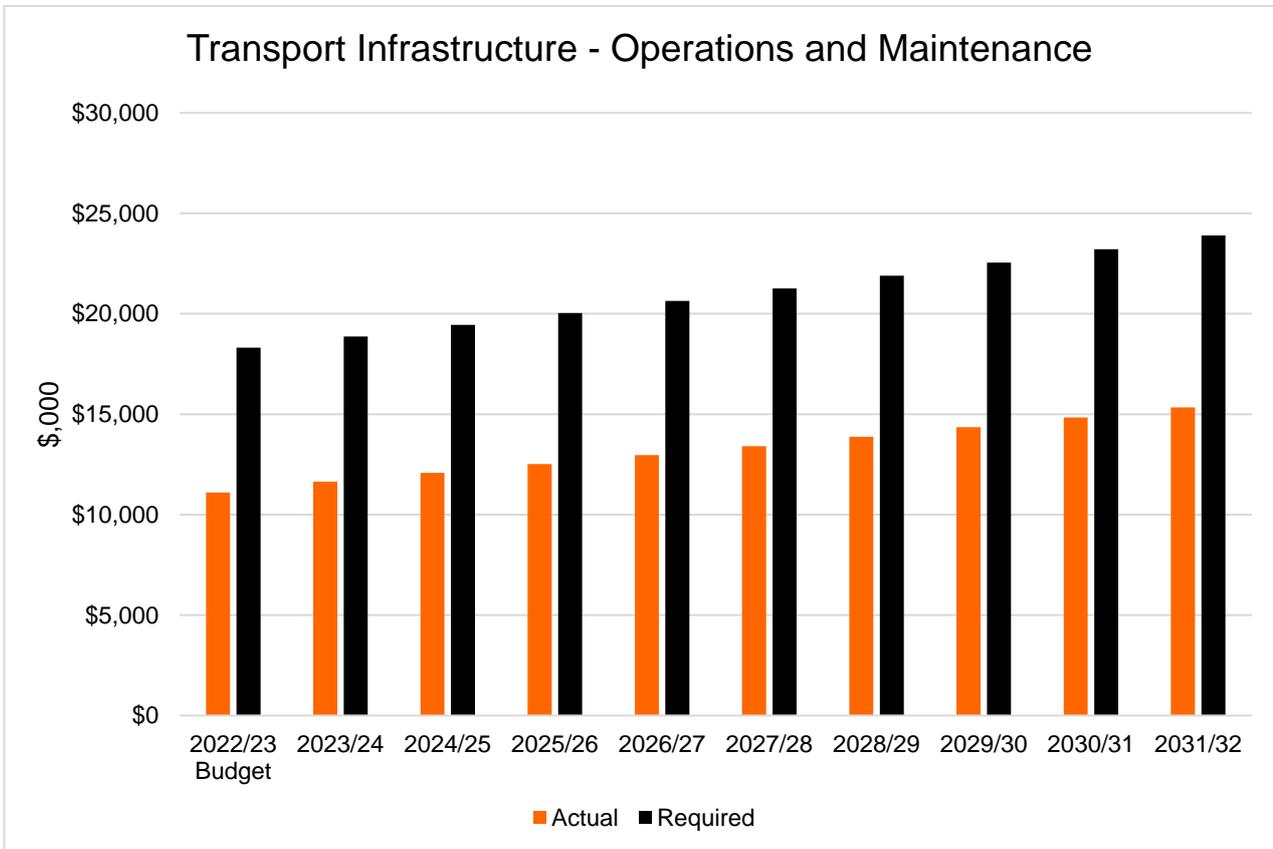
		2022/23 Budget	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Transport Infrastructure</b>											
<b>Actual</b>	Renewal	\$13,245	\$9,883	\$8,223	\$8,284	\$8,355	\$8,627	\$8,500	\$8,576	\$8,654	\$8,933
	New and Expanded Assets	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029
	O&M	\$21,637	\$22,698	\$23,331	\$24,069	\$24,849	\$25,697	\$26,564	\$27,458	\$28,376	\$15,340
	Total Expenditure	\$43,911	\$41,611	\$40,584	\$41,383	\$42,233	\$43,353	\$44,093	\$45,064	\$46,059	\$33,302
<b>Required</b>	Required Renewal (Depreciation)	\$22,056	\$22,733	\$23,426	\$24,136	\$24,864	\$25,611	\$26,376	\$27,160	\$27,964	\$28,788
	New and Expanded Assets	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029	\$9,029
	Required O&M	\$18,308	\$18,869	\$19,445	\$20,034	\$20,639	\$21,258	\$21,894	\$22,545	\$23,212	\$23,896
	Total	\$49,393	\$50,631	\$51,900	\$53,200	\$54,532	\$55,899	\$57,299	\$58,734	\$60,205	\$61,713
	<b>Overall (GAP)</b>	<b>-\$5,482</b>	<b>-\$9,020</b>	<b>-\$11,316</b>	<b>-\$11,817</b>	<b>-\$12,300</b>	<b>-\$12,546</b>	<b>-\$13,205</b>	<b>-\$13,670</b>	<b>-\$14,146</b>	<b>-\$28,411</b>
	<b>Maintenance Gap</b>	<b>\$3,329</b>	<b>\$3,829</b>	<b>\$3,887</b>	<b>\$4,035</b>	<b>\$4,210</b>	<b>\$4,438</b>	<b>\$4,670</b>	<b>\$4,914</b>	<b>\$5,164</b>	<b>-\$8,556</b>
	<b>Renewals Gap</b>	<b>-\$8,810</b>	<b>-\$12,849</b>	<b>-\$15,202</b>	<b>-\$15,852</b>	<b>-\$16,510</b>	<b>-\$16,984</b>	<b>-\$17,876</b>	<b>-\$18,584</b>	<b>-\$19,311</b>	<b>-\$19,855</b>

**Transport infrastructure assets**

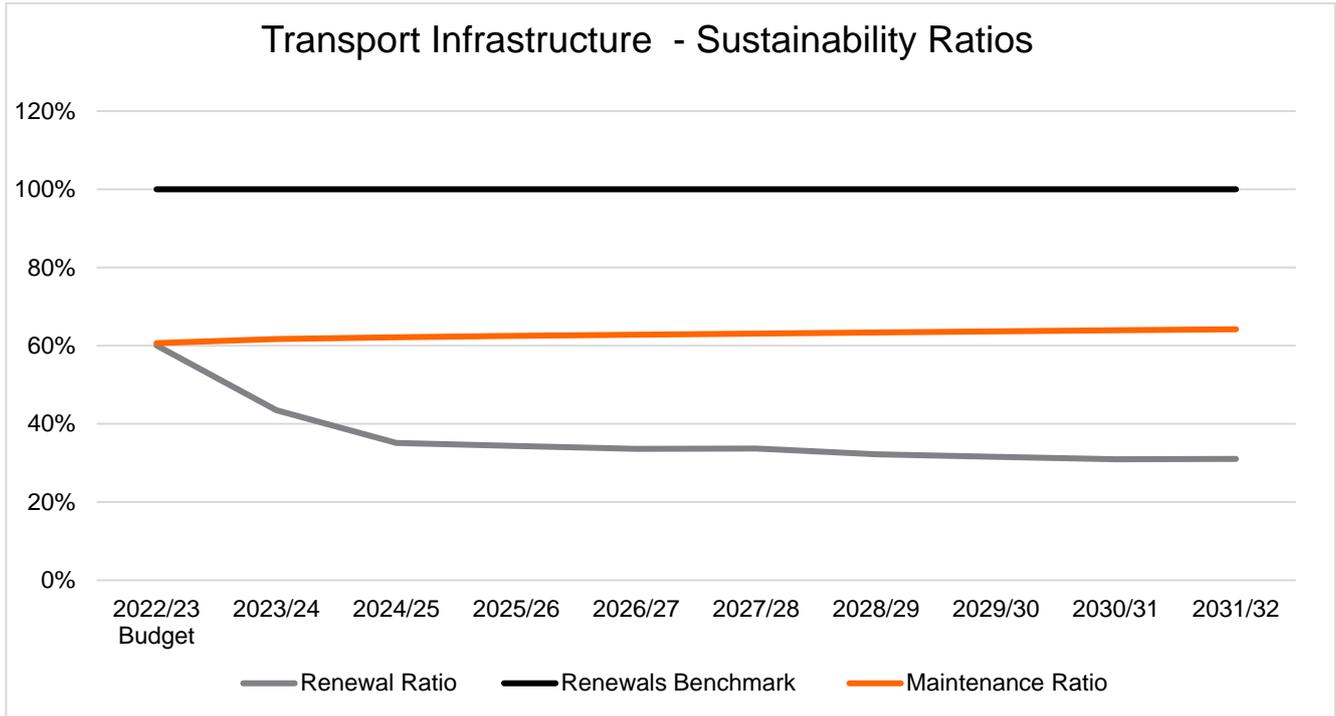
**Figure 21 Infrastructure renewals**



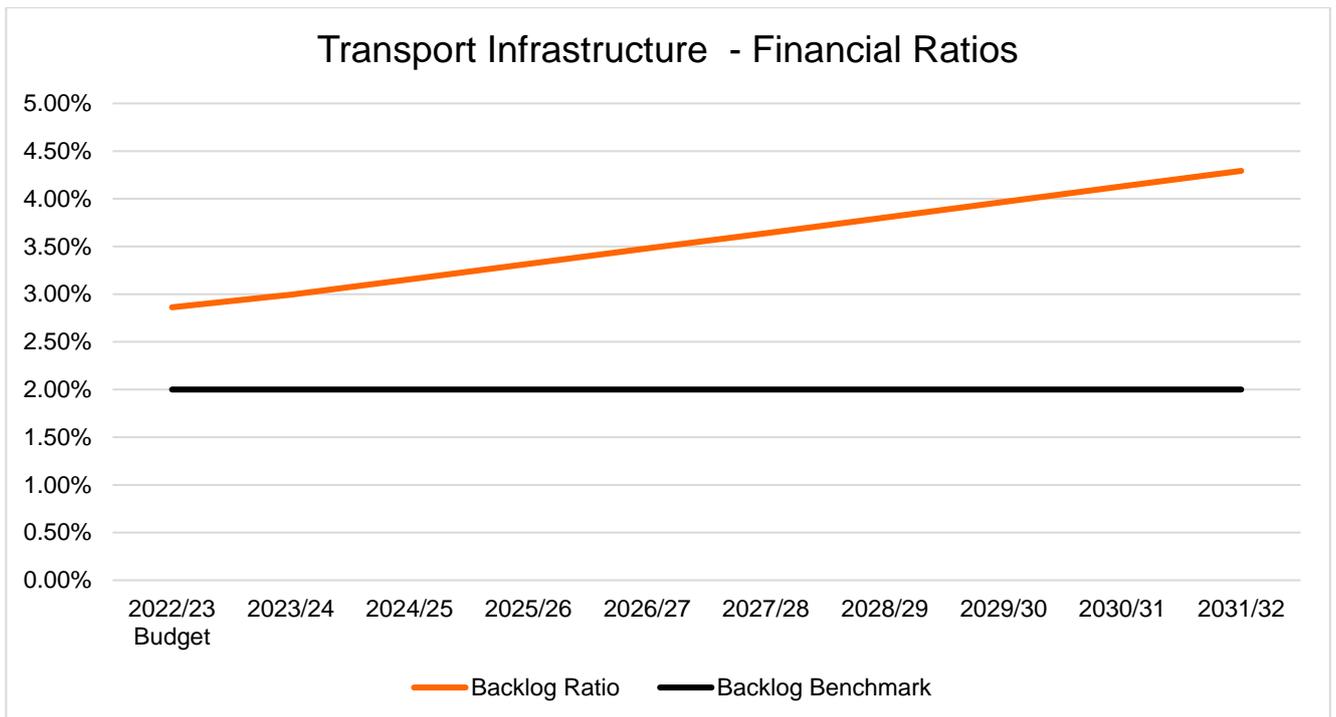
**Figure 22 Infrastructure operations and maintenance**



**Figure 23 Infrastructure sustainability ratios**



**Figure 24 Infrastructure financial ratios**



## B1.10 RISK - CRITICAL ASSETS

Council is currently in the process of assessing criticality of its transport network. The following attributes were considered when reviewing the criticality of Council's assets.

**Table 37 Asset criticality**

Confidence grade	High	Medium	Low
Road classification	Regional roads,	Urban roads	Rural roads
Waterway area	Road runs parallel to waterway	Road runs perpendicular to roadway	
Emergency services	Police, ambulance	Rfs, nswfb, ses	Council depot
Schools	40km zones		
Bus routes	School bus route		
Accident history	Fatality	Accidents (hospitalisation)>5	
Isolated communities	Only one road providing access to or from a community		

Council is currently in the process of applying these factors to its current asset portfolio .

## B1.11 RISK – RISK MANAGEMENT

Penrith City Council utilises a corporate risk framework which aligns with ISO 31000:2009. The framework has been adopted for Council's transport assets and highlights the strategic risks which impact Council's transport network.

**Table 38 Transport strategic risks**

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Urban road	Unserviceable, water over road due to flooding	Flooding/damage caused by under capacity	Very high	Communications/community awareness of Council policies
Road base (pavement)	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
Footpath or shared path	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
Kerb and gutter	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
All assets	Defect inspection program not implemented	Lack of resources; responsibility not clearly defined	Very high	Resolve asset management role and responsibility
Urban road	Unserviceable, due to major damage by developer	Inappropriate construction management by developers for high-risk work	High	Proactive public domain inspections
Urban road	Unserviceable, due to damage by utility provider or their contractor	Inappropriate construction management by utility providers and their contractors	High	Review utility provider work management practices; proactive precinct inspections
Urban road	Unserviceable, road blocked/water over road due to flooding	Due to defects of stormwater pit/pipe on/under a road	High	Proactive precinct inspections

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Urban road	Unserviceable, road blocked/water over road due to flooding	Due to condition of stormwater pit/pipe on/under a road	High	Proactive condition inspection process
Urban road	Unserviceable, oil/chemical spill	As a result of a vehicular or industrial accident	High	Critical assets
Urban road	Unserviceable, water over road due to flooding	Flooding caused by trunk stormwater drainage asset failure	High	Critical assets
Urban road	Unserviceable, water over road due to flooding	Illegal dumping causing trunk drainage blockage	High	Critical assets
Urban road	Waste containers causing hazards and sight distance problems	Skip bins placed inappropriately on roads, not compliant to conditions	High	Continue existing regulatory controls; proactive precinct inspections
Road base (pavement)	Asset failure	Pavement condition due to poor wearing surface condition	High	Proactive precinct inspections; proactive condition inspection process
Bridge or culvert	Asset failure	Structural fatigue; traffic loads	High	Proactive precinct inspections; proactive condition inspection process
Bridge or culvert	Structural flood or storm damage	Severe storms	High	Proactive precinct inspections; proactive condition inspection process
Bridge or culvert	Structure deterioration	Lack of planned or reactive maintenance	High	Proactive precinct inspections; maintenance program
Footpath or shared path	Unserviceable, due to damage by utility provider or their contractor	Inappropriate construction management by utility providers and their contractors	High	Review utility provider work management practices; proactive precinct inspections
Footpath or shared path	Trip or fall	Service pits	High	Review utility provider work management practices; proactive precinct inspections

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Footpath or shared path	Trip or fall	Surface	High	Proactive precinct inspections; maintenance program
Footpath or shared path	Trip or fall	Tree roots/slab lift or tilt	High	Proactive precinct inspections; maintenance program
Footpath or shared path	Waste containers/materials on footpath causing obstruction	Skip bins placed in inappropriate location	High	Continue existing regulatory controls; proactive precinct inspections
Kerb and gutter	Cyclist crash/collision, due to stormwater grate	Stormwater grate missing	High	Proactive precinct inspections
Kerb and gutter	Poor condition causing injury	Slip, trip and fall from pedestrians crossing roads	High	Proactive precinct inspections
Traffic facility/ pedestrian crossing	Collision - motor vehicle and pedestrian	Facilities not maintained to appropriate condition	High	Proactive precinct inspections; maintenance program
All assets	Unserviceable, due to damage caused by natural disaster	Natural disaster emergency	High	Review critical assets and disaster management responsibilities

## B1.12 CONFIDENCE LEVELS

The confidence in the asset data used as a basis for the forecasts has been assessed using the following grading system.

Confidence grade	General meaning
Highly reliable	Data based on sound records, procedure, investigations, and analysis that is properly documented and recognised as the best method of assessment.
Reliable	Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings; for example, the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation.
Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported or extrapolation from a limited sample.
Very uncertain	Data based on unconfirmed verbal reports and/or cursory inspection and analysis.

The overall confidence level of the plan is considered to be '**reliable**'.

## B1.13 IMPROVEMENT PLAN

Council currently uses SMEC as its source of truth for its transport asset data and while overall the data is reliable, it would seem as though there is a backlog of this information being reconciled with Council's financial register. Further it would seem as though further clarity is required with respect to Council's roles and responsibilities with respect to its transport infrastructure as there seemed to be a lack of consultation with the asset custodian and ultimately a lack of complete ownership over the asset class. The loss of resources in this space has also meant that Council has become reactive in nature with respect to its OPEX works.

Task no	Task	Responsibility	Resources required	Timeline
1	Undertake reconciliation between Council's PMS and TechOne registers.	Asset Coordinator	Internal	3 months
2	Implement defect inspection program in co-ordination with City Presentations.	Asset Coordinator City Presentations	Internal	3 months
3	Develop renewal program for Council's bridge assets.	Asset Coordinator	Internal	1 year
4	Undertake a review of useful lives and remaining lives of Council's transport infrastructure.	Asset Coordinator	Internal	6 months
5	Confirm current service levels are clear and concise for transport infrastructure by consulting with the community.	Asset Coordinator	Internal	6 months
6	Undertake risk and criticality assessment of transport infrastructure.	Permits and Inspection Coordinator	Internal	1 year
7	Develop inspection and maintenance strategies around critical assets and highlight emergency response plans should there be a major service disruption within the assets.	Asset Coordinator	Internal	2 years
8	Review asset capitalisation procedure and develop asset capitalisation review procedure involving project managers, asset managers and finance.	AMSG	Internal/external	1 year

# APPENDIX C – STORMWATER ASSET MANAGEMENT PLAN

This asset management plan covers the infrastructure assets that serve Penrith City Council's stormwater needs. These assets include pipes, pits, culverts, channels and stormwater quality management devices, detention basins, declared dams and levee banks throughout the Council area that enable people to protect both life and property from larger storm events and minimise disturbances from minor storms.

As the owner and caretaker of stormwater assets, Council has a responsibility for a number of functions including:

- maintenance
- renewal and refurbishment
- upgrades and improvements
- rationalisation of assets.

The planning of these functions is outlined in this asset management plan.

## C1.1 PURPOSE OF THIS PLAN

The purpose of this asset management plan is to develop a strategic framework for the maintenance and renewal of Council's stormwater assets and to provide an agreed level of service in the most effective manner.

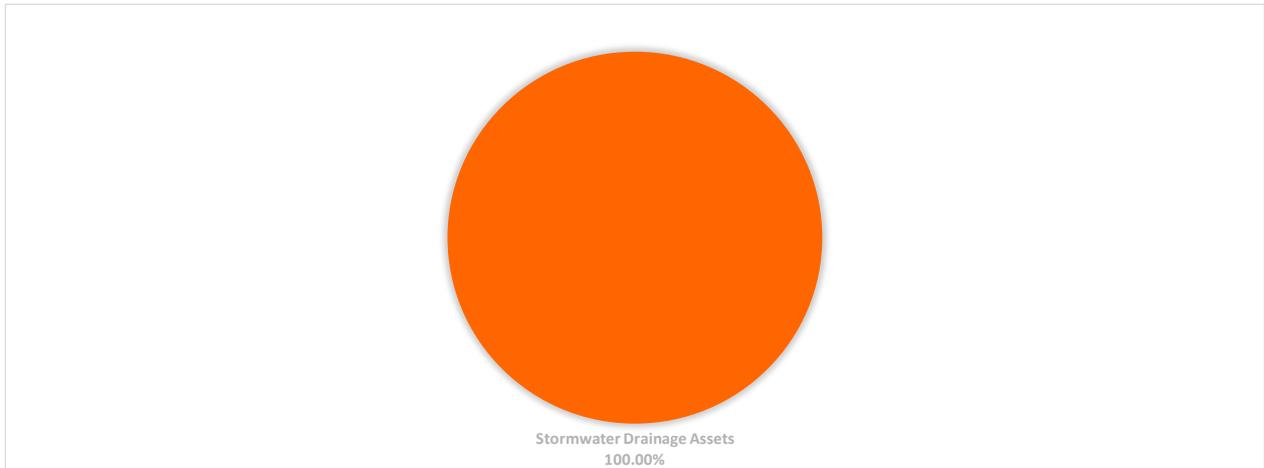
This plan includes the following scope of management:

- asset inventory, values and condition
- asset based levels of service
- demand and service management
- risk management
- development of the long-term financial plan (LTFP) for the maintenance and renewal of stormwater assets.

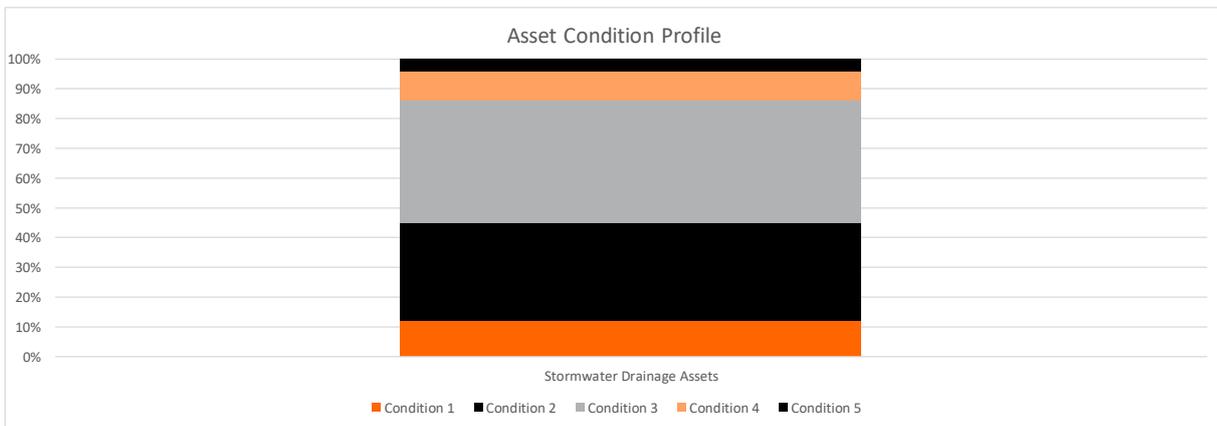
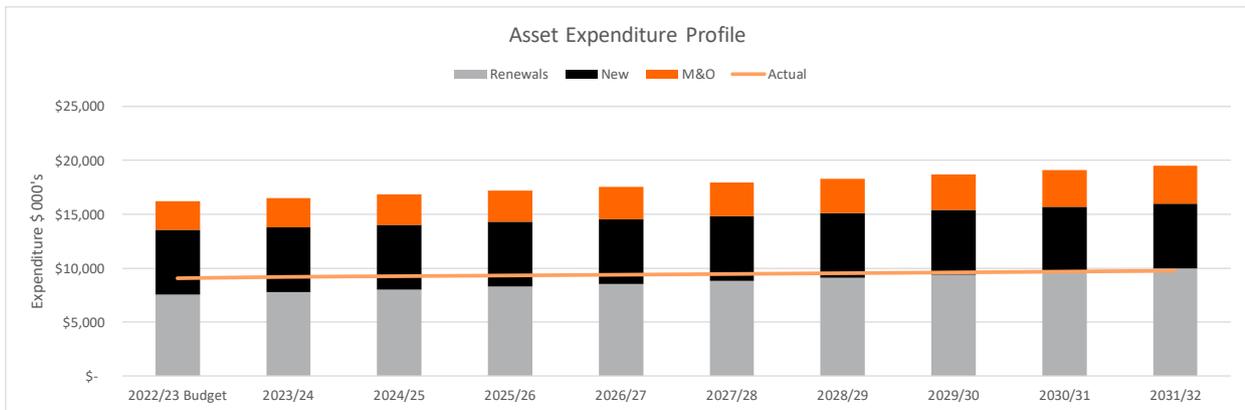
# C1.2 PORTFOLIO OVERVIEW

## Stormwater Assets

Total Asset Value \$734,629,318



Ratio	2022/23 Budget	2031/32 Estimate		Funding Gap
Infrastructure Renewals Ratio	17.82%	13.89%		<b>Yr 1</b> -\$7,145,003
Infrastructure Backlog Ratio	5.85%	6.10%		<b>Ave 5 Yr</b> -\$7,633,902
Asset Maintenance Ratio	64.25%	67.02%		<b>Ave 10 Y</b> -\$5,583,571
Long Term Funding Ratio	16.13%			



## C1.3 ASSET INVENTORY, VALUES AND CONDITION

The assets covered by this asset management plan are shown below:

**Table 39 Stormwater asset inventory**

Assets	Unit	Amount
Pits:	No	28,270
GPT	No	154
Headwalls:	No	4,975
Pipes:	Km	7565.1
Box culverts:	Km	476.9
Pipe culverts	Km	7.9
Channels (conc):	Km	5
Channels (earth):	Km	4.1

**Table 40 Stormwater portfolio summary**

Asset group	Gross replacement cost (CRC) \$ 000's	Written down value (WDV) \$ 000's	Annual depreciation expense \$ 000's	Condition				
				1	2	3	4	5
<b>Stormwater</b>	\$734,629	\$509,729	\$7,346	12.0%	33.0%	41.0%	10.0%	4.0%

## C1.4 RESPONSIBILITIES

Council has adopted the following roles and responsibilities matrix for its stormwater assets.

**Table 41 Roles and responsibilities matrix**

Asset Management	City Presentation	Third Party Contractor
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<p>Create asset management plans for drainage assets.</p> <p>Manage and maintain asset inventory for all stormwater assets including gifted assets.</p> <p>Prepare ten-year capital works program for stormwater assets annually.</p> <p>Arrange drainage condition inspections. Conduct interim condition inspections as required.</p> <p>Create and update outcome-based specification on asset type, legislative requirement, Australian Standards and AUSPEC.</p> <p>Create technical specifications for service delivery.</p> <p>Investigate and prioritise complex corrective works for &gt;\$25,000.</p> <p>Receiving new asset data, input into the asset register, develop maintenance schedules and ensure budget allocated.</p> <p>Approve capitalization report for all renewal and upgrade works.</p>	<p>Create scope of works for delivery of maintenance works.</p> <p>Investigate customer requests and create a scope of works for delivery of maintenance works.</p> <p>Complete scheduled maintenance work within agreed timeframes.</p> <p>Complete reactive maintenance work within the agreed timeframes.</p> <p><b>Drainage:</b></p> <p>Perform scheduled maintenance tasks as agreed with Asset Management.</p> <p>Perform reactive maintenance tasks originated from rate payer requests or Council inspections that are not greater than \$25,000.</p> <p>Make safe sites where estimated work exceeds \$25,000 and coordinate with Asset Management.</p> <p>Deliver complex drainage projects scoped/designed by Asset Management/Design &amp; Projects under Annual Drainage Capital Work Program.</p>	<p>Deliver works as directed by 'work orders'</p> <p>Provide completion report on the works order system on completed works</p>
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## C1.5 ASSET BASED LEVELS OF SERVICE

Table 42 Service levels

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
Capacity	Affordability	The services are affordable and managed using the most cost-effective methods for the required level of service.	Review of service agreements and benchmark with other councils.	Maintenance/opex budget expenditure +/- 5% of annual budget.	
		Council maintains its stormwater assets.	Asset maintenance ratio (measured by actual maintenance expenditure / required maintenance expenditure).	OLG benchmark 100%.	58% (2021)
	Health and safety	Sufficient capacity to protect life and property.	Number of customer requests of flooding (with significant safety/damage) reported annually.	Number of requests <5.	10
Condition	Quality/condition	Pipes and culverts in adequate condition to convey design stormwater flows.	Survey of drainage network condition.	85% of drainage assets condition 3 or better.	
		Rubbish and material from GPTs regularly removed to maintain effectiveness.	Annual tonnage of litter organics and sediment collected.	x litter tonnes.	
		Assets are maintained in a satisfactory condition.	Backlog ratio (estimated cost to bring asset to a satisfactory condition / written down value of the assets).	OLG benchmark <2%.	5.8%

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
Function	Customer satisfaction	Fast and efficient response to reactive maintenance requests.	Planned versus reactive maintenance distribution work order reports.	60% planned versus 40% reactive.	100% reactive
		Be responsive to the needs of customers requesting service of stormwater assets.	Number of customer requests received and attended.	85% of requests are completed within Council's service charter: <ul style="list-style-type: none"> <li>• high risk &lt; 24 hours</li> <li>• med risk &lt; 9 days</li> <li>• low risk &lt; 6 weeks.</li> </ul>	
Function	Reliability/ responsiveness	Proactive cyclic inspections of known hotspots of flooding.	Completion of scheduled inspections.	100% completion within service standard.	
		Planned inspection and associated works completed in accordance with schedules.	Completion of scheduled inspections work.	90% completion within service standard.	
		Be responsive to the needs of the community on stormwater issues for asset users.	Number of customer requests received.	85% of requests are completed within Council's service charter.	
	Sustainability	Assets are being renewed in a sustainable manner.	Asset renewal ratio (asset renewal expenditure / annual depreciation expense).	OLG benchmark >100%.	
		Complete capital work program on time and on budget.	Annual expenditure/annual budget.	Expenditure/budget >100%.	

## C1.6 FUTURE DEMAND

Table 43 Future demand

Demand factor	Impact on assets
Population	The increase in population and the resultant increase in stormwater runoff associated with increased housing. This will impact on the capacity of the existing drainage system. The impact of the additional dwellings will need to be assessed on a catchment basis.
Increasing costs	Will be a requirement to continue to maximise service delivery within the funding limitations. Council will need to investigate and implement alternate and innovative renewal strategies such as pipe relining and pipe bursting to minimise cost and disturbances to residents.
Environment and climate	The impact of climate change may increase the likelihood of major storm events as such analysis of the likely impact on flooding of properties will be required. There may also be increased pressure to improve the quality of stormwater discharge resulting in more gross pollutant devices and water quality treatment.
Lifestyle	As the expectation of residents increased there is likely to be increased pressure to minimise the environmental impacts of storm water pressure to provide stormwater reuse schemes may or alternate treatment schemes will grow.
Technology	May require improved environmental management of construction and the management of the stormwater network into the future.

## C1.7 MAINTENANCE STRATEGIES

Council currently undertakes maintenance activities on a reactionary basis. Council's aim is to gradually move more of its maintenance activities to planned cyclical maintenance however there is always a need to be responsive to the request by the ratepayers and clients. Implementation of Microsoft mobility will enable City Presentation staff to record pro-active stormwater inspections and identify works in the field and enable maintenance works to scheduled and planned more efficiently. Council will need to prioritise and collect more data on the condition of its stormwater network to ensure that decisions are being made on an informed/planned rather than reactive basis.

## C1.8 RENEWALS STRATEGIES

Council does not currently have a documented asset renewal strategy for its stormwater assets with works been undertaken on a reactive basis due to customer requests and asset failure. However, Council has recently identified that its large diameter corrugated iron pipes have been failing prematurely and as such has prioritised these assets for condition inspection and replacement. As a priority, Council needs to collect condition information on its asset portfolio as historic data is currently limited and not adequately captured. This limits council ability to monitor and effectively plan for the renewal of its stormwater network.

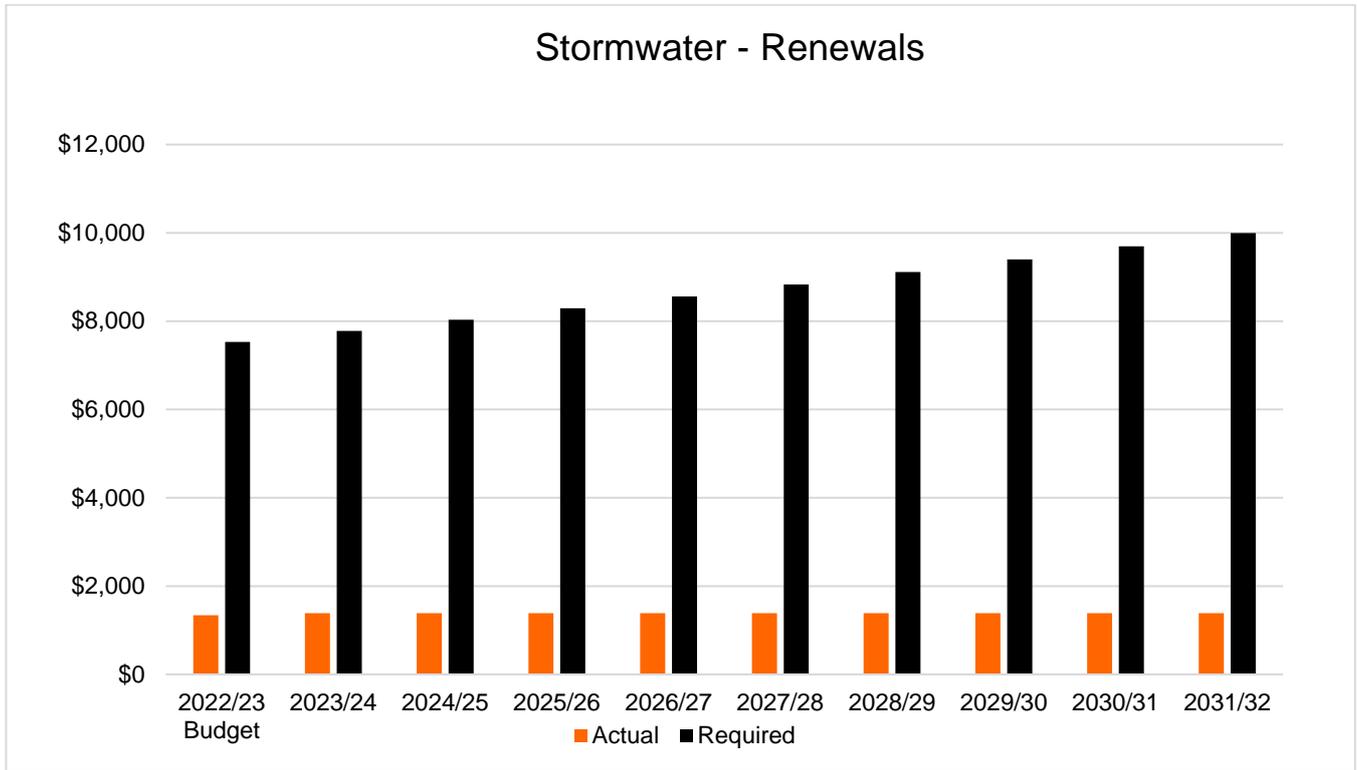
## C1.9 EXPENDITURE PROJECTIONS

Table 44 Budget gap by asset group

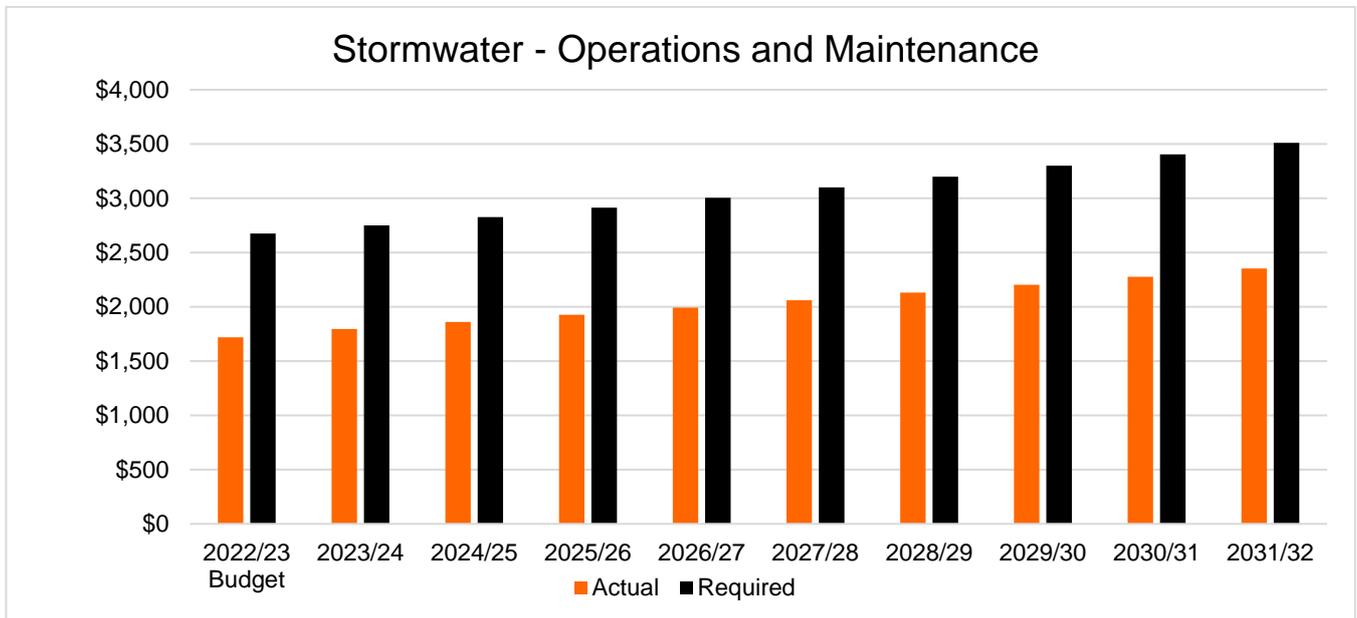
Budget Gap by Asset Group		2022/23 Budget	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Stormwater</b>	<b>Actual</b>										
	Renewal	\$1,342	\$1,389	\$1,389	\$1,389	\$1,389	\$1,389	\$1,389	\$1,389	\$1,389	\$1,389
	New and Expanded Assets	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
	Maintenance and Operations	\$1,719	\$1,796	\$1,861	\$1,927	\$1,993	\$2,061	\$2,131	\$2,203	\$2,277	\$2,353
	Total Expenditure	\$9,061	\$9,184	\$9,250	\$9,315	\$9,382	\$9,450	\$9,520	\$9,592	\$9,665	\$9,741
	<b>Required</b>										
	Required Renewal (Depreciation)	\$7,530	\$7,778	\$8,032	\$8,292	\$8,559	\$8,832	\$9,113	\$9,400	\$9,695	\$9,996
	New and Expanded Assets	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
	Required O&M	\$2,676	\$2,751	\$2,827	\$2,913	\$3,004	\$3,101	\$3,199	\$3,301	\$3,404	\$3,511
	Total	\$16,206	\$16,528	\$16,859	\$17,205	\$17,563	\$17,933	\$18,312	\$18,701	\$19,099	\$19,507
	<b>Overall (GAP)</b>	<b>-\$7,145</b>	<b>-\$7,344</b>	<b>-\$7,609</b>	<b>-\$7,890</b>	<b>-\$8,182</b>	<b>-\$8,483</b>	<b>-\$8,792</b>	<b>-\$9,109</b>	<b>-\$9,434</b>	<b>-\$9,766</b>

**Stormwater assets**

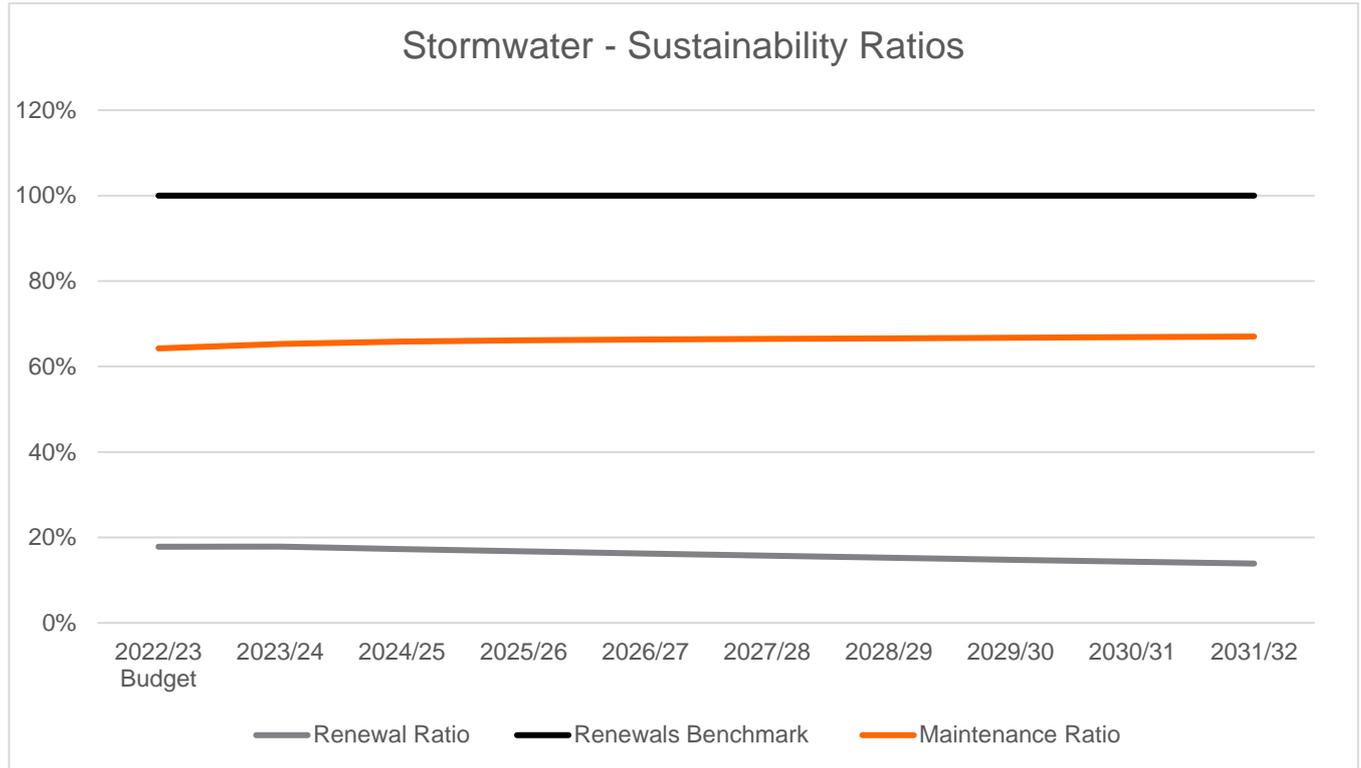
**Figure 25 Stormwater renewals**



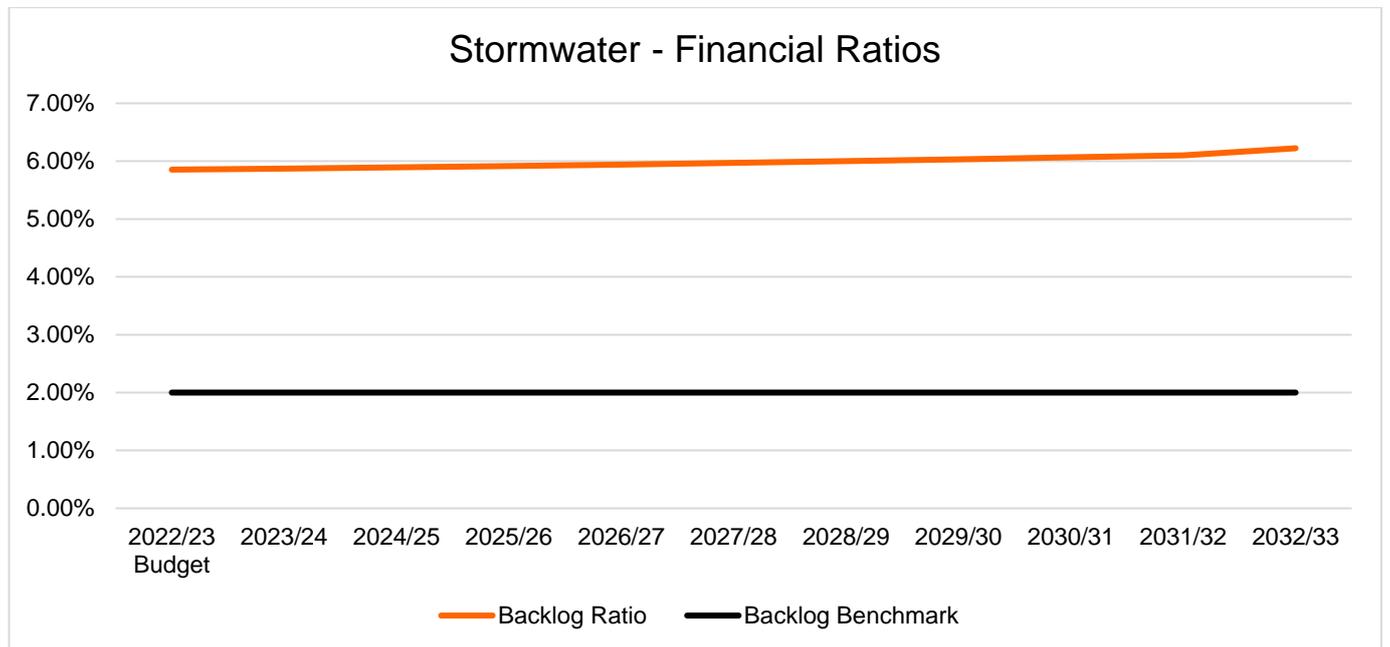
**Figure 26 Stormwater operations and maintenance**



**Figure 27 Stormwater sustainability ratios**



**Figure 28 Stormwater financial ratios**



## C1.10 RISK - CRITICAL ASSETS

Council is currently in the process of assessing criticality of its stormwater network. The following attributes were considered when reviewing the criticality of Council's stormwater assets.

**Table 45 Asset criticality**

Attribute	High	Medium	Low
Asset size	Box culvert or open channel	1200mm - 600mm diameter	<= 525 mm diameter
Flooding ( sub catchment)	<1:5 recurrent interval storm capacity	<1:20 recurrent interval storm capacity	<1:100 recurrent interval storm capacity
Outlet structure	Waterway environment		
Material	Corrugated steel	AC	PVC

Council is currently in the process of applying these factors to its current asset portfolio.

## C1.11 RISK – RISK MANAGEMENT

Penrith City Council utilises a corporate risk framework which aligns with ISO 31000:2009. The framework has been adopted for Council's stormwater assets and highlights the strategic risks which impact Council's stormwater network.

**Table 46 Stormwater strategic risks**

Item	Issue	Impact	Risk ranking	Treatment	Residual risk ranking
1	Severe climatic conditions from global warming causing increased long periods of rain.	Increased deterioration of open drain and levee surface leading to more frequent renewal costs. Increased open drain and pipeline blockages leading to increased routine maintenance costs. Pooling of water on roads leads to potential driver safety. Excessive rain causes both flooding of properties and roads leading to impaired customer and SES road access and significantly reduced level of service.	Extreme	Assess potential deterioration impacts and increase funding if necessary for blockage maintenance and open drain and levee renewal work. Risk assess the recommendations from the flood reports and prioritise a program of work to rectify any deficiencies in the existing network. In order to reduce potential blockages and flooding, identify key issues, risks and treatment works across Penrith City and develop a risk management plan which includes a prioritised five-year program of works incorporating the risk assessment of the flood recommendations.	Low
2	Increased development to match state planning requirements which is increasing the population along with increased housing developments, road network and traffic congestion.	Increased number of land releases with drainage assets transferred back to Council will increase the demand on the existing network and increase the number of assets.	High	Stormwater catchment management plans to provide hydraulic analysis on catchment capacity and future demand forecast.	Low
3	There is very limited amount of data on the asset condition and performance.	Limited inspection of drains is carried out leading to inability to accurately forecast asset related issues and prioritise planning. Reduced optimisation of renewal budget.	High	Identify asset related risks, their treatment requirements and prioritise maintenance funding.	Low
4	Provision of insufficient maintenance funding.	Sedimentation and buildup of material reduces capacity of stormwater network and increase risk of localized flooding.	High	Identify key locations in low spots and flooding occurs and develop inspection program to maintain pipes and pits are clear of obstructions.	Low

Item	Issue	Impact	Risk ranking	Treatment	Residual risk ranking
5	Insufficient asset management and maintenance resources.	Reduced levels of service due to the provision of ad hoc renewals and reactive maintenance; reduced maintenance response time; and reduced customer experience.	High	Review resource load and numbers and provide additional support. Increase funding to cover condition assessments. Finalise Business Plans.	Low
6	Changing customer needs and expectations leading to perceived reduced level of service.	Increased complaints on increased flooding and reduced access.	Extreme	Identify key locations where water pooling and flooding occurs and develop program to manage improvements such as upgrades.	Low
7	Adequacy of QA/QC processes and procedures.	Potential for non-compliance with the engineering standards.	Moderate	Continue the development of processes and procedures.	Low
8	Reduced availability of materials and increased material costs.	Assets deteriorate at a faster rate requiring increased routine maintenance costs and increased renewal costs from early replacement.	High	Look at innovative solutions of delivery, i.e. alternate materials.	Low

## C1.12 CONFIDENCE LEVELS

The confidence in the asset data used as a basis for the forecasts has been assessed using the following grading system.

**Table 47 Confidence levels**

Confidence grade	General meaning
Highly reliable	Data based on sound records, procedure, investigations, and analysis that is properly documented and recognised as the best method of assessment.
Reliable	Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings; for example, the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation.
Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported or extrapolation from a limited sample.
Very uncertain	Data based on unconfirmed verbal reports and/or cursory inspection and analysis.

The overall confidence level of the plan is considered to be '**very uncertain**'.

## C1.13 IMPROVEMENT PLAN

Currently, a lack of comprehensive asset data is inhibiting effective asset lifecycle planning for Council's stormwater assets. Information extracted out of Council's legacy systems is incomplete and has not been reconciled with Council's historical records. As such, there is a poor understanding of the age and remaining life of assets constructed prior to 2010, which has resulted in Council relying on a reactive approach in managing the stormwater portfolio. While there has been recent condition sampling associated with flood studies and sampling in the Jordan Springs precinct, this information has not been consolidated into the asset register and may not be representative of the broader asset portfolio.

Further, it is observed that Council's capital renewal funding for its stormwater portfolio is well below the OLG required levels of expenditure. The impact of this is a rising backlog, approaching the 2% OLG benchmark by the end of the forecasting period. It is important to note however that there is very low confidence in the condition rating of Council's stormwater assets and as such current backlog may be understated.

**Table 48 Improvement plan**

Task no	Task	Responsibility	Resources required	Timeline
1	Undertake condition sampling of high-risk assets (recently failed corrugated steel large diameter pipes installed in 1990s).	Asset Coordinator	Internal	6 months

<b>Task no</b>	<b>Task</b>	<b>Responsibility</b>	<b>Resources required</b>	<b>Timeline</b>
<b>2</b>	Extract asset attribute data (e.g. pipe length, diameter, material, age, etc) from Council's legacy system and historic documents and update Council's TechOne register accordingly.	Asset Coordinator	Internal/external	2 years
<b>3</b>	Undertake condition assessment of all visible (above ground) assets.	Asset Coordinator	Internal/external	18 months
<b>4</b>	Undertake condition sampling of below ground assets to provide representative overview of network.	Asset Coordinator	Internal/external	24 months
<b>5</b>	Develop annual defect inspection program with City Presentations Team.	Asset Coordinator City Presentations	Internal	3 months
<b>6</b>	Develop planned maintenance program.	City Presentations	Internal	6 months
<b>7</b>	Collect CAPEX data to develop unit rates for Council's stormwater assets.	Asset Coordinator	Internal	6 months
<b>8</b>	Undertake a review of useful lives and remaining lives for Council's stormwater portfolio.	Asset Coordinator	Internal/external	6 months
<b>9</b>	Undertake risk assessment for Council's stormwater assets and develop risk/criticality register.	Asset Coordinator	Internal	2 years
<b>10</b>	Review asset capitalisation procedure and develop asset capitalisation review procedure involving project managers, asset managers and finance.	AMWG	Internal	3 months
<b>11</b>	Confirm current service levels are clear and concise for stormwater infrastructure by consulting with the community.	Asset Coordinator	Internal	1 year

# APPENDIX D – OPEN SPACE AND RECREATION ASSET MANAGEMENT PLAN

This asset management plan covers the infrastructure assets that serve Penrith City Council's open space and recreational needs. These assets play an essential role in ensuring communities are healthy and have a better understanding of the environment and have a more active and healthier lifestyle. Council's open space and recreation assets also help attract and retain visitors and tourists to the area.

These assets include pipes, pits, culverts, channels and stormwater quality management devices throughout the Council area that enable people to protect both life and property from larger storm events and minimise disturbances from minor storms.

As the owner and operator of building and other structural assets, Council has a responsibility for a number of functions including:

- maintenance
- renewal and refurbishment
- upgrades and improvements
- rationalisation of assets.

The planning of these functions is outlined in this asset management plan.

## D1.1 PURPOSE OF THIS PLAN

The purpose of this asset management plan is to develop a strategic framework for the maintenance and renewal of buildings and other structures and to provide an agreed level of service in the most effective manner.

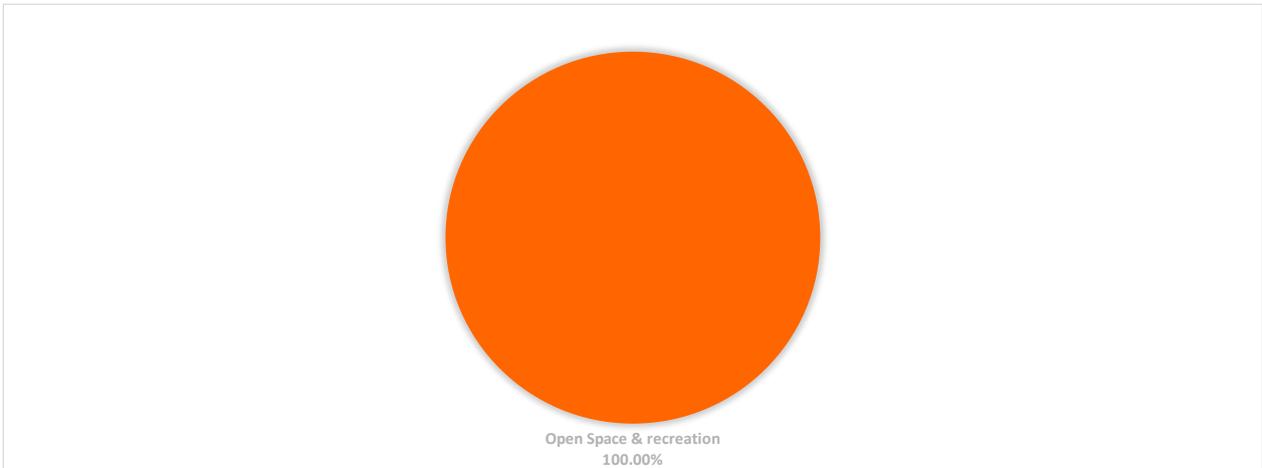
This plan includes the following scope of management:

- asset inventory, values and condition
- asset based levels of service
- demand and service management
- risk management
- development of the long-term financial plan (LTFP) for the maintenance and renewal of buildings and other structures.

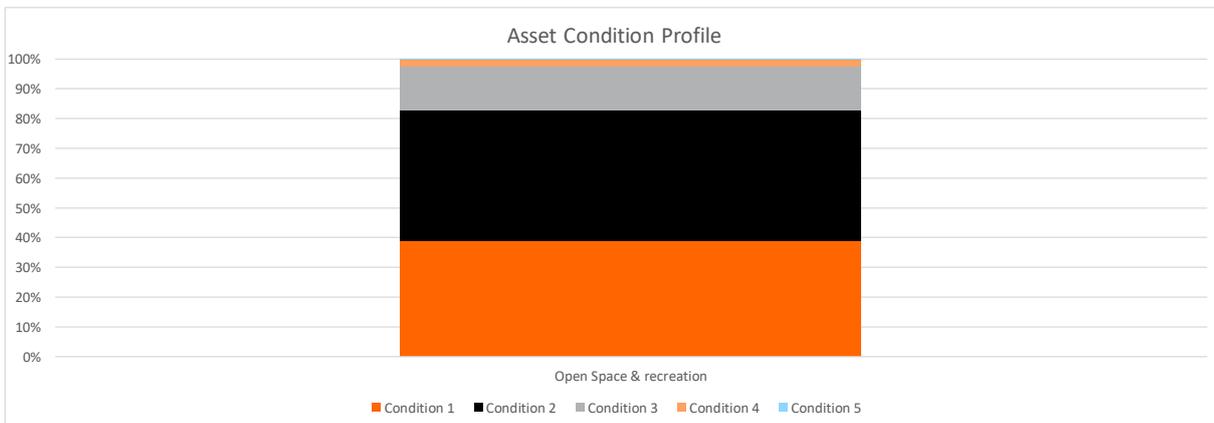
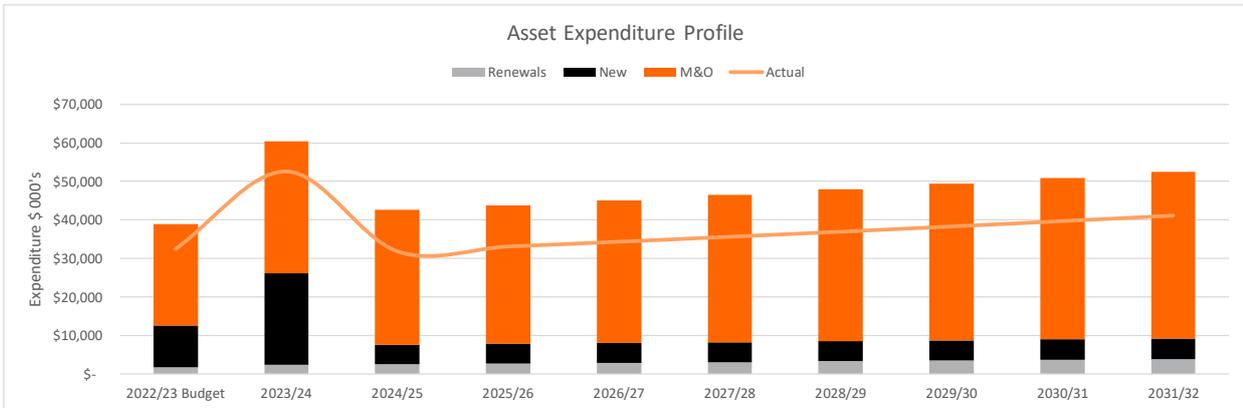
# D1.2 PORTFOLIO OVERVIEW

## Open Space and Recreation Assets

Total Asset Value \$61,967,562



Ratio	2022/23 Budget	2031/32 Estimate		Funding Gap
<b>Infrastructure Renewals Ratio</b>	399.39%	269.63%	<b>Yr 1</b>	<b>-\$6,503,771</b>
<b>Infrastructure Backlog Ratio</b>	0.00%	0.00%	<b>Ave 5 Yr</b>	<b>-\$9,311,328</b>
<b>Asset Maintenance Ratio</b>	55.29%	58.16%	<b>Ave 10 Y</b>	<b>-\$6,816,220</b>
<b>Long Term Funding Ratio</b>	351.46%			



## D1.3 ASSET INVENTORY, VALUES AND CONDITION

The assets covered by this asset management plan are shown below:

**Table 49 Open space and recreation asset inventory**

Assets	Unit	Amount
Open space	Ha	1200
Play spaces	No	160
Sporting fields	No	176
Reserves	No	600
Netball courts	No	65
Multisport courts	No	2
Aquatic centres	No	2
Skate parks	No	6
Basketball areas	No	4
Outdoor fitness spaces	No	12
Water play areas	No	5

**Table 50 Open space and recreation portfolio summary**

Asset group	Gross replacement cost (CRC) \$ 000's	Written down value (WDV) \$ 000's	Annual depreciation expense \$ 000's	Condition				
				1	2	3	4	5
Open space and recreation	\$61,967	\$45,761	\$4,071	39.1%	43.7%	14.6%	2.3%	0.3%

## D1.4 RESPONSIBILITIES

Council is currently in the process of developing it's roles and responsibilities matrix for its open space asset portfolio.

## D1.5 ASSET BASED LEVELS OF SERVICE

Table 51 Service levels

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
Capacity	Affordability	The services are affordable and managed using the most cost-effective methods for the required level of service.	Review of service agreements and benchmark with other councils.	Maintenance/opex budget expenditure +/- 5% of annual budget.	
		Council maintains its open space assets.	Asset maintenance ratio (measured by actual maintenance expenditure / required maintenance expenditure).	OLG benchmark 100%.	
	Health and safety	Ensure all playgrounds are safe and do not cause a hazard to people.	Scheduled playground audits and compliance certification.	Improvements and outcome from audit/assessment is to be 100% completed as per risk levels of the audit.	
		Sport fields are safe and free of hazards to users.	Sport fields maintained in accordance with inspection and maintenance schedules.	90% completion within service standard.	
Condition	Quality/condition	Provide parks, recreation, and bushland areas in appropriate condition for recreational activity and amenity.	Survey of condition of open space assets.	90% of open space assets in condition 3 or better.	
		Assets are maintained in a satisfactory condition.	Backlog ratio (estimated cost to bring asset to a satisfactory condition / written down value of the assets).	OLG benchmark <2%.	

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
Function	Customer satisfaction	Fast and efficient response to reactive maintenance requests.	Planned versus reactive maintenance distribution. Asset management work order reports.	Complying to agreed SLA responses times.	
		Be responsive to the needs of customers using asset.	No customer requests received.	85% of requests are completed within Council's service charter.	
		To deliver great customer service.	Percentage of requests completed within service standard: <ul style="list-style-type: none"> <li>high risk &lt; 24 hours</li> <li>med risk &lt; 9 days</li> <li>low risk &lt; 6 weeks.</li> </ul>	Target > 90%.	
	Reliability/ responsiveness	Provide well maintained park facilities that are affordable to the community.	Annual condition assessment. Planned versus reactive.	Greater than 60% of maintenance expenditure is undertaken through planned maintenance schedules.	
		Planned works completed in accordance with schedules.	Completion of scheduled work.	90% completion within service standard.	
		Provide well maintained wharves, jetties and boat ramps facilities that are affordable to the community.	Annual condition assessment. Planned versus reactive.	Greater than 50% of maintenance expenditure is undertaken through planned maintenance schedules.	

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target	Current Performance
	Sustainability	Continues to provide open space assets to meet the need of the community.	Complete capital work program on time and on budget.	Annual capital works for time and budget +/- 5%.	
		Open space assets are being renewed in a sustainable manner.	Asset renewal ratio (asset renewal expenditure / annual depreciation expense).	OLG benchmark >100%.	

## D1.6 FUTURE DEMAND

Table 52 Future demand

Demand drivers	Impact on services	Demand management plan
Population and migration change	Places pressure on existing active open space particularly in areas of high density.	Identify areas of growth and establish plan for facility renewals.
Demographics	Changing service needs affect the design and scope of facilities.	Understand the needs of the ageing population and design accordingly (i.e. equal access design for mobility impaired).
Economic factors	<p>Changing service needs and hence changing foreshore and open space asset requirements.</p> <p>Advantaged households more likely to participate and have capacity to pay, less advantaged households may lack capacity to pay/participate.</p>	<p>Factor economic trends into the provision of new services and the design of new recreational facilities.</p> <p>Management practices to ensure that active open space is accessible to all.</p>
Housing trends	<p>The demand for passive versus active open space may increase.</p> <p>Increased density close to active open space may create conflict with residents, e.g. floodlighting, high impact of traffic during peak times.</p> <p>'Ownership' of leisure facilities by residents leading to potential conflict with sporting groups.</p>	<p>Greater understanding of active versus passive needs, via a community consultation and development of a Recreation Strategy.</p> <p>Condition assessment of floodlighting assets to be undertaken to ensure meeting with AUS standards.</p> <p>Operational plans of management to be developed in areas with highly residential numbers including a good neighbours policy.</p>
Sports industry trends	<p>The majority of sports fields are already at capacity.</p> <p>Greater demand for sports facility space by personal users/demand for road/public domain space for events.</p>	<p>Strategic allocation practices.</p> <p>Consultation with clubs and schools about how much use is sustainable.</p> <p>Improved field management, maintenance, renovation and rehabilitation processes.</p> <p>New sporting developments to be focused on multi-use rather than one sporting code.</p> <p>Gather data on current usage patterns of existing assets to determine where multi- purpose opportunities exist.</p>

## **D1.7 MAINTENANCE STRATEGIES**

Council has developed a planned program of works for the on-going maintenance of its open space infrastructure. However the improved capture of quality condition data of asset portfolio will allow for improved works planning and allow for a sustainable mix of reactive and proactive maintenance works.

## **D1.8 RENEWALS STRATEGIES**

Council's open space and recreation renewal program has been primarily developed from the recently developed Sports and Recreation Strategy whereby Council's recreational needs have been assessed in conjunction with condition data available at the time of the development of the strategy. However, it should be noted that currently Council has low confidence in the quality of its condition data for its open space assets and as such the strategy may not be addressing and replacing assets in need of replacement. Further, Council is looking to incorporate functionality, performance and community expectations of its open space assets rather beyond just asset condition in the development of future renewal programs.

## D1.9 EXPENDITURE PROJECTIONS

Table 53 Budget gap by asset group

Budget Gap by Asset Group		2022/23 Budget	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Open Space and Recreation</b>	<b>Actual</b>										
	Renewal	\$7,005	\$12,896	\$9,788	\$9,900	\$10,012	\$10,128	\$10,247	\$10,371	\$10,499	\$10,632
	New and Expanded Assets	\$10,896	\$23,867	\$5,099	\$5,123	\$5,148	\$5,172	\$5,197	\$5,222	\$5,247	\$5,272
	Maintenance and Operations	\$14,538	\$15,790	\$16,959	\$18,050	\$19,162	\$20,306	\$21,481	\$22,687	\$23,926	\$25,197
	Total Expenditure	\$32,439	\$52,554	\$31,847	\$33,073	\$34,322	\$35,606	\$36,925	\$38,280	\$39,672	\$41,101
	<b>Required</b>										
	Required Renewal (Depreciation)	\$1,754	\$2,360	\$2,540	\$2,724	\$2,913	\$3,108	\$3,308	\$3,514	\$3,726	\$3,943
	New and Expanded Assets	\$10,896	\$23,867	\$5,099	\$5,123	\$5,148	\$5,172	\$5,197	\$5,222	\$5,247	\$5,272
	Required O&M	\$26,293	\$34,114	\$34,974	\$35,951	\$37,033	\$38,178	\$39,410	\$40,672	\$41,980	\$43,321
	Total	\$38,943	\$60,342	\$42,613	\$43,799	\$45,094	\$46,458	\$47,915	\$49,408	\$50,953	\$52,537
	Overall (GAP)	-\$6,504	-\$7,788	-\$10,766	-\$10,726	-\$10,773	-\$10,852	-\$10,989	-\$11,128	-\$11,281	-\$11,436

## Open space and recreation assets

Figure 29 Open space and recreation renewals

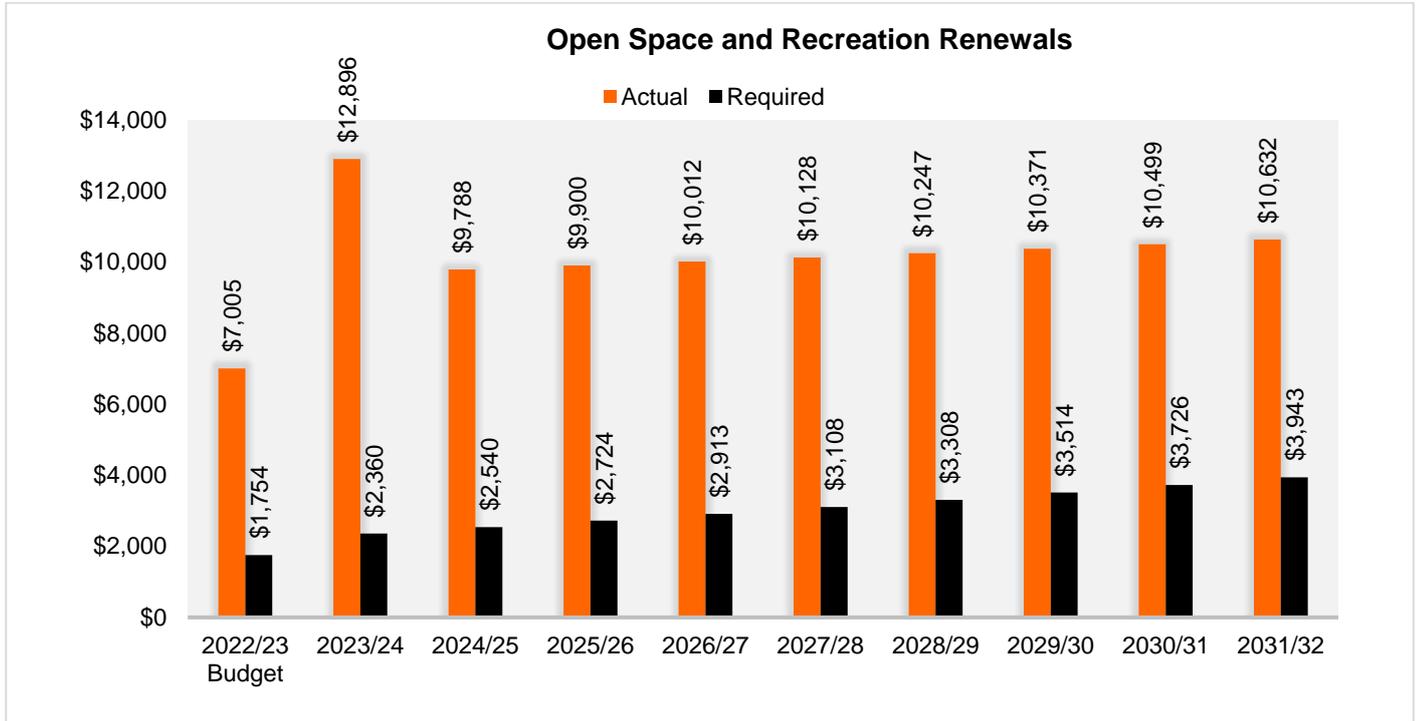
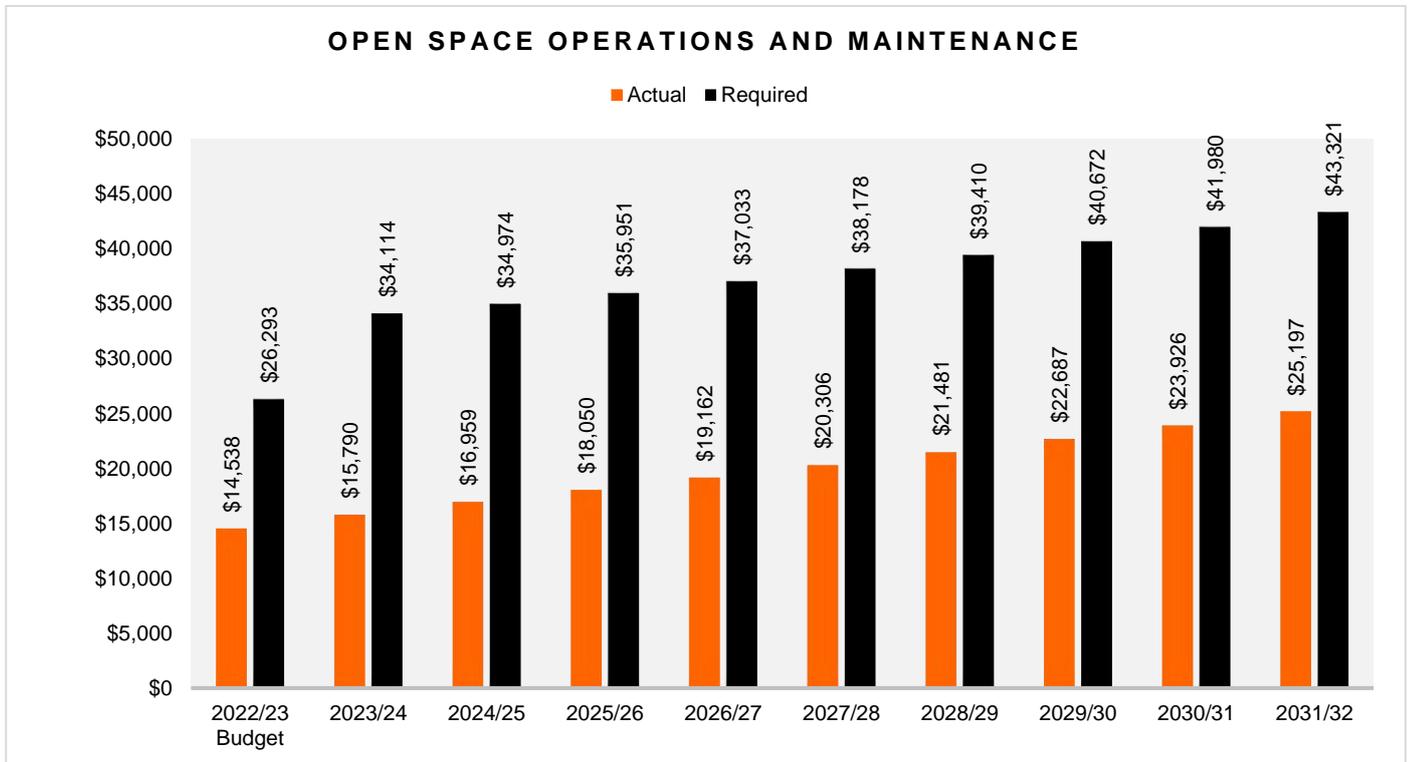
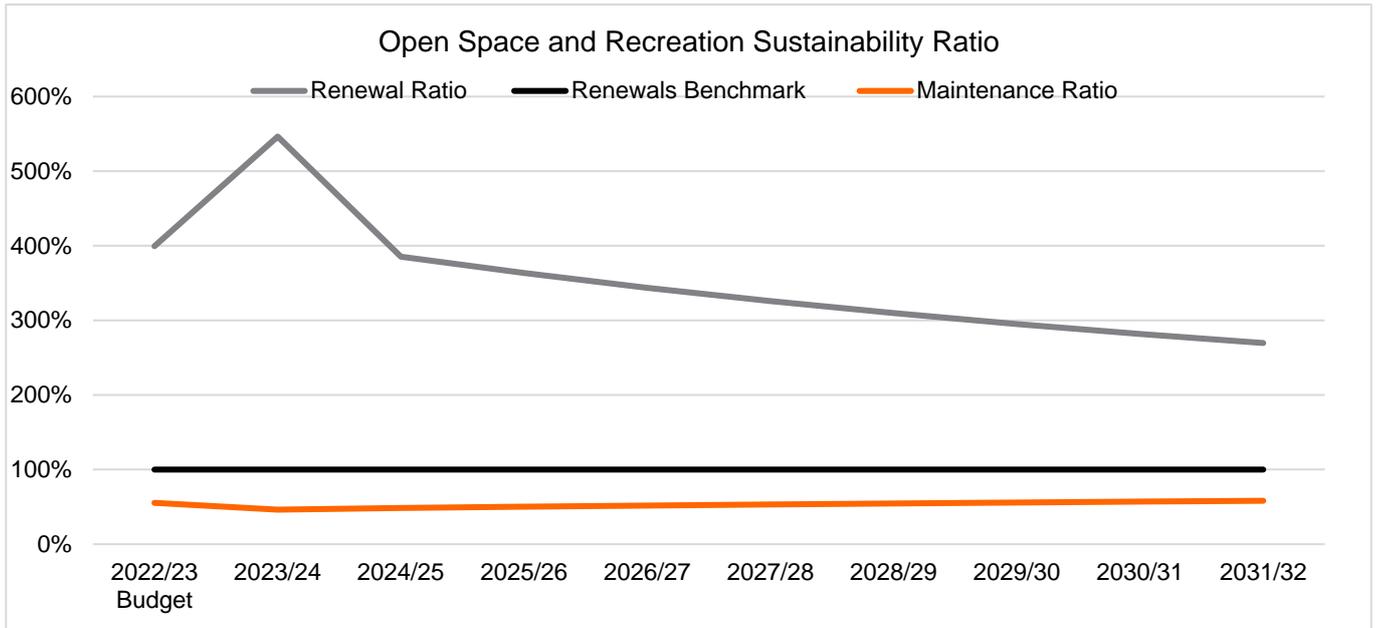


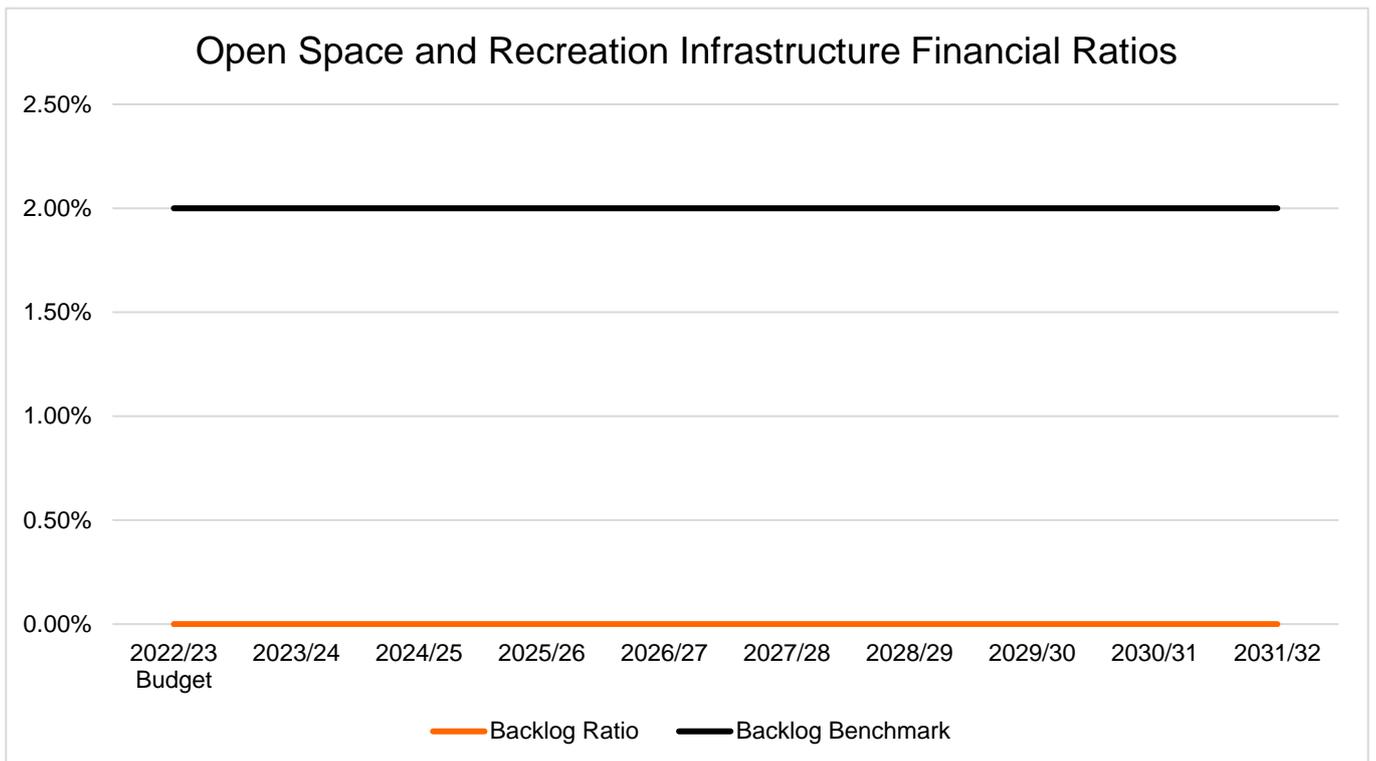
Figure 30 Open space and recreation operations and maintenance



**Figure 31 Open space and recreation sustainability ratios**



**Figure 32 Open space and recreation financial ratios**



## D1.10 RISK - CRITICAL ASSETS

Council's assets and operational staff consider that there are no critical parks and recreation assets from an organisational perspective. The range and quality of assets across the region will ensure that any short-term loss of facility can be accommodated and managed. However the following attributes were considered when determining the relative importance and customer expectations regarding Council's open spaces and recreational facilities:

**Table 54 Asset criticality**

Attribute	High	Medium	Low
Park size	Large	Medium	Small
Number of playgrounds	> 1	1	
Amenities buildings	> 2	1 - 2	
Adjacent to waterway	Yes		
Typical use	Sporting facility	Passive recreation	Civic garden/pocket park
Off-leash dog facility	Yes		
Does the park contain significant bushland	Yes		

## D1.11 RISK – RISK MANAGEMENT

Penrith City Council utilises a corporate risk framework which aligns with ISO 31000:2009. The framework has been adopted for Council's open space and recreation assets and highlights the strategic risks which impact Council's network.

**Table 55 Open space and recreation strategic risks**

Positive consequence						Consequence type	Negative consequence					
PC6	PC5	PC4	PC3	PC2	PC1		NC1	NC2	NC3	NC4	NC5	NC6
Extensive prolonged improvement on resources required to meet the strategic and/or asset management objectives	Prolonged improvement on resources required to meet the strategic and/or asset management objectives	Significant improvement on resources required to meet the strategic and/or asset management objectives	Considerable improvement on resources required to meet the strategic and/or asset management objectives	Minor improvement on resources required to meet the strategic and/or asset management objectives	Little or no improvement on resources required to meet the strategic and/or asset management objectives	<b>Strategic Prompts</b> Ability to meet strategic and asset management Objectives	Little or no impact on strategic and/or asset management objectives.  No reprioritisation of asset management strategies and resources required to meet the strategic and/or asset management objectives	Minor impacts on strategic and/or asset management objectives.  Minor reprioritisation of asset management strategies and resources may be required to meet the strategic and/or asset management objectives	Considerable impacts on strategic and/or asset management objectives.  Considerable reprioritisation of asset management strategies and resources may be required to meet the strategic and/or asset management objectives	Significant impacts on strategic and/or asset management objectives.  Significant reprioritisation of asset management strategies and resources may be required to meet the strategic and/or asset management objectives	Severe impacts on strategic and/or asset management objectives.  Parts of asset management strategies may have to be redeveloped and some additional resources may be needed to meet the strategic and/or asset management objectives	Severe impacts on strategic and/or asset management objectives.  Asset management strategies may have to be redeveloped and significant additional resources may be needed to meet the strategic and/or asset management objectives
Financial gain (efficiencies) > \$500k (one off) or > \$100k (recurrent)	Financial gain (efficiencies) \$150k - \$500k (one off) or \$30k - \$100k (recurrent)	Financial gain (efficiencies) \$50k - \$150k (one off) or \$10k - \$30k (recurrent)	Financial gain (efficiencies) \$20k - \$50k (one off) or \$5k - \$10k (recurrent)	Financial gain (efficiencies) \$5k - \$20k (one off) or \$1k - \$5k (recurrent)	Financial gain (efficiencies) < \$5k (one off) or < \$1k (recurrent)	<b>Financial Prompts</b> Financial gain or loss, changes in operating costs, change in revenue, ability to achieve Value for Money, ability to achieve Fit for Purpose, organisational efficiency, financial penalties, etc	Financial impact < \$5k (one off) or < \$1k (recurrent)  Minimal or no adverse impact on Council's finances	Financial impact \$5k - \$20k (one off) or \$1k - \$5k (recurrent)  Minor impacts on Council's finances requiring additional funding and/or reprioritisation	Financial impact \$20k - \$50k (one off) or \$5k - \$10k (recurrent)  Considerable impacts on Council's finances requiring additional funding and/or reprioritisation	Financial impact \$50k - \$150k (one off) or \$10k - \$30k (recurrent)  Significant impacts on Council's finances. Decline in service levels that may cause a short term disruption (< 5 days)	Financial impact \$150k - \$500k (one off) or \$30k - \$100k (recurrent)  Severe impacts on Council's finances. Decline in service levels that may cause a significant disruption (5 - 30 days)	Financial impact > \$500k (one off) or > \$100k (recurrent)  Severe impacts on Council's finances. Decline in service levels that may cause an extensive prolonged disruption (> 30 days)

Positive consequence						Consequence type	Negative consequence					
PC6	PC5	PC4	PC3	PC2	PC1		NC1	NC2	NC3	NC4	NC5	NC6
Significant increase in service levels across several locations	Significant increase in service levels in one location	Considerable increase in service levels across several locations	Considerable increase in service levels in one location	Minor increase in service levels across several locations	Minor increase in service levels in one location	<b>Asset performance Prompts</b> Unplanned downtime, unplanned shutdowns, levels of service, asset condition, asset performance including asset availability and reliability, ability to achieve Fit for Purpose, etc	Minor decline in service levels in one location	Minor decline in service levels across several locations	Considerable decline in service levels in one location	Considerable decline in service levels across several locations	Significant decline in service levels in one location	Significant decline in service levels across several locations
Significant increase in asset performance across several locations	Significant increase in asset performance in one location	Considerable increase in asset performance across several locations	Considerable increase in asset performance in one location	Minor increase in asset performance across several locations	Minor increase in asset performance in one location		Minor reduction in asset performance in one location	Minor reduction in asset performance across several locations	Considerable reduction in asset performance in one location	Considerable reduction in asset performance across several locations	Significant reduction in asset performance in one location	Significant reduction in asset performance across several locations
Significant increase in asset availability and reliability across several locations	Significant increase in asset availability and reliability in one location	Considerable increase in asset availability and reliability across several locations	Considerable increase in asset availability and reliability in one location	Minor increase in asset availability and reliability across several locations	Minor increase in asset availability and reliability in one location		Minor reduction in asset availability and reliability in one location	Minor reduction in asset availability and reliability across several locations	Considerable reduction in asset availability and reliability in one location	Considerable reduction in asset availability and reliability across several locations	Significant reduction in asset availability and reliability in one location	Significant reduction in asset availability and reliability across several locations
Significant improvement in asset condition across several locations	Significant improvement in asset condition in one location	Considerable improvement in asset condition across several locations	Considerable improvement in asset condition in one location	Minor improvement in asset condition across several locations	Minor improvement in asset condition in one location		Minor degradation in asset condition in one location	Minor degradation in asset condition across several locations	Considerable degradation in asset condition in one location	Considerable degradation in asset condition across several locations	Significant degradation in asset condition in one location	Significant degradation in asset condition across several locations
Significant reduction in unplanned downtime/ shutdowns across several locations	Significant reduction in unplanned downtime/ shutdowns in one location	Considerable reduction in unplanned downtime/ shutdowns across several locations	Considerable reduction in unplanned downtime/ shutdowns in one location	Minor reduction in unplanned downtime/ shutdowns across several locations	Minor reduction in unplanned downtime/ shutdowns in one location		Minor increase in unplanned downtime/ shutdowns in one location	Minor increase in unplanned downtime/ shutdowns across several locations	Considerable increase in unplanned downtime/ shutdowns in one location	Considerable increase in unplanned downtime/ shutdowns across several locations	Significant increase in unplanned downtime/ shutdowns in one location	Significant increase in unplanned downtime/ shutdowns across several locations
Usage > 200 people/vehicles (per day) or > 500 people/vehicles (occasionally)	Usage 100 - 200 people/vehicles (per day) or 200 - 500 people/vehicles (occasionally)	Usage 50 - 100 people/vehicles (per day) or 100 - 200 people/vehicles (occasionally)	Usage 20 - 50 people/vehicles (per day) or 50 - 100 people/vehicles (occasionally)	Usage 10 - 20 people/vehicles (per day) or 20 - 50 people/vehicles (occasionally)	Usage < 10 people/vehicles (per day) or < 20 people/vehicles (occasionally)	<b>Asset utilisation Prompts</b> Number of customers using the asset	Usage < 10 people/vehicles (per day) or < 20 people/vehicles (occasionally)	Usage 10 - 20 people/vehicles (per day) or 20 - 50 people/vehicles (occasionally)	Usage 20 - 50 people/vehicles (per day) or 50 - 100 people/vehicles (occasionally)	Usage 50 - 100 people/vehicles (per day) or 100 - 200 people/vehicles (occasionally)	Usage 100 - 200 people/vehicles (per day) or 200 - 500 people/vehicles (occasionally)	Usage > 200 people/vehicles (per day) or > 500 people/vehicles (occasionally)
Extensive prolonged and widespread national positive reactions from regional media, public, staff and/or stakeholders	Prolonged and widespread positive reactions from regional media, public, staff and/or stakeholders	Temporary regional positive media reactions  Improved staff morale and significant stakeholder support	Substantial positive local media interest creating public support  Positive public, staff and/or stakeholder statements/ feedback	Positive local media reporting over a short period  Public, staff and/or stakeholder support	Positive local media report		<b>Reputation Prompts</b> Customer satisfaction and confidence, fraud and corruption, media, stakeholder management, legal / compliance / regulatory, etc	Adverse local media report	Adverse local media reporting over a short period  Public, staff and/or stakeholder concern	Substantial adverse local media reporting  Negative public, staff and/or stakeholder statements/ feedback	Temporary regional adverse media reactions  Moderate change in customer satisfaction  Moderate employee disengagement  Concern raised by stakeholder	Prolonged and widespread regional adverse reactions from media  Significant change in customer satisfaction  Significant employee disengagement  Significant concern raised by stakeholder

Positive consequence						Consequence type	Negative consequence					
PC6	PC5	PC4	PC3	PC2	PC1		NC1	NC2	NC3	NC4	NC5	NC6
<p>Significant reduction in the likelihood of a hazard that could result in total destruction of the habitat and ecosystem.</p> <p>Significant reduction in the likelihood of a hazard that could involve multiple fatalities</p>	<p>Significant reduction in the likelihood of a hazard that could have severe impact on the overall condition of the habitat and ecosystem.</p> <p>Significant reduction in the likelihood of a hazard that could result in one fatality</p>	<p>Significant reduction in the likelihood of a hazard that could have significant impact on the overall condition of the habitat and ecosystem.</p> <p>Significant reduction in the likelihood of a hazard that could result in major illness/ injury affecting multiple persons</p>	<p>Significant reduction in the likelihood of a hazard that could have considerable impact on the overall condition of the habitat and ecosystem.</p> <p>Significant reduction in the likelihood of a hazard that could result in major illness/ injury affecting one person</p>	<p>Significant reduction in the likelihood of a hazard that could have minor impact on the overall condition of the habitat and ecosystem.</p> <p>Significant reduction in the likelihood of a hazard that could result in minor illness/ injury affecting multiple persons</p>	<p>Reduction in the likelihood of a hazard that could have minor impact on the overall condition of the habitat and ecosystem.</p> <p>Significant reduction in the likelihood of a hazard that could result in minor illness/ injury affecting one person</p>	<p><b>Environment, Health and Safety Prompts</b></p> <p>Environmental damage, hazards, accidents, incidents, asset malfunctions, asset failures, etc</p>	<p>Negligible environmental impact. No corrective action. No impact on the overall condition of the habitat and ecosystem.</p> <p>Minor illness/ injury affecting one person which requires minimal intervention, if any. Lost time &lt; 2 days</p>	<p>Environmental damage is evident. Up to one year recovery period. Minor impact on the overall condition of the habitat and ecosystem.</p> <p>Minor illness/ injury affecting more than one person which requires minimal intervention, if any. Lost time 2 to 5 days</p>	<p>Environmental damage is evident. Up to three years recovery period. Considerable impact on the overall condition of the habitat and ecosystem. Regulatory enforcement action (e.g. fine notice, order).</p> <p>Major illness/ injury affecting one person which requires hospitalisation and/or ongoing medical treatment. Lost time 5 - 15 days</p>	<p>Environmental damage is evident. Up to five years recovery period. Significant impact on the overall condition of the habitat and ecosystem. Significant regulatory enforcement action (e.g. fine notice, order).</p> <p>Major illness/ injury affecting more than one person which requires hospitalisation and/or ongoing medical treatment. Lost time 15 - 30 days</p>	<p>Medium term environmental damage (5 - 10 years). Severe impact on the overall condition of the habitat and ecosystem. Notification to authority required. Civil prosecution.</p> <p>One fatality</p>	<p>Detrimental long term environmental impact. Total destruction of the habitat and ecosystem. More than ten years recovery period. Criminal prosecution.</p> <p>Multiple fatalities</p>

## D1.12 CONFIDENCE LEVELS

The confidence in the asset data used as a basis for the forecasts has been assessed using the following grading system.

**Table 56 Confidence grades**

Confidence grade	General meaning
Highly reliable	Data based on sound records, procedure, investigations, and analysis that is properly documented and recognised as the best method of assessment.
Reliable	Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings; for example, the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation.
Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported or extrapolation from a limited sample.
Very uncertain	Data based on unconfirmed verbal reports and/or cursory inspection and analysis.

The overall confidence level of the plan is considered to be '**uncertain**'.

## D1.13 IMPROVEMENT PLAN

Currently, a lack of comprehensive asset data is inhibiting effective asset lifecycle planning for Council's open space assets. Capturing the data is key going forward as well as confirmation of roles and responsibilities for this asset class as it would seem as though there has been a lack of consultation in the developing the overarching strategies which govern the asset class.

**Table 57 Improvement plan**

Task no	Task	Responsibility	Resources required	Timeline
1	Develop and implement strategy to harmonise the classification structure of assets, asset attributes, and asset rating systems for condition, performance, utilisation and capacity data of open space infrastructure.	Asset Coordinator	Internal	3 months
2	Develop program to collect asset inventory and condition data for Council's open space portfolio.	Asset Coordinator	Internal	3 months
3	Collect Inventory and condition data for Council's open space network.	Asset Coordinator	Internal/external	2 years
4	Develop defect inspection program with City Presentations.	Asset Coordinator City Presentations	Internal	3 months
5	Develop planned maintenance program in conjunction with City Presentations for Council's fixed open space assets.	Asset Coordinator City Presentations	Internal	3 months

<b>Task no</b>	<b>Task</b>	<b>Responsibility</b>	<b>Resources required</b>	<b>Timeline</b>
<b>6</b>	Review asset replacement decision criteria to incorporate functionality and performance.	Asset Coordinator	Internal	6 months
<b>7</b>	Review Council's capital renewal program with respect to updated data.	Asset Coordinator	Internal	2 years
<b>8</b>	Undertake risk and criticality assessment of open space assets.	Asset Coordinator	Internal	6 months
<b>9</b>	Develop inspection and maintenance strategies around critical open space assets and highlight emergency response plans should there be a major service disruption within the assets.	Asset Coordinator	Internal	1 year
<b>10</b>	Undertake a review of fair value of Council's open space infrastructure.	Asset Coordinator	Internal/external	1 year

# OUR PEOPLE

## Workforce Management Strategy







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# Executive Summary

Framed by the beauty of the Blue Mountains and Nepean River, Penrith City Council serves more than 200,000 residents, visitors and workers every day. We are passionate about people both in our community and our workplace. Our employees provide vital services and infrastructure for our growing city and are employed in a range of over 60 professions including Finance, Engineering, Childcare, Marketing, Property, Leisure and Recreation and many more.

Penrith City Council has developed effective plans and programs to serve our communities now and into the future. This is all made possible by our valuable workforce that strives to deliver Council's strategic objectives.

We are continuing to forge a new path as we rewrite the way we work, having undergone significant changes and growth in response to the COVID-19 pandemic. We continue to invest in a wide range of contemporary programs and initiatives to support our diverse and growing workforce.

The People Strategy 2022-2026 is the workforce management strategy that is aligned with Council's Community Strategic Plan and Delivery Program. The People Strategy focuses on enhancing our workforce performance, culture and capability to effectively respond to the needs of Council and deliver our strategic goals.

The strategy has been developed following extensive workplace consultation and review of research and trends in workforce planning to ensure programs of work are prioritised to support Council to deliver its strategic objectives.

The Workforce Management Strategy builds on Council's implementation of previous Resourcing Strategy deliverables that have supported our workforce to perform at their best and will apply a contemporary lens to ensure our strategy is robust and adaptable to current and future changing needs and influences that may impact our delivery of services. Specifically, this plan will:

- Describe the workplace values and frameworks that underpin all we do
- Reflect on our learnings from the previous workforce management Strategy and how they inform our journey moving forward
- Assess the road ahead for Penrith, including insights and trends in the industry
- Outline our People Strategy to further enhance Council's capacity to deliver on its strategic objectives and ensure our people are ready for future needs of Council and our community.

# About Us

An important part of building our People Strategy is developing a true understanding of our people, starting with those that comprise our community. Here's a little insight into the people of our city.

## Our Community

Penrith is the lifestyle and economic heartland for the new Western Sydney Airport and Aerotropolis. We currently have over 200,000 residents and 1.3 million visitors annually. Our community is experiencing exceptional growth due to exciting initiatives such as the aerotropolis and the metro rail networks which will see our population grow to 260,000 residents by 2036. Our Local Government Area covers 404 square kilometers, and we are located 55km west of Sydney's CBD. We have over 26,000 businesses and 58% of Penrith's workforce are residents.

Penrith is fueled by a great lifestyle and close-knit community surrounded by the natural beauty of the Nepean River and Blue Mountains. Our community has access to public transportation, shops, schools and hospitals, as well multiple sports, arts and entertainment venues and facilities.

Visitors to Penrith may know us as the 'Adventure Capital' of NSW as we offer the Sydney International Regatta Centre, Penrith Whitewater Stadium, Penrith Panthers, the Joan Sutherland Performing Arts Centre and Penrith Regional Gallery among other attractions.

## Our Mission

We will:

- Deliver the services, facilities and infrastructure that our community needs
- Maintain our long-term financial sustainability
- Work with our community and partners to achieve more together than we can alone
- Provide an excellent customer service experience to everyone who contacts us
- Value and engage our staff

## Our People

At Penrith City Council, we're passionate about people; in our community and in our workplace. We consider our employees to be our most valuable asset because without capable and committed employees, we couldn't deliver the extensive range of services to our community that we do.

Our services span across Building and Development, Waste and Environment, Animal Services, Children Services, Health and Safety, Community Development, Library Services, Community Events, Halls and Centres, Sports and Outdoor Recreation. Council also operates St Clair Leisure Centre and Ripples Leisure Centres at St Marys and Penrith.

Council also supports two trading entities – The Joan and Penrith Whitewater Stadium. The workforce data in this document excludes the workforce of Council's entities.

## OUR EMPLOYEE HEADCOUNT

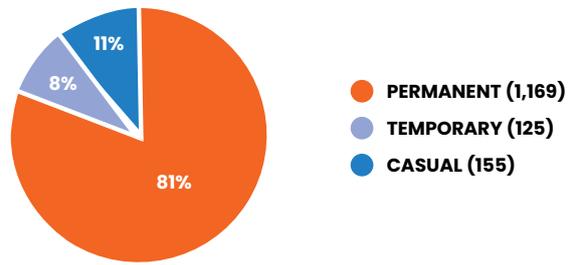
In 2019-20 Penrith Aquatic and Leisure (Ripples Penrith and Ripples St Marys) transitioned from being a Council - owned entity to being part of the overall organisation. This transition accounts for most of the growth in employee numbers for 2019-2020.

Based on historical data, excluding 2019-2020 where our headcount grew by 9% due to the Penrith Aquatic and Leisure transition, our employee headcount has grown an average of 1.6% per year. We expect to see this trend continue on this trajectory over the coming years to keep pace with the growing community we serve. It is important to be aware that this trend can be impacted by financial implications such as grant funding or productivity gains from other programs which could accelerate or decelerate this trend. Any growth will be carefully considered to maintain Council's financial sustainability.

## Our Employee Headcount 2017–2021



## Our Total Work force as at 30 June 2021:

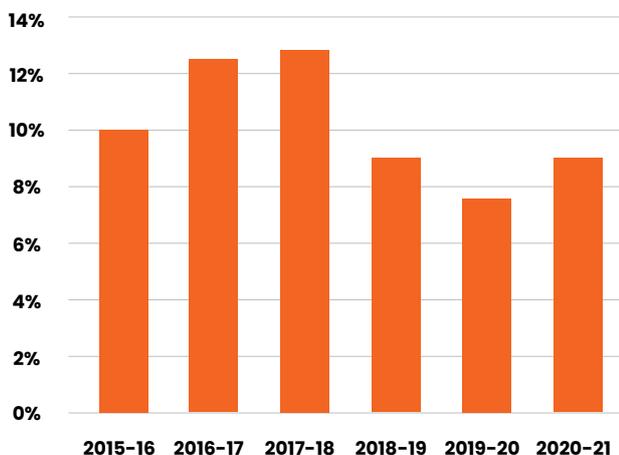


## OUR EMPLOYEE TURNOVER

Tracking employee turnover is critical in understanding our employee trends and our ability to retain skilled and experienced employees, as well as a good measure of employee satisfaction. The employee turnover rate as at 30 June 2021 was 8.98%. While this has slightly increased from last year's figure, it is still a continuation of the downward trend of the last 4 years.

Turnover will continue to be a key metric to monitor as it will inform retention and talent attraction strategies. Impacts to turnover due to COVID-19 is expected to continue over the coming years as employees across Australia re-prioritise work. This workforce trend, known as "The Great Resignation" is further explored in this Workforce Management Strategy within the Challenges and Opportunities section.

### Our Turnover

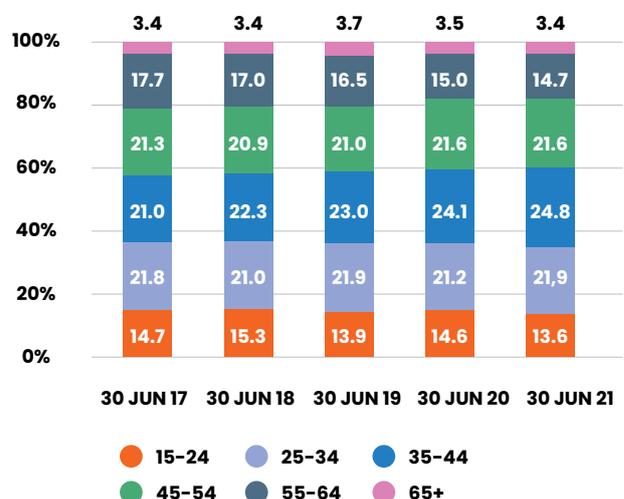


## OUR AGE PROFILE

An ongoing trend in the workplace is that of an ageing workforce. In addition, the retirement age is also changing. Council has continued to maintain consistent age percentage profiles across its workforce for several years now, as demonstrated in this graph. Council's successful Traineeship Program continues to attract the younger demographic, while options such as phased-in retirement encourage employees to prolong their careers with Council.

When analysing Penrith City Council's age profile compared with other NSW Councils of a similar size for the year 2020-2021, we have learnt that our aging workforce figures are significantly lower compared to other large urban councils. This informs us that at this stage we do not need to spend significant time investing in further aging workforce initiatives to manage retirement, however we will consider this data further when developing future workforce diversity strategies.

### Our % Age Profile for Permanent Staff

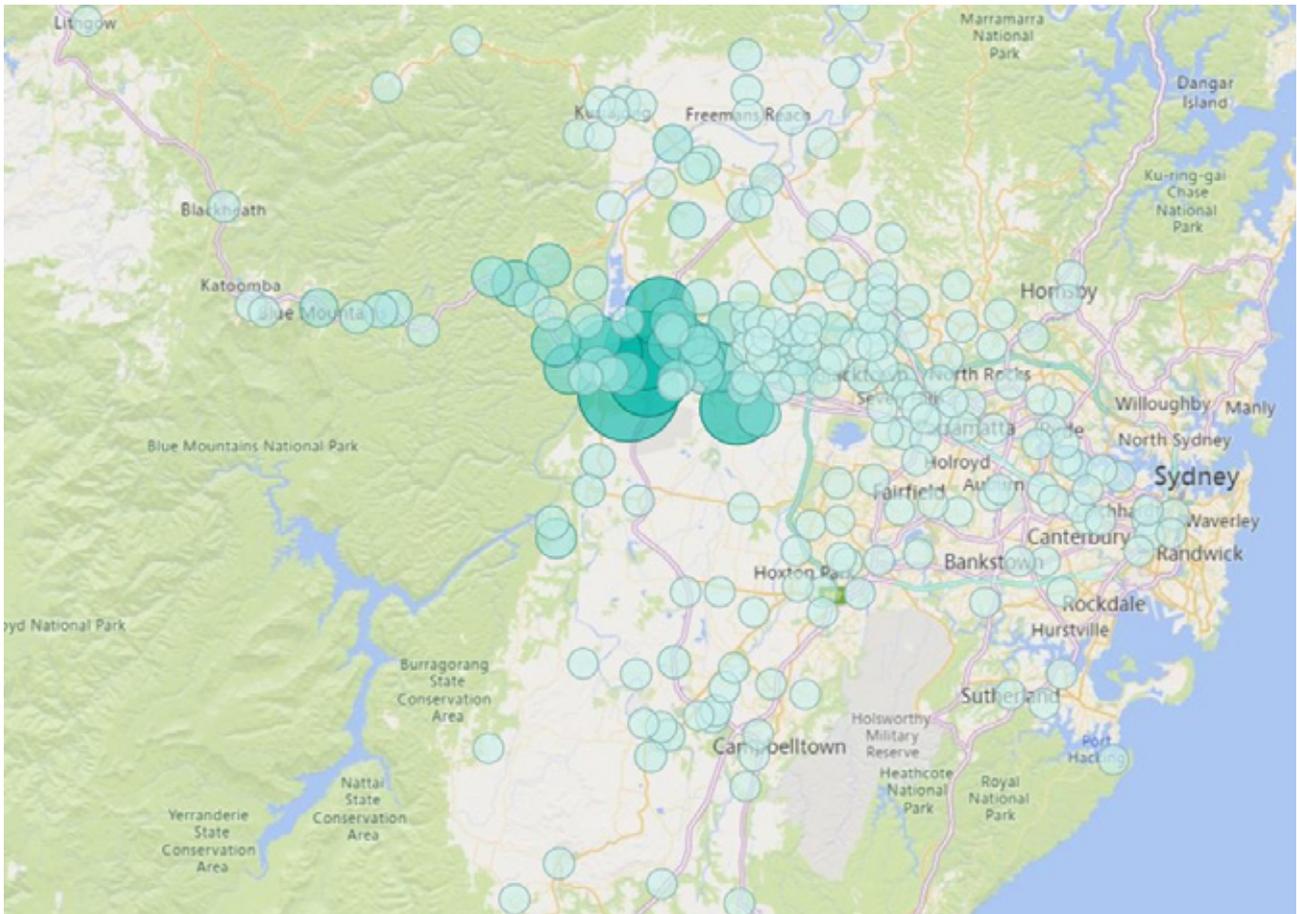
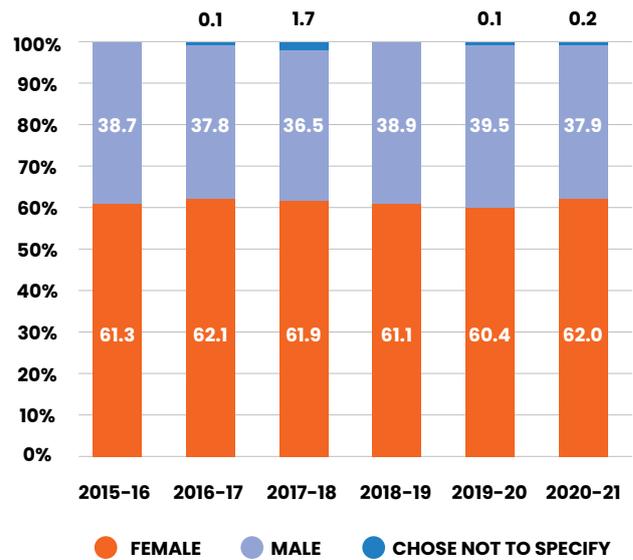


## OUR GENDER PROFILE

Council is committed to gender equity and is proud to have a Gender Equity Steering Committee and Project Team in place who continually champion gender equity in the workplace. These groups regularly undertake activities to support diversity and inclusion including development workshops and events with keynote speakers, as well as facilitating our Parental Leave Morning Teas which provide parents on parental leave with opportunities to connect with the organisation.

Council's gender profile is approximately 62% female and 38% male, with 0.2% who chose not to specify for the year 2020-2021. Further analysis of our gender profile demonstrates that we have the opportunity to further strengthen our gender balance in management positions across Council to truly enhance our gender equality. This data will be further considered when developing future workforce diversity strategies.

## Our Gender Profile as a Percentage



## OUR EMPLOYEES PLACES OF RESIDENCE

Our employees places of residence span across NSW with 54% of Councils' employees living within the Penrith Local Government Area. The image above demonstrates that Council has attracted people from a wide geographical area as well as within our Local

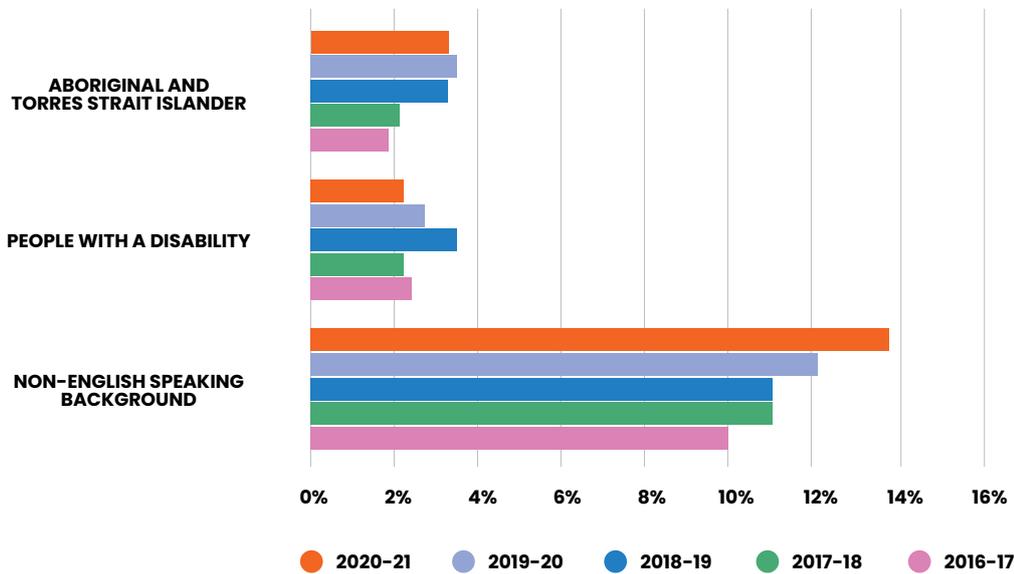
Government Area. Our Finding Balance philosophy will continue to be a competitive advantage for us and highlights the importance to continue to embed this into our culture to ensure we can continue to be a preferred employer for top talent across NSW and beyond..

## OUR DIVERSITY

Council is committed to attracting and retaining a diverse workforce by ensuring all employees are provided equal access to opportunities including development and progression. We actively work to provide a workforce free of discrimination through our values and training. Council continues to offer dedicated positions for people of Aboriginal and Torres Strait Islander background and people with a disability through our annual Traineeship Program. Collecting data around workplace diversity was previously optional for employees through the onboarding process. Therefore, the below statistics may be impacted by people previously choosing not to answer these questions.

When analysing how Penrith City Council compares to other large NSW Councils, our data demonstrates we are performing well in our diversity statistics. However further enhancement can be made to ensure Council has diversity and inclusion practices that support people to bring their whole self to work so that we can truly tap into the extensive experience and knowledge all our employees bring to Council. This will further enhance our ability to understand the needs of the growing community we serve by attracting and retaining people from a range of backgrounds and experiences.

### Our Diversity



# Foundations for Success

All the work undertaken by Council for our community is underpinned by a number of foundational pillars of success. We take pride in these foundations as we know they are core in our ability to deliver outcomes that remain true to who we are and what we're all about. These foundational pillars include:

## Our Core Values

Our values of Respect, Accountability, and Innovation guide the behaviours of our people and how we interact with colleagues, customers and stakeholders. They are at the heart of everything we do and are visible throughout our workplace and within our practices and processes. Our recent Employee Engagement Survey (EES) indicated an 80% positive perception on our mission and values.

Our values and behaviours are:

- We show respect
- We are accountable
- We encourage innovation

As an organisation, we strive to reflect these in our day-to-day work, making our workplace more enjoyable and productive.

We show **respect** by

- being responsive to others' experiences, perspectives, values and beliefs
- listening
- being open
- working to understand the perspectives of others,

We are **accountable** and

- behave in an honest, ethical and professional way
- identify and follow legislation, rules, policies, and codes of conduct
- speak out against misconduct, illegal and inappropriate behaviour
- work and lead by example.

We encourage **innovation** by

- being open to new ideas and change
- offering our opinions and making suggestions
- adapting to new situations
- not giving up easily

Council's safety values demonstrate our ongoing commitment to the safety and wellbeing of our people and to our safety policies and procedures. These values have created a stronger focus on safety, with an 87% positive perception of safety in our Employee Engagement Survey. Our MySafety Values are:

I care about safety and wellbeing for myself, my co-workers, and my community.

- I am not impaired by drugs, alcohol or fatigue at work.
- I speak up about unsafe acts.
- I have a zero tolerance to bullying and harassment.

I follow Council's WHS policies, procedures, and instructions.

- I report all incidents and near misses immediately.
- I identify hazards, assess the risks and implement controls.
- I use the correct safety equipment and protective clothing.

I am trained to do my job safely.

- I maintain relevant tickets, licenses and qualifications.
- I participate in Council safety, health and wellbeing training.
- I ask for assistance when unsure or in doubt.

## Our Customer Promise

A key pillar of Penrith City Council's service delivery is to ensure a high-quality customer experience across all forms of communication channels. As part of Council's customer centric approach, Council embarked on a journey of developing a contemporary Customer Charter setting the key principles that underpin all customer experiences within the business.

Building momentum, creating awareness and engaging staff and our external customer were essential ingredients to the project's success. This resulted in the development of our Customer Promise.

### OUR PROMISE TO YOU...

We put customers at the heart of everything we do. When we work with you and each other we will...



#### Be proactive

We will be friendly, professional and show initiative.



#### Keep it simple

We will offer clear, consistent and accurate information and services, which are easy for everyone to access.



#### Build respectful relationships

We value relationships and diversity. We will respect your individual situation.



#### Listen and respond

We will listen to you and seek to understand your needs.

## Finding Balance

The year 2020 will be remembered by our organisation as a time when we, alongside the world, faced unprecedented challenges due to the commencement of the COVID-19 pandemic. Despite these hurdles, we have shown our tenacity and innovation by adapting our programs and services for the benefit of our people and community. Collectively, we have embraced opportunities arising from the last two years to review our traditional ways of working and take positive steps forward to introducing Finding Balance.

Finding Balance is about implementing a flexibility framework across the organisation. It embraces a hybrid work approach that allows our people to work flexibly whilst being productive and achieving Council's goals and strategic objectives. Our Finding Balance philosophy is underpinned by our Flexible Work Policy and Procedure.

Finding Balance will continue to evolve over the coming years as we work towards achieving true work life harmonization for our employees. This will allow us to tap into wider talent pools and to continue to enhance our culture for our employees.



# Our Ongoing Journey

This Workforce Management Strategy celebrates the achievements of Council during the –2017–2021 period.

## Celebrating Success

This Workforce Management Strategy celebrates the achievements of Council during the –2017–2021 period.

In 2020, Penrith City Council was announced as the winner of the Local Government Professionals 'Excellence in People and Culture Award' and was an 'Excellence Awardee' in the HRD 2020 Australian HR Awards. Furthermore, in the 2021 Local Government Professionals Awards, 'Finding Balance' and 'Dive In – Ripples Aquatic and Recreation Leadership Program' were recognised as finalists.

The strategies developed in the previous Workforce Management Strategy had multiple actions identified which were implemented in our efforts to invest in our people and future proof for tomorrow's success. Some of our key achievements are outlined below:

## WORK EXPERIENCE PROGRAM

We understand the importance of valuable work experience opportunities being available to our community. Over the last four years, Council's Work Experience program has provided work experience placements for more than 300 students.

The Work Experience program has been reviewed and enhancements implemented for the experience for students, as well as internal and external stakeholders.

## TRAINEESHIP PROGRAM

Our annual Traineeship Program has been running since 2000. This program provides opportunities for people to work full time while studying in a relevant field and is utilised by people wanting to start their careers, re-enter the workforce or change their career. Traineeships are offered across multiple disciplines including Business Administration, Information and Communication Technology, and Early Childhood Education and Care.

## POLICY REVIEW

Through an extensive consultation process, we have delivered exciting and contemporary enhancements to our People and Culture policies.

Some of the key enhancements include:

- Additional parental leave
- Grandparents leave
- Health and wellbeing leave
- Community volunteer leave
- Increased financial assistance for study
- Increased flexibility to support a healthy work/life balance

In addition, a comprehensive review of the salary administration structure was completed, resulting in further simplification and greater alignment to market rates. This work was important as it addressed one of the main outcomes from our 2017 Employee Engagement Survey (EES). The success has been demonstrated through increased employee engagement as measured in our 2020 EES.

## OUR WORK HEALTH AND SAFETY

Providing a safe workplace is our most important duty as an employer and we have further strengthened our safety culture by introducing our MySafety Values which are detailed earlier in this document. Council regularly undertakes safety audits and inspections across our multiple work sites and conducts mandatory safety training sessions for staff in all our varied fields of work. Further initiatives to protect the safety and wellbeing of our staff include the development of our Mental Health and Wellbeing Vision Statement and the introduction of Mental Health First Aiders. Council's Employee Assistance Program was also reviewed to ensure our staff and their immediate families could access free and confidential counselling to support their mental health.

## WHITE RIBBON ACCREDITATION AND TOWARDS ZERO PROGRAM

Penrith City Council is committed to our 'Council Safe-Home Safe-Towards Zero' goals which included successfully achieving White Ribbon Accreditation in November 2020.

The accreditation program saw us deliver numerous key achievements including:

- Formation of our White Ribbon Steering Committee
- Launch of the Towards Zero Violence, Bullying and Harassment program
- Development and release of our Domestic and Family Violence Support Statement
- Introduction of up to ten days paid domestic and family violence leave provisions
- Creation of resources to assist in our response to victims and perpetrators of violence
- Review of our Domestic and Family Violence Workplace Risk Assessment and Workplace Safety Plan
- Delivery of education and training programs to build knowledge of employees and People Leaders
- Provision of ongoing support for the Nepean Domestic Violence Network



## RESPONSE TO COVID-19

In response to the COVID-19 pandemic, we rapidly changed many ways in which we work to keep our people and community safe, and to continue providing essential services to our customers. This included all indoor employees transitioning to a remote work arrangement during the height of the pandemic, and operational employees undertaking changed models of work including staggered starting times, starting on site, remote work and redeployment where needed during the peak of the pandemic.

## SUCCESSION PLANNING

In order to future proof the success of our people and our organisation we have invested in succession planning processes and discussions in order to facilitate the identification, development and retention of our top talent.

## LEADERSHIP DEVELOPMENT

We have trialed a leadership development program focused on the growth of leaders across the areas of self-leadership, leading teams and enhancing results, across a 70/20/10 learning model. This program trial has been successful and will continue to be rolled out to further groups of leaders over the coming years. Council also invests in its leadership development and future pipeline of leaders by sending participants to external leadership programs and events including the Springboard Women's Development Program and the Australian Local Government Women's Association (ALGWA) Conference.

## LEARNING AND DEVELOPMENT

We are committed to the ongoing learning and development of our staff and are proud of the initiatives that have been introduced to support them to reach their full potential. We have enhanced our policies to encourage and support staff undertaking Professional Development to include leave entitlements, financial support for tertiary qualifications as well as financial support for legislative CPD requirements and Early Childhood Teaching qualifications. Council has also further developed our E-Learning system to support staff with ongoing development such as self-directed learning and mandatory compliance training.

The success of these initiatives has seen increased numbers of staff completing studies ranging from Certificate and Diploma level to Bachelor's Degrees, Master's and Doctorate Degree programs. Our employees' study across several vocations including Early Childhood Teaching, Business Administration, Work Health & Safety, Information Technology, Marketing, Urban Management & Planning, Town Planning, Information Studies, Civil Engineering, Recordkeeping and Applied Policy.



## Leveraging Learnings

Penrith City Council has continually worked towards delivering exceptional service offerings for our customers as well as delivering initiatives to continue to engage and retain our staff. Throughout the last four years, we have been learning from our staff and community about how we can continue to improve as a Council.

Key learnings from our initiatives delivered over the last four years indicate that we need to continually adapt and evolve. Initiatives such as our policy review need to ensure they continue to stay relevant in this evolving environment. Our recruitment processes that have been implemented, including the introduction of a recruitment system have made significant improvement to the employee experience, however as the employment landscape will continue to shift with talent not as restricted to local employers, we will need to remain agile and innovative with how we attract and retain staff.

Throughout the last four years we have conducted two engagement surveys, one in 2017 and another in 2020. These have enabled us to better understand our strengths and opportunities in being able to continue enhancing our levels of employee engagement.

For our 2020 Survey, we received a completion rate of 85% and our overall engagement score across Council is 73% which is:

- 11 percentage points higher than Council's 2017 engagement score of 62%
- 4 percentage points higher than the Australia New Zealand Top Quartile Organisations norm of 69%
- 18 percentage points higher than the Australia New Zealand Local Government norm of 55%

Furthermore, each of our departments received over 70% completion which means that we can be confident we have heard a cross-section of voices from across the organisation. In particular we received high scores on our organisational approach to diversity and inclusion, safety, our values and customer satisfaction.

Opportunities for improvement were identified and a 'Your Feedback in Action' program has been conducted to gain a better understanding of the feedback shared by employees and to create meaningful actions and outcomes to improve the experience of our people.

The areas identified for improvement include effective cooperation between different groups and departments in Penrith City Council, sufficient staffing levels to get our work done and recognition of high achieving employees.

In addition to the engagement surveys, Council also undertook an organisation wide Resilience Survey in May 2020 in response to the COVID-19 situation. This survey was designed to better understand the needs of all employees during the significant period of change and adapted operating conditions. 73% of employees responded to the survey and the results were extremely positive:

- 96% of employees who responded agreed that Council is looking after their wellbeing
- 98% felt Council had responded appropriately to the COVID-19 situation
- 96% said they felt supported by their People Leader
- 86% were positive about the effectiveness of our technology and systems while working remotely

These results collectively inform our deep understanding of our employees and what is important to them. What will be critical over the coming years, is our ability to stay close to our people; not only through surveys but through meaningful dialogue that helps us to better understand their experience. Whilst employee engagement is incredibly strong at Penrith City Council, we know that sustaining and enhancing this in the long term will be crucial for our continued success as an organisation.

# The Road Ahead

Penrith is the gateway to the Western Sydney Airport and will be the first city to be connected to it by road, rail and bus when the Airport opens. Penrith is part of the fastest growing region in Australia with extensive government and private investment happening in the region with an expected regional economic catchment of 1.5m+ which includes people that travel from neighbouring regions to work, learn and access services in our region.

According to the NSW Department of Planning Environment, Penrith is expected to grow in population by an average of 2.7% pa in the next 10 years and 3.0% pa in the next 20 years. The number of dwellings are expected to grow by an average of 3.7% pa for the 25 years between 2016 and 2041. Our workforce will need to be prepared for this expected growth and consider how this will impact the services we offer to the community.

Our Community Strategic Plan is council's highest level strategic document and sets the direction for our organisation and our City, and outlines what we need to do to make Penrith a better place to live, work in and visit. The Community Strategic Plan directs all of Council's activities towards achieving the five Community Outcomes:

## Outcome 1

We protect and enhance an ecologically sustainable environment

## Outcome 2

We are welcoming, healthy, happy, creative and connected

## Outcome 3

We plan and shape our growing city

## Outcome 4

We manage and improve our built environment

## Outcome 5

We have open and collaborative leadership

This Workforce Management Strategy supports our staff to undertake the wide range of roles essential to providing our services, and therefore will contribute to the achievement of all five outcomes. The implementation of our People Strategy will contribute to Outcome 5 of the community strategic plan through the Delivery Program's Principle Activity 5.4.4 Enhance the engagement and performance of our employees so that our organisation can thrive and deliver high quality outcomes for the community . The future vision for this outcome will see Council and community have a strong relationship built on trust and respect; that our city is governed responsibly and sustainably balancing current and future needs and every voice is being heard and every decision is being driven by our empowered community.

The future of Penrith City Council will see us wanting to ensure we maintain as well as expand our existing services, facilities and amenities for the expected growth in population. As a result, we expect we will be presented with new challenges that we may not have experienced before and so we need to be ready to be able to adapt to changing priorities from our Community, Councillors and other key stakeholders including external government agencies.



## Challenges and Opportunities

### INDUSTRY INSIGHTS

We look both internally and externally to inform our future direction and priority areas of focus. As we look externally, we seek expert advice on industry trends that are emerging and shaping the workforce of the future. Some of our key findings that resonated strongly with us include:

The 'Gartner Chief Human Resource Officer (CHRO) Survey 2021' identifies the top three future work trends that will have the greatest impact on organisations as being:

- A shortage of critical talent
- A rise in employee demand for a hybrid work model
- New service models or go-to-market strategies

Also identified in the top five work trends were increasing digitalisation and greater employer responsibility for more aspects of employee wellbeing.

The 'Building a 21st Century Workforce Whitepaper' produced by SHL Company identifies the top three critical skill areas for the future as:

1. Learning, creativity and innovation
2. Adaptability and resilience
3. Collaboration and communication

Seymour Adler, Kincentric's Leadership Assessment and Development Global Practice Leader, identifies in an interview titled 'Evolve the way you lead', that leaders of the future need to:

- Inspire and engage
- Empower teams
- Create emotional connections
- Demonstrate agility

In relation to employee turnover, research from Gartner indicates that organisations have seen an increase to turnover due to the COVID-19 pandemic. The report identifies that:

- 65% of employees say the pandemic has made them rethink the place that work should have in their lives.
- This changing mindset is contributing to attrition trends now known as the Great Resignation, and it means compensation isn't the only motive for employees.
- Remote and hybrid working setups have expanded the options for employees beyond basic economic incentives to move jobs. Brian Kropp, Gartner Distinguished VP, predicts that companies will need to plan for a year-over-year turnover rate that is 50% to 75% higher than they are accustomed to.
- Time to fill a role has increased by 18% since before the pandemic.
- About half of people who get a job offer are considering at least two other offers at the same time.

Council will need to continue to evolve its talent attraction strategies as well as strengthen the employee experience to help combat this workforce trend. As outlined earlier in the Workforce Management Strategy, our turnover trends will provide insights into why our employees leave our organisation which will be one of many data points that inform strategies to retain talent.

## SKILL SHORTAGES

The Australian Local Government Association's 'Local Government Workforce and Futures Skills' report published in 2018 reported almost 70% of local governments were experiencing a skills shortage and skills gap with Engineers, Planners, Building Surveyors, Environmental Health Officers and Project Managers as the top five professional skill shortage occupations.

This insight is further strengthened by the '2021 Skills Priority List' compiled by the National Skills Commission which advises a shortage of Surveyors, Engineers, Arborists, Childcare Workers, ICT Project Managers and Horticultural Mobile Plant Operators, with future demand for these occupations listed as strong.

This insight puts further emphasis on the need for us to think more deeply about the importance of how we will continue to attract and develop talent and how we will strengthen our internal talent pipeline for the future.

Australia's talent market has been impacted by limited migration due to the COVID-19 pandemic. While Australian borders are now re-opening, the recovery from this disruption may still take another two years, according to the Australian Financial Review. Government programs such as the Skilled Migration Program and the Global Talent Visa Program are likely to positively impact the labor market by attracting skilled professionals to live and work in Australia. It is important for Council to be aware of these impacts when designing Talent Attraction strategies into the future.

## CONTINUAL IMPROVEMENT AND PRODUCTIVITY GAINS

Maintaining a financially sustainable workforce is an important element to consider when workforce planning. Council has a number of initiatives that look to continually improve our productivity and processes along with utilising technology to achieve productivity gains in the way we do business. Customer experience will be a key measure to ensure that our community can continue to access the services and support they require while delivering this in an efficient and cost-effective manner. These initiatives are further outlined in the ICT Strategy of this Resourcing Strategy which will be considered into the future to understand any impacts from a workforce planning perspective.



We know that the one constant we face moving forward is change. Change from the growth that will be experienced in Western Sydney and in the City of Penrith, changing needs and expectations from our growing community, alongside the ever-changing world around us. This brings new and heightened demands of our workforce. Some of the challenges that we feel ready take on as opportunities to better enable us to future proof our organisation's ability to continue delivering quality outcomes to our community now and into the future are:

## AGILITY & INNOVATION

As outlined in the 'Building a 21st Century Workforce Whitepaper' produced by SHL, an agile workforce will be critical in coping with the high volume of change and growth headed our way. For Council this means embedding strong and contemporary channels of continual learning and development that are timely in their ability to upskill our people as new skills, knowledge, tools and technology emerge at an increasingly fast pace. We also acknowledge that developing an agile workforce will be better enabled through the development of our people's ability to embrace, navigate and lead change; being foundational capabilities for driving true innovation. As our people are better placed to adapt to and navigate change, they then need to be supported and empowered to think more creatively, drive continuous improvement and bring an innovate mindset to their roles.

## RESILIENCE

If the pandemic has taught us anything, it has been the value of investing and developing in the skill of resilience. Whilst navigating and embracing change is critical for us moving forward, with time and accumulation of change, we know that the key to sustainable success will be helping our people to better cope with the impacts of change, to invest in their support systems, networks, their mental health and wellbeing and their ability to practice self-care. SHL highlights resilience as a key skill for the future and we see this as an opportunity to continue to place our people and their wellbeing at the forefront of our strategies and decisions to ensure we are best placed to leverage, grow and harness their full potential, both now and well into the future.

## LEADERS OF THE FUTURE

In times of high-volume growth, we know our greatest asset are our people and furthermore those that have the privilege to lead at Penrith City Council are in a true position to influence our future direction and success. Research from Kincentric states that for employee experience to be strong, our leaders will need to inspire and engage, empower teams, create emotional connections and demonstrate agility. Our post-pandemic world will see employees and top talent demanding the very best from their leaders and their organisation. We know that our people strongly valued the genuine care and connection demonstrated by our leaders during the pandemic, but we also know this will only grow and become a stronger requirement for our people and more broadly in the market. As the world adapts to the changing work landscape we now face, and as talent is becoming more readily accessible around the world that requires us to be at the forefront of how our leaders deliver individualised, contemporary and authentic employee experiences that create a culture that attracts and retains the best talent and that our people are proud to be a part of.

## DIGITAL & CONNECTED

With technology continuing to grow, we appreciate that a digitally savvy workforce will be critical in ensuring we can keep pace with the growing and changing world around us. As we saw in the Gartner CHRO Survey 2021, the demand for a hybrid work model is a top work trend and therefore Council needs to be ready to help our people adopt a digital mindset and embrace new ways of doing things. It also means our people will need to innovate and push the barriers of how we deliver contemporary and digital services to our community. The challenge will be to ensure we continue to effectively balance the digital world with our need to experience genuine connection. While Council has embraced a contemporary and flexible hybrid workforce, what will ensure its continual success will be the ability to integrate and enable meaningful connection and dialogue into the way we operate, collaborate and connect as an organisation and with our community.

# People Strategy



## People Strategy – Growing our Thriving Future

The People Strategy for 2022-2026 will focus on ensuring our organisation is well positioned to deliver our Community Strategic Plan and to be able to respond to our growing community needs. Through our research and consultation with our Leadership Team, Managers and employees, we know that our Council is facing unprecedented growth due to development and new infrastructure in our LGA. Our organisation needs to be able to respond to this growth to continue providing services to our community to a high standard. It is with this growth mindset that we have developed and shaped our People Strategy – *Growing our Thriving Future*.

The diagram on the following page illustrates how we see our People Strategy coming to life – it's a relationship-based strategy in which people (both in our workplace and in our community) are at the core of everything we do.

Our purpose (our *Why statement*) is *To enhance the engagement and performance of our employees so that our organisation can thrive and deliver high quality outcomes for the community*. This grounds us and gives meaning to what we do. Our foundations for success (detailed earlier in the Workforce Management Strategy) are the roots of our strategy, they play a critical role in guiding our thinking and our decision making as we ensure that our strategic priorities reflect Council's values, Customer Promise and Finding Balance philosophy.

Our purpose, coupled with our foundations for success, give life to what we refer to as our strategic branches titled *Enriching our Culture*, *Enabling our Success* and *Optimising our Performance*. These strategic branches of work will ensure our people can continue to thrive and respond to the growth of our community into the future.

We see Authentic Leadership providing crucial and valuable nourishment to our strategy. The strategic branches cannot be successful without our leaders who promote, support, and enable the initiatives and programs designed for our people.

# GROWING OUR THRIVING FUTURE



**WHO**  
we are...

We are an energetic, agile and collaborative team of experts who are passionate about people.

**WHAT**  
we do...

We provide expert advice and contemporary solutions that enable quality decision making, high engagement and performance, in a safe work environment. Our services span across Human Resources, Payroll and Systems, Work Health and Safety and Organisational Development.

**WHY**  
we do it...

To enhance the engagement and performance of our employees so that our organisation can thrive and deliver high quality outcomes for the community.



## ENRICHING OUR CULTURE

### Strengthening our organisational culture to enable people to thrive.

Penrith City Council's culture enables our people to thrive in an environment that supports them to reach their full potential. We intend to continue to build on our culture and nurture our employee experience and engagement. A culture that enables employees to thrive and be resilient in an everchanging landscape will support our people to deliver the best outcomes for Council and the community.

Council recognises that our employees come from diverse backgrounds and bring different ideas and experiences to our organisation which adds great value to the delivery of our Community Strategic Plan. As our community continues to grow, so will its diverse groups and to ensure we understand the unique needs of our community and the challenges they may face, our People Strategy will respond to this by reviewing our diversity and inclusion practices.

#### Strategic Drivers:

- Build on our Council Safe, Home Safe, Towards Zero foundations to grow the safety of our people both physically and mentally; supporting our people to become more resilient and therefore expanding their capacity to truly thrive in their experiences with us.
- Strengthen our employee experience and engagement to create a culture that our people are proud of, advocate for and positively contribute to. A culture that is underpinned by strong core values and a mindset that supports and celebrates our people's ability to bring their best whole self to work as a result of achieving true work life harmonisation in a way that is unique and meaningful to each individual and their role.
- Grow the diversity and inclusivity of our culture in order to truly tap into greater levels of engagement, innovation and organisational growth.

#### PROGRAMS OF WORK

#### INDICATORS OF SUCCESS

##### Safety and Wellbeing

The safety of our people continues to be a high priority for Council as we see safety as a vital element of our culture which has been heightened during and following the pandemic.

This program of work will see our employees of the future feeling they are safe and healthy, both physically and mentally, through enhancements to our Health and Wellbeing programs and injury and incident management. We want our people to know that we care about their safety as well as the safety of our community by proactively focusing and playing a leading role across the areas of child safety, domestic and family violence, and bullying and harassment.

**Strong employee engagement**  
**Increased hazard and incident reporting**

##### Employee Experience

In response to the challenges identified in the Workforce Management Strategy, Council understands the importance of strengthening our employee experience by exploring opportunities to evolve some of our existing core programs of work that impact the flexibility and culture of our business.

We will need to couple the strengthening of existing programs with the development of new ones such as delving into avenues that will enable us to grow a more diverse and inclusive workforce.

The work we intend to undertake to strengthen our employee experience will need to be continually informed and sense checked against the employee engagement insights gained through staying closely connected with the feedback and sentiment of our people.

**Strong employee engagement**

## ENABLING OUR SUCCESS

Setting us up for success to respond to our future growth by attracting, growing and retaining top talent together with agile systems and processes that allow quality decision making.

As our LGA expands, this will bring with it extensive employment offerings from new and growing employers that will compete with Council for top talent. Furthermore, with an increasing number of organisations offering greater flexibility to their employees, we may find our talent pools impacted as the talent market becomes more competitive. Council will respond to these challenges by ensuring our Talent Attraction practices are contemporary and agile to allow us to attract the best talent to our organisation.

We know that growth and change is in our future and our people need to have the tools, systems and processes that will allow them to flex and adjust when required to be able to continue to serve the changing needs of our community. Our People Strategy will address these needs by ensuring our systems and processes are enhanced so our people can make informed decisions, quickly and backed by strong and accurate data and analytics.

### Strategic Drivers:

- To find ways in which we can continually evolve and enhance our offering and recruitment experience, enabling us to grow our competitive advantage in the talent market, resulting in us attracting and securing the best talent for our organisation. We believe this is key to growing a workforce that is better able to innovate, adapt and thrive through change and perform to greater and new levels of success.
- Identify, grow and retain our top talent in order to build our pipeline of future leaders, minimise the risk of losing valuable talent and knowledge and enhance the culture and performance of our organisation.
- To enhance the quality of our decision making by ensuring we can make timely and informed decisions that are supported by accurate data, trends and analytics.
- To future proof our ability to remain agile and resilient in the face of change by limiting our reliance on manual and paper-based processes and instead growing our digital and automated solutions, resulting in greater simplicity, speed and accuracy both now and into the future.

## PROGRAMS OF WORK

## INDICATORS OF SUCCESS

### Talent Attraction and Retention

The future of Council is reliant on us being able to attract and retain the best talent in the market. We want future employees to feel connected to Council before they even commence with us which comes from a clear and compelling employee value proposition that ignites passion for our new and existing employees to deliver the best outcomes for Council. Talent attraction and retention strategies need to consider how we attract and secure the best talent and how we then enable the growth of our people, so that they are excited to grow their careers within Council.

**Strong employee engagement**  
**Increased new starter satisfaction**  
**Increase engagement via careers website/social media**

### Data and Systems

When considering the future of our organisation and the environment we operate in, strong data analytics, reporting and systems will ensure our people can make informed decisions and be able to respond better to change. Our systems across the People and Culture function enable employees at all levels to access information they require to complete their jobs effectively and as a result having streamlined systems and reporting will enhance the organisation's overall effectiveness and agility.

**Increased data accuracy**  
**Strong employee engagement**

## OPTIMISING OUR PERFORMANCE

### Growing our organisational performance and capability by investing in our leaders and strengthening organisational capability and performance frameworks.

Growing and enhancing the capability and performance of our employees will benefit Council and our community by delivering the Community Strategic Plan to a high standard. Providing contemporary frameworks for our people to develop their capability will enable higher levels of individual and collective organisational performance.

Our research and industry trends told us that leaders of the future need to be inspirational, empathetic and well connected to their teams to support and drive outcomes. Our leadership of the future will embody these traits and will have the right tools to be successful. Growing our leaders to develop these capabilities is reflected in the People Strategy as our leaders are critical to the success of our people and the delivery of the community strategic plan.

#### Strategic Drivers:

- Grow and strengthen our organisational capability in order to drive increased individual and collective performance and capacity to successfully deliver on strategic organisational priorities.
- Grow the capability of our leaders so that they can lead with authenticity and empathy, creating psychologically safe cultures within their teams and tapping into the full potential and performance of their people.

### PROGRAMS OF WORK

### INDICATORS OF SUCCESS

#### Organisational Capability and Performance

In response to the needs of our growing community, our employees need to be operating at their best to enable quality community outcomes for the future. Organisational capability plays a critical role in driving this performance and is underpinned by our people understanding what is expected of them and furthermore being supported by frameworks, training and tools that bring continual and organic feedback and performance discussions to the forefront, unlocking their potential and enabling them to truly thrive.

**Strong employee engagement**  
**Increased hazard and incident reporting**

#### Leadership

Our research and industry insights have told us the importance of authentic leadership. Our leaders of the future will be further nurtured and developed through programs that will encourage them to work on themselves first so that they can bring with them to work their empathy, resilience and tenacity to lead and drive change. Empowerment will be a driving force for all leadership development which will mean our programs will focus on decision making, building leadership identity, growing capability and therefore confidence to be able to coach and mentor employees to drive their performance and deliver quality outcomes for Council and the community.

**Strong employee engagement**

# OUR TECHNOLOGY

## Digital Strategy







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# Context

The Information Communications and Technology (ICT) Strategic Plan delivered over the past 5+ years was a bold vision for ICT across the organisation and has provided a strong digital foundation for Penrith City Council. The 2022–2026 Digital Strategy – Technology for Tomorrow’s Penrith will look to support the growth and development of our LGA and extend this further for our employees and into the community.

The pace of technology change and adoption of use by both our employees and our customer’s means that expectations of Council’s provision of technology is growing.

*Our strategic direction aligns with:*  
**Penrith 2036+ Community Strategic Plan**

## **Outcome 5**

We have open and collaborative leadership

- Communicate effectively with the community about the programs and services provided by Council.
- Encourage community participation in collective decisions and initiatives.
- Deliver on efficient, transparent and accountable service to the community.
- Plan for and manage City resources for current and future generations.

*The Digital Strategy has been shaped by:*  
**Our Customer Promise, the Penrith Smart Sustainable City Strategy 2019** (see Appendix B) and our relationships and participation in the Western Sydney City Deal Digital Commitments ensure we address real issues and deliver real benefits to Penrith City Council.

We will continue investment in technology to drive better services and digital experiences for our customers, employees and industry partners.



# Digital Strategic Pillars

The key strategic pillars support our decisions in selection and architecture of technology to better enable our business for both our employees and customers.



## My Workplace Anywhere

Technical capability to support our progressive initiative that offers our employees flexibility in the way they work - Finding Balance and My Workplace Anywhere

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## Customer Self Service 24 X 7, omnichannel

Increased customer satisfaction through simple, smart and digital services. Reduced costs by removing costly manual processes and delivering services by creating more efficient processes and promoting easier self-serve options, offered across all our customers contact channels.

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## Digital by Design

Fast, automated, and simple access to the tools required for employees to do their job effectively and customers to interact with council.

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## Cloud First

Always

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## Integrated systems, with end-to-end business processes

Well defined business processes with integrated systems to allow better access to information, leading to a more responsive service and better relationships with customers and suppliers

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## Increasing automation through RPA and Bots

Automation of repetitive and rule-based processes - eliminate, simplify, standardise and automate, enabling our employees to focus on more value add.

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## Responsive and form-factor appropriate design

Applications should not require a traditional desktop workstation to be accessed, Smart Simple and Seamless.

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## Software currency

Through the implementation of "Software as a Service" - applications are always up to date, and continually offer our business improved functionality for operational efficiency and customer satisfaction.

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## Safe and Secure

Effective cyber security with robust risk controls.

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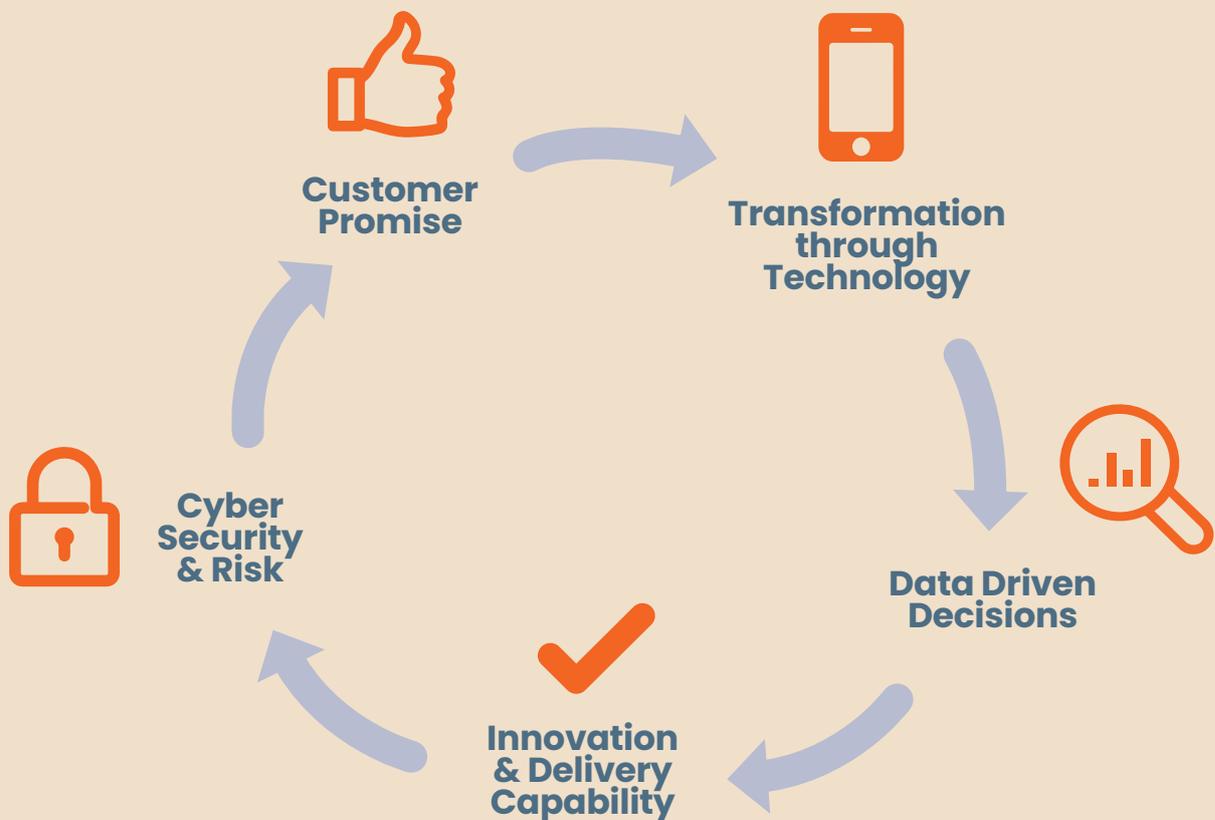
# Digital Strategic Plan 2022 – 2026

The customer will continue to be at the centre of Penrith City Council's technology delivery through 2022-26 with the continued implementation of our Customer Connect Customer Relationship Management Platform, and more Online Digital Services.

The collection of data from Customer Connect, plus Council's many other data sources, including smart technologies with a focus on predictive analytics, will enable the organisation to develop strategies and activities that benefit the business in many areas. Data where practicable will be made open.

Through Council's values and behaviours - we show respect, we are accountable, and we encourage innovation - we strive to reflect these in our day-to-day work, making our workplace more enjoyable and productive. Within the organisation we always consider improvements in the way we can work together to deliver great outcomes for our workplace and community.

The outbreak of COVID-19 across the globe impacted us all, although Penrith Council was able to respond from a technology perspective that enabled an operating efficiency of over 75% for almost all our services immediately.



# Strategic Recommendations 2022 – 2026

## CUSTOMER PROMISE – RESOLVE CUSTOMER REQUESTS, ON TIME, EVERY TIME

Over the past few years, there has been significant changes in the way customer contacts are handled:

- A centralised Customer Experience Team.
- The implementation of Customer Connect (Customer Relationship Management) including an Online Customer Portal.
- Bulky Waste Pick-Up requests available from the Online Customer Portal and automatically routed to our Waste provider – integrated system with end-to-end business processes.
- Cloud Based Contact Centre and Telephony implementation – improved features and functionality including skill-based routing so the best person can respond to a call, call recording, sentiment, rostering, integration with other customer channels and the ability for agents to work seamlessly at any location.
- All Customer contacts and requests covering 24 departments captured in Customer Connect.
  - Since the inception of Customer Connect in 2019, over 49,000 Customers have registered online and over 271,000 cases created.

By continuing to focus on our Customer Promise – “We put customers at the heart of everything we do. When we work with you and each other we will:

**Be Proactive** – We will be friendly, professional and show initiative.

**Keep It Simple** – We will offer clear, consistent and accurate information and services, which are easy for everyone to access.

**Build Respectful Relationships** – We value relationships and diversity. We will respect your individual situation.

**Listen and Respond** – We will listen to you and seek to understand your needs. We will be honest, accountable and follow through, so you know what to expect and when.

The Promise will guide us as toward excellence in all our interactions and continuously improve our relationships. By proactively removing barriers, we’re paving the way for a first-class Council experience for our staff and our customers.

Bringing our Customer Promise to life through a number of technology enablers will continue or commence through to 2026.

### The technology enablers include:

- Continue delivery of Customer Connect capability through Council as part of the Customer Experience Transformation Program.
- Focus on Customer Self Service 24 X 7 – omnichannel.
- Business to Business (B2B) – ePlanning Portal (Smart Planning), Bulky Waste Pickup (Suez).
- Corporate website redesign.
- Customer Digital Identity, one source of truth for customer engagement.
- Real time customer engagements and feedback.
- Enhance front line digital capabilities.
- AI to enhance service activities for Customer Experience and online services.
- Community engagement – how we engage with the community to provide improved digital services and improve digital literacy.
  - Co-creation with customers.
  - Digital enablers for accessibility
- Smart Monitoring – heat, people movements, local environmental conditions.

## TRANSFORMATION THROUGH TECHNOLOGY – ECONOMIC RESILIENCE

Digital transformation is crucial for Council to continue operational resilience. We are only partway along our transformation journey towards a truly digital Council. There have been several very successful initiatives delivered over the past five years and the pandemic allowed Penrith Council, as a digitally active organisation, to play to these strengths. Continuing leadership commitment and support is required, through a shared ambition and vision for digital.

We need to embed a digital design approach and simplify and streamline the way work which is executed across Council. Digital transactions and processes are generally faster (often real time), more convenient, more efficient and cost effective than traditional ones.

Moving away from paper based and face to face processes provides the opportunity to increase productivity and efficiencies.

### **The technology enablers include:**

- Continue to build out new ways of working through improved processes and integrated technology.
- Strategy and Roadmap for Enterprise Resource Planning – Finance, Assets, Property & Rating, Development and Compliance.
- Roadmap for assets and other inspections through Field Services Mobility.
- Roadmap for payroll, time and attendance.
- Removal of repetitive non-value add tasks with Robotic Process Automation.
- Focus on LowCode/NoCode development.
- Agile Continuous Improvement back-log supported and funded – Finding Balance initiatives

## **DATA DRIVEN DECISIONS – INFORMED DECISION MAKING**

There is no asset more critical than useable, accessible data that enables insights and informs decisions.

Local government is working to understand how best to harness the opportunities created by technology to address issues of concern in their community. Penrith is presented with a once in a generation opportunity through the Western Sydney Aerotropolis and the Western Sydney City Deal.

We want to increase the resilience of our City, but to do this we need to make robust, data supported decisions, future proof our operations and properly assess and understand the risks associated with what we chose to do (or not do). This applies to both internal and external data.

Anything we invest in now, needs to be re-usable. That means utilising common sources of data and optimising our use of the cloud platforms and software-as-a-service technologies. And it means always providing secure and trusted digital platforms and ways of interacting with our services.

### **The technology enablers include:**

- Data and Visualisation –Spatial (GIS) of the Future – to manage and support data across the organisation more holistically
- Data and Analytics Strategy
- Information Management – leveraging the use.
- Asset Data
- Open Data Portal
- Data from smart technologies – Smart Sustainable City Strategy
- Smart Technologies – people counting
- Heat sensor monitoring
- Western Sydney City Deal – Digital Action Plan
- Dashboards and Analytics Capability

## **INNOVATION AND DELIVERY CAPABILITY – OPERATIONAL RESILIENCE**

Council's mission is to:

- Deliver the services, facilities, and infrastructure that our community needs
- Maintain our long-term financial sustainability
- Work with our community and partners to achieve more than we can alone
- Provide an excellent customer experience to everyone who contacts us
- Value and engage our staff

We have adopted values to guide our behaviour in the workplace and how we relate to our work colleagues, our customers, our communities, and our stakeholders.

Our Values and Behaviours are:

- We show respect
- We are accountable
- We encourage innovation

As an organisation, we strive to reflect these in our day-to-day work, making our workplace more enjoyable and productive.

We encourage innovation by:

- Being open to new ideas and change
- Offering our opinions and making suggestions
- Adapting to new situations
- Not giving up easily

Our culture, ways of working and how we organise ourselves has a significant impact on our ability to deliver against the Digital Strategy.

Digital Programs/Projects need to be via a defined program of change – approved and prioritised against the required organisational outcomes and strategies.

The digital transformation enablers include:

- Customer Experience Transformation Program
- Finance
- Rates
- Development Services
- Asset Management
- Payroll and Timesheets
- Lead Generation

## CYBER SECURITY AND RISK – CYBER SAFE WORKING ANYWHERE

We need to be a Cyber safe Council – connected, protected, and trusted.

As we consider new opportunities with digital initiatives to optimise our internal and public facing performance, more “working anywhere” plus continuing to support our standard ways of working, we need to continually review our cyber risks.

Malicious cyber-attacks are agile and regular and able to cripple any organisation if targeted. Penrith Council is very aware of this as was impacted by the “CryptoLocker” ransomware in 2015. Through COVID many organisations have been targeted which could be via local or state “actors” and is indiscriminate.

We cannot be complacent. We need to develop strong cyber capabilities in our team and awareness in our organisation, so we can deliver our digital initiatives with confidence and safety for our organisation.

- Implementing a best practice set of controls to manage the implementation of security.
- Periodically reviewing risks and the effectiveness of controls intended to manage those risks.
- Multi factor authentication.
- Essential8.
- Penetration testing.
- ARIC (Audit Risk and Improvement Committee) and Audit Reporting and Compliance.
- Cyber Security Awareness Campaign – “SafeConnect”.

## ICT Budget and Benchmarks

Digital transformation is vital to surviving in the post-pandemic economy. Overall, IT spend within the government sector is forecast to increase 8.8% in 2022 and is expected to continue upward for the next few years. The investment in technology will be directed to improve responsiveness and resilience of public services. There is also a focus to modernise critical core legacy applications and ensure a strong cyber response.

As this strategy mentions, digital transformation is crucial for Council to continue operational resilience. We are only partway along our transformation journey towards a truly digital Council. Continuing leadership commitment and support is required, through a shared ambition and vision for digital.

The Digital Strategy and initiatives will inform our Resourcing requirements and Long Term Financial Plan contributing to the adopted Delivery Program for 2022 – 2026.

# Appendix A

## – Key Project Alignment

ITEM	DESCRIPTION	DETAIL	BUDGETED	POSITION
1	Communications Handling	Investigation and deployment of an appropriate and integrated contact management solution.  Replacement for Touchpoint and Skype for Business.  Skype for Business > Microsoft Teams  SAAS based contact management solution.	Yes	Complete
2	Network Enhancement	Recommendation and implementation of network infrastructure and configuration improvements: <ul style="list-style-type: none"> <li>• Collaboration &amp; Video</li> <li>• Citrix XenApp (XenConnect) <ul style="list-style-type: none"> <li>○ Direct Access</li> <li>○ FSLogic</li> </ul> </li> <li>• Active Directory</li> <li>• Federated Services</li> </ul>	Yes	Complete  Complete
3	Data and Telecommunications	Tenders	Yes	In Progress
4	Mobile Phones	BYOD or new Contract	Yes	In Progress
5	Service Delivery Enhancement	<ul style="list-style-type: none"> <li>• Connect Again</li> <li>• My Workplace Anywhere <ul style="list-style-type: none"> <li>○ User Personas <ul style="list-style-type: none"> <li>• Hardware and License recommendations</li> </ul> </li> <li>○ Windows Virtual Desktop</li> <li>○ Review locally installed applications.</li> <li>○ Remote Support – Team Viewer</li> </ul> </li> </ul>	Yes	Complete
6	Collaboration and Meetings	<ul style="list-style-type: none"> <li>• Collaboration and Video</li> <li>• Devices – F2F and virtual mix</li> <li>• Audio Visual</li> </ul>	Yes	Complete
7	Server and other core infrastructure	Continue decommissions and replacement.	Yes	
8	Data storage	<ul style="list-style-type: none"> <li>• DCD replacement</li> <li>• Infostore growth</li> </ul>	Yes	Complete
9	O365 Power Practice	<ul style="list-style-type: none"> <li>• Continuous Improvement</li> <li>• Leverage M365 software</li> <li>• LowCode \No Code Development</li> </ul>	No	
10	Cyber Security	<ul style="list-style-type: none"> <li>• Multi factor authentication</li> <li>• Essential8</li> <li>• Penetration testing</li> <li>• Cyber Security Policy</li> <li>• Cyber Security Awareness Campaign</li> </ul>	Yes	Complete and Ongoing

ITEM	DESCRIPTION	DETAIL	BUDGETED	POSITION
11	Customer Experience Transformation Program	Continue delivery of CRM and other customer focussed initiatives and capability through Council <ul style="list-style-type: none"> <li>Case Management</li> <li>Feedback, Sentiment &amp; Complaints</li> <li>Knowledgebase</li> <li>Community Facilities, booking and keyless entry</li> </ul>	Yes to \$1.5m	In Progress
12	Omni Channel \ Customer Self Service	Extension of Contact Centre solution: <ul style="list-style-type: none"> <li>Workforce Planning</li> <li>After Call Surveys</li> </ul> integration with CRM <ul style="list-style-type: none"> <li>AI\Chatbots</li> </ul>	Yes	In Progress
13	B2B Fully integrated and automated solutions	ePlanning portal	Yes	Complete
14	Corporate Website Redesign	RFQ and Strategy, Customer Experience Transformation Program.		
15	Customer Digital Identity	Ask me once Master Data Management	No	
16	IOT and Smart Initiatives	Smart City Strategy	Yes	In Progress
17	ERP – Finance & Assets	Business Case developed for core systems replacement to enable contemporary business solution. Procurement and Implementation.	Yes No	In Progress
18	ERP – Property & Rating	Business Case developed for core systems replacement to enable contemporary business solution. Procurement and Implementation.	Yes No	In Progress
19	ERP – Development Compliance	Business Case developed for core systems replacement to enable contemporary business solution. Procurement and Implementation.	Yes No	In Progress
20	ERP – Payroll & Time and Attendance	Requirements and Business Case development. Funding, procurement, and implementation.	Yes No	Complete
21	Continuous improvement through Robotic Process Automation and AI	Considered through all initiatives. O365 Power Practice	Business As Usual	
22	Data & Analytics	Data and Analytics Strategy Funding and implementation	Yes Looking at Grant Funding	Complete
23	GIS\Spatial Mapinfo replacement	Requirements and Business Case development.	No	
24	Voluntary Planning Agreements	Business Case and Procurement Implementation	Yes Yes	Complete

# OUR FINANCES

## Long-Term Financial Plan





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# Executive Summary

## Who We Are?

Penrith is a large Regional City with a population of approximately 217,000 and 77,958 rateable properties. The elected Councillors have a responsibility to provide a range of services, both regulated and discretionary, to meet the community's expectations and to responsibly manage over \$2.33 billion worth of assets.

## WHAT ARE THE CHALLENGES WE FACE?

All councils are required to complete a Long Term Financial Plan (LTFP) as part of the Resourcing Strategy that informs the Delivery Program. 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:

- 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 in the next few years. 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

## WHAT ARE OUR SCENARIOS?

Council has modelled two scenarios:

### Scenario 1 – Business as Usual

- Continue providing a level of service driven by existing budget allocation including allocation of predicted new assets – 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 – Sustainable Assets

- The allocation of additional renewal funding will bring Council's current asset portfolio to condition 3, or better over the 10-year period. As a result of this strategy, the asset renewal ratio will be above the 100% benchmark for the majority of the 10-year period, while the backlog ratio will ease below the 2% benchmark by the end of the same period.

## Infrastructure asset condition assesment 'key'

#	CONDITION	INTEGRATED PLANNING AND REPORTING (IP&R) DESCRIPTION
1	<b>Excellent</b> <b>/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal /upgrading required

## WHAT IS THE PROPOSED APPROACH?

Council proposes to operate under Scenario 1 – Business as Usual – for the 4-year Delivery Program 2022–2026. Under this base scenario:

- Existing maintenance expenditure will be indexed annually for current assets
- A provision is made for the maintenance of new assets
- The backlog in asset renewal is not addressed and is projected to rise each year
- Council's workforce is predicted to increase annually by 10 FTE

Council's LTFP responds to and informs the management of its infrastructure and assets. The growth forecast highlights the need for additional infrastructure and for existing assets to be managed differently to accommodate the forecasted demand. Council aims to maintain its infrastructure and assets to a standard acceptable to the community to ensure delivery of services to agreed standards. Current and past community consultations will be reviewed and involve the development and integration of asset management plans with the LTFP to provide sustainable investment in maintenance, renewal, and replacement of assets. A key outcome of this financial strategy is to maintain infrastructure and assets in current condition.

# Introduction

## The NSW Government requires councils to have:

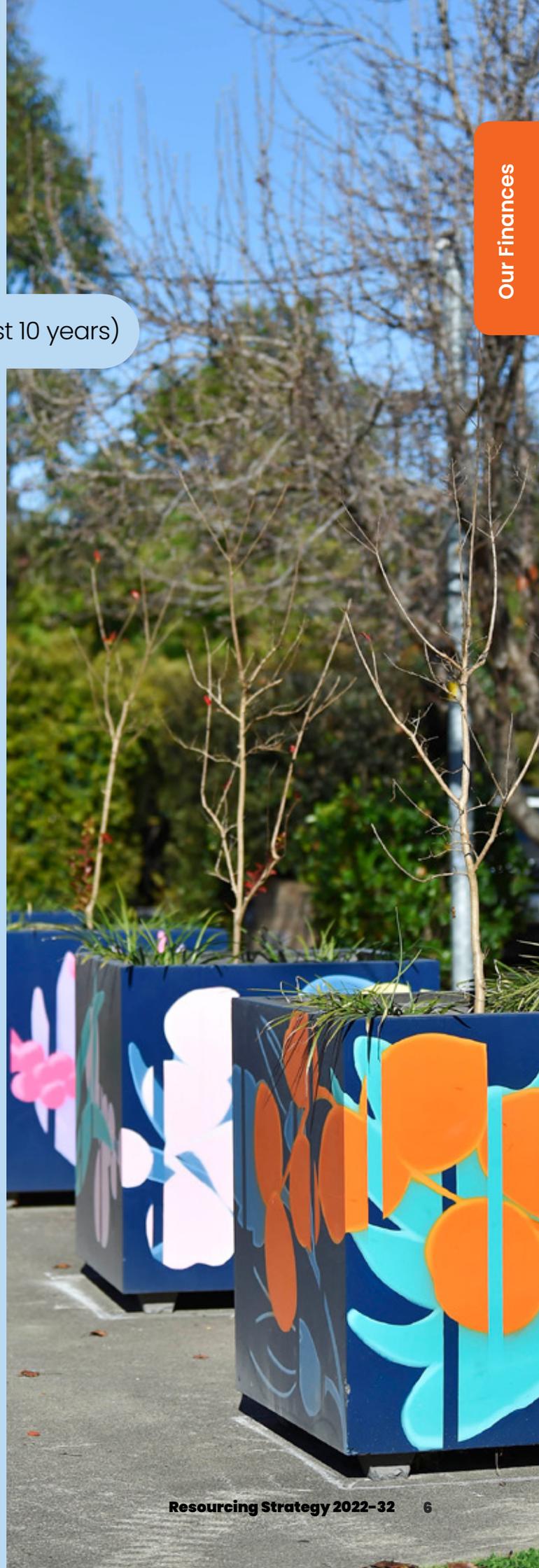
- a Community Strategic Plan (of at least 10 years)
- a Delivery Program (four years)
- an Operational Plan (one year)
- a Resourcing Strategy containing:
  - Long Term Financial Plan
  - Workforce Management Strategy
  - Asset Management Plan
  - Digital Strategy (optional)

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 STRATEGIC PLAN

The Community Strategic Plan (CSP) is 20-year plan that is the highest level of plan a council prepares. It 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 Long Term Financial Plan is a key contributor to the strategic objectives in the Community Strategic Plan.

**Strategic  
Objectives in  
the Community  
Strategic Plan**

**Strategies  
to achieve  
objectives**

**Long Term  
Financial Plan**



### PURPOSE OF THE LONG TERM FINANCIAL PLAN

The Long Term Financial Plan acts as a tool for stakeholders (Council and the community) to use in deciding what resources Council needs to apply to deliver on the outcomes contained in the Community Strategic Plan, through its Delivery Program. The Long Term Financial Plan seeks to answer the following questions:

- Can we survive the financial pressures of the future?
- What are the opportunities for future income and economic growth?
- Can we afford what the community wants?
- How can we go about achieving these outcomes?

In particular, this Plan will model the financial implications of the CSP and key Council strategies, along with the ability to maintain existing facilities and infrastructure based on a range of assumptions and within any known constraints.

### LONG TERM FINANCIAL PLAN

Council has a long-term financial forecasting model which provides a budgetary projection (from a profit and loss perspective) for a 10-year period. This model is used to prepare the LTFP and is reviewed on an annual basis. The LTFP provides a key tool for the development and monitoring of Council's Financial Strategy. The Plan outlines Council's capacity to manage assets and deliver services over the next ten years. Council has a responsibility to manage its resources and finances to ensure its long-term sustainability.

The model has now been updated to align with the new 4-year Delivery Program (2022-26) and the 2022-23 Operational Plan. It has also been informed by an updated Asset Management Plan documents and Workforce Management Plan and by a range of assumptions based on the best available data to guide forward projections. This forms the basis for the 10-year projections presented in this LTFP.

# Long Term Financial Sustainability

## HOW DO WE DEFINE LONG TERM FINANCIAL SUSTAINABILITY?

A financially sustainable Council is one that has the ability to fund ongoing service delivery, and renew and replace assets without imposing excessive debt or rate increases on future generations.

This definition has been translated into four key financial sustainability principles:

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

## HOW ARE WE ACHIEVING LONG TERM FINANCIAL SUSTAINABILITY?

In 2015 Penrith was deemed 'Fit for the Future' by the Independent Pricing and Regulatory Tribunal (IPART) providing an independent validation of the strategies in place and also the strategies proposed for the future. Council's submission to IPART included the 2016-17 Special Rate Variation (SRV) and the continuation of AREAS.

The 2016-17 SRV incorporated four annual increases of 9.09% in 2016-17, 5.0% in 2017-18, 5.2% in 2018-19 and 5.4% in 2019 and included allocations for the following:

1. Asset management, renewal, and backlog
2. Realignment of service costs
3. Increased investment to drive productivity initiatives
4. Major Projects and Regional City infrastructure
5. Building capacity to respond to emerging priorities

This 2016-17 SRV was one important element of a broader suite of Council strategies and actions developed over the past few years, including reform of our financial structures and commitment to the continuous pursuit of productivity. Savings from better ways of doing things, harnessing technology improvements, implementing new systems and reviewing service delivery will provide the capacity to continue to service our growing City.

To clarify our direction the financial strategies implemented to improve our financial capacity have been summarised under the acronym "Sustain".



These seven strategies will provide a framework to guide our approach, set outcomes, assist in decision making, and measure success in achieving ongoing financial sustainability.

# FINANCIAL PERFORMANCE MEASUREMENT

## Key Performance Indicators

When assessing Council's financial performance and sustainability a number of indicators/ratios are considered relevant and have been used to assess the scenarios proposed.

These include:

- **Operating Performance Ratio**  
This measure aims to provide an indication of how Council generates revenue and allocates expenditure. It is an indication of continued capacity to meet ongoing expenditure requirements.
- **Own Source Revenue Ratio**  
Own source revenue measures the degree of reliance on external funding sources (e.g., grants and contributions). It is an indicator of fiscal flexibility and robustness. Financial flexibility increases as the level of own source revenue increases. It also gives council greater ability to manage external shocks or challenges.
- **Debt Service Ratio**  
This ratio measures debt servicing costs against operating revenues excluding grants and contributions.
- **Real Operating Expenditure per Capita**  
It is challenging to measure productivity changes over time but this ratio attempts to achieve this. Assuming that service levels remain the constant, a decline in this ratio indicates efficiency improvements.
- **Building and Infrastructure Asset Renewal Ratio**  
The building and infrastructure renewals ratio represents the replacement or refurbishment of existing assets to an equivalent capacity or performance. The ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration.
- **Infrastructure Backlog**  
The infrastructure backlog ratio indicates the proportion of backlog against the total value of Council's infrastructure assets. It is a measure of the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way.
- **Asset Maintenance Ratio**  
The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance. It aims to measure the rate of asset degradation or renewal.

Key Financial Performance indicators are reported on part of the Annual Financial Statements in the "Statement of performance measures" which compares current year to previous year and to the benchmark.

## Management Reporting

In accordance with the Local Government Act and relevant Local Government (General) Regulation 2005 Council is required to establish and maintain a system of budgetary control that will enable Council's income and expenditure to be monitored each month and to be compared to the estimates.

The mechanism by which this requirement is achieved is the Monthly Financial Update provided to Directors, Managers, and key staff. This report includes a comparison of year-to-date Actual Financial Performance to Budget with commentary provided for significant variations where the variance is:

- ✓ Less than 10% (unfavourable)
- ✓ greater than 15% (favourable)
- ✓ greater than \$10,000 in all cases
- ✓ for all variances over \$200,000

## Quarterly Reviews

At the end of each quarterly period, a Budget Review is undertaken which represents the mechanism whereby Councillors and the community are informed of Council's progress against the Operational Plan Original Budget and the last Revised Budget. Variations to Budget are identified and proposals made as part of the Review, including Revotes where projects are not able to be completed in the current year. Council is presented with these proposals for budget variations and once approved Council's Budget is adjusted to reflect these changes.

## HOW FINANCIALLY SUSTAINABLE IS COUNCIL CURRENTLY?

The most recent Audited Consolidated Financial Statements as at 30 June 2021 resulted in a net operating result of \$24.79 million. The following performance indicators reported in the Annual Statements as at 30 June 2021 measure Council's broader financial performance and position confirms Council needs to ensure there is adequate funding of assets as two asset ratios currently do not meet the benchmark. The indicators measure both recurrent operations and capital sustainability. These same indicators have been used to review Council's Long Term Financial Plan forecasts as part of assessing the long-term financial health of the organisation and its capacity to fund any proposed delivery program.

RATIO	CALCULATION	WHAT IS BEING MEASURED	BENCH-MARK	2020-21 ACTUAL RATIO
Operating Performance Ratio	Total operating revenue less revenue for capital purposes less total operating expenditure	Is the Council sustainable in terms of its operating result?	>0%	(8.08)%
Own Source Operating Revenue	Total operating revenue less all grants and contributions divided by total operating expenditure	Council's ability to fund its short-term expenditure needs.  Less than 60% indicates overly reliant on grants and contributions	>60%	74.34%
Unrestricted Current Ratio	Current assets less external restrictions divided by current liabilities	How much unrestricted current assets are available to cover current liabilities	>1.5x	2.49x
Cash Expense Cover Ratio	Current years cash and cash equivalents plus term deposits divided by monthly payments from cash flow operating and financing activities	How many months' worth of cash is at hand to cover monthly payments	>3 months	6.81 months
Debt Service Cover Ratio	Operating result before capital excluding interest and depreciation/impairment/amortisation divided by principal repayments plus borrowing costs	Whether there is sufficient funds to cover debt servicing obligations	>2x	2.62x
Asset renewal ratio (buildings and infrastructure)	Asset renewal expenditure divided by depreciation	Is asset renewal expenditure sufficient to maintain assets in the long-term?	>= 100%	72.38%
Infrastructure Backlog Ratio	Estimated cost to bring assets to satisfactory condition divided by net carrying amount of infrastructure assets	Measures ratio of renewal backlog against net carrying value of assets and reflects success of strategy to invest in asset renewals	<2%	1.68%
Asset Maintenance Ratio	Actual maintenance costs divided by required maintenance costs	Measures the level of maintenance required to maintain current assets	>100%	81.53%

# Financial Management in Council

## REGULATORY ENVIRONMENT

Council operates in a highly regulated environment driven by legislation and state strategies such as:

- Local Government Act 1993
  - The Act defines the scope and boundaries of Council's role and the way it must conduct its business
- NSW State Plan
  - The "State Plan" defines the overarching goals and outcomes that the NSW Government has set for this state and which should shape public policy.
- Western Sydney City Deal
  - The "Western Sydney City Deal" is a partnership between the Australian Government, NSW Government and eight local councils of the Western Parkland City (Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly).
- The Sydney Metropolitan Strategy
  - The Strategy sets out a long-term plan for the Sydney Metropolitan Region

## FINANCIAL ENVIRONMENT – RATE PEGGING

Council's ability to align rating revenues with the increased cost of providing local government services has been restrained for a number of years by rate pegging, a legislative instrument whereby the maximum increase in rating revenues is set by IPART NSW.

The rate peg is set and announced by IPART each year and from 2022 -23 will be based on two factors:

- The annual change in the Local Government Cost Index, which measures the average costs experienced by NSW Councils and,
- A population factor which is calculated for each council and is equal to the annual change in a council's residential population, adjusted for revenue received from supplementary valuations.

The rate peg is announced by December each year for the following financial year and councils can adopt the rate peg or apply to IPART for a higher increase under a Special Rate Variation (SRV).

## FINANCIAL MANAGEMENT PRINCIPLES

Generally, Council's Financial Management objectives are based on the following principles:

- Monitoring a long-term financial strategy to assist in planning decisions
- A consistent approach to managing Council's financial performance to preserve a sound financial position
- Incorporate planning for future year commitments, liabilities, and contingencies
- Establish appropriate asset replacement and renewal programs for both community and operational assets
- Establish an equitable pricing policy to support the various community services undertaken by Council
- Optimise and efficiently utilise loans in meeting Council's infrastructure requirements.

These objectives are managed within the following parameters noted below:

- Working Capital balance greater than \$2m
- Unrestricted Current Ratio (adjusted for internal loans) greater than 1.5:1
- Unrestricted available cash greater than \$0
- Debt Service Ratio greater than 2 times.

These objectives are aimed at ensuring that the Annual Budget process incorporates agreed parameters, and when developing Council's Annual Budget these financial targets are to be considered. The parameters are used to guide Council's decision-making processes, in terms of expansion and investment, while managing existing recurrent costs.

In conjunction with these principles, Council's Long Term Financial Plan is guided by a number of policies and strategies that are outlined below.

## RATING INCOME STRATEGY

Rating income is generated by a levy on properties within the council area in order to provide local government services. Council continually reviews its rating system to ensure it is fair and equitable, where each rating category and property will contribute to the rate levy according to the demands placed on Council's limited resources.

IPART announced the 2022-23 rate peg as 1.4% for Penrith City Council on 14 December 2021. This increase was made up of the standard rate peg for all councils of 0.7% plus a population factor for Penrith City Council of 0.7%.

Although applications for SRV's are normally required to be made by February, the Office of Local Government and IPART announced in March that they would accept additional applications for SRV's for up to a 2.5% increase only under a condensed application process, due to an abnormally low rate peg and complications resulting from the delay to council elections due to Covid-19. Council lodged an application for an SRV to increase the rate peg from 1.4% to 2.5 and has been officially notified by IPART that the application for the SRV has been approved for 2022-23. Council will therefore be permitted to increase rates by 2.5% for 2022-23.

In 2021-22 Council commenced the introduction of a phased in discounted Residential rate for rural properties with a planned gradual reduction in rural areas over four years, with an eventual discount of 30% by the fourth year. The discounted rural rate will be funded by increases to other property owners who will pay an approximate 4% increase including the rate peg each year commencing

for four years, excluding property owners on the minimum rate who will only pay a 2.5% rate increase. In 2021-22 rural property owners received a discount of approximately 4.5% and in 2022-23 the discount will be approximately an additional 2.5%.

Council currently applies a rate structure in which rate assessments are based on property valuations (ad valorem) with a minimum amount. This means that rates are based primarily on the land value of the property as determined by the NSW Valuer-General.

Every three years Council receives updated valuations for all properties in the Local Government Area. The Valuer General provided the General Valuation of land for the LGA with a Base Date 1 July 2019 in late 2019 and these were first used for rates purposes from 1 July 2020. These land valuations will continue to be used for rates purposes in 2022-23.

Council charges rates on three types of land categories with two Business & Residential sub-categories:

- a. Residential – General, with the following sub-categories:
  - i. Residential – Rural Area (sub-category)
  - ii. Residential – Rural 2 to 40 Hectares with dwelling (sub-category)
- b. Farmland
- c. Business – General, with the following sub-categories:
  - i. Business – Penrith CBD
  - ii. Business – St Mary's Town Centre

### 2022-23 RATES LEVY INCOME – 2.5% INCREASE

RATE CATEGORY	AD VALOREM RATE \$	MINIMUM RATE 2022-23 \$	MINIMUM RATE INCREASE \$	TOTAL ANTICIPATED GROSS REVENUE \$'000	NUMBER OF PROPERTIES
<b>Residential</b>	0.00350126	1,184.50	28.85	91,893	69,188
<b>Residential – Rural Area</b>	0.00301519	1,184.50	28.85	19,502	4,719
<b>Residential – Rural 2 to 40 Hectares with dwelling</b>	0.00301519	1,184.50	28.85	766	200
<b>Farmland</b>	0.00175063	1,184.50	28.85	3,370	317
<b>Business</b>	0.00566547	1,444.00	35.20	26,163	2,903
<b>Business – Penrith CBD Rate</b>	0.00794016	1,444.00	35.20	3,422	403
<b>Business – St Marys Town Centre Rate</b>	0.00852795	1,444.00	35.20	1,047	228
<b>TOTAL RATING INCOME</b>				<b>\$146,163*</b>	<b>77,958</b>

\*N.B. The revenues identified in this section represent the gross anticipated revenues from the Rates Levy on 1 July 2022 prior to the application of Pensioner Subsidies, part year growth, Provision for Doubtful debts, and other subsidies and abandonments. These rates presented are indicative only and are subject to change before the formal rates are adopted at the 27 June 2022 Ordinary Meeting, due to supplementary valuations, categorisation changes and valuation objections processed to 30 June 2022.

## DOMESTIC WASTE MANAGEMENT CHARGES

In addition, residential properties in the Penrith City Council area, including vacant land, are charged for the provision of a domestic waste management (DWM) service under the Local Government Act 1993. The Domestic Waste function is required to be self-funding. All waste charges are calculated to cover the cost of domestic waste collection services, landfill, waste processing costs, education, communications, provision for future planning and new technologies and all other associated services.

Recently, IPART reviewed Domestic Waste Management Service Charges seeking to establish whether the charge delivers good value for ratepayers, with feedback currently being sought. IPART has extended the timeframe for submissions on its Draft Report on Review of Domestic Waste Management Charges to 29 April 2022. Any decision on the implementation of pricing principles for DWM charges will need to be factored into the LTFP in future years.

It is important to note that any future years' increases have no impact on the LTFPs stated available funds as domestic waste surpluses and deficits are transferred to and from the Waste Management Reserve.

## INVESTMENT PRINCIPLES

Council has an Investment Policy that reinforces its ongoing commitment to maintaining a conservative risk/return portfolio, an important component of its ongoing prudent financial management practices. The overall objectives of the policy are to ensure that Council invests its funds:

- in accordance with the requirements of the Local Government Act (1993) and Council's investment policy
- in a conservative manner where preservation of capital is the principal objective
- in a manner that seeks to ensure the security of Council's cash and investment portfolio, achieve appropriate earnings, and manage cash resources to ensure there is sufficient liquidity to meet Council's business objectives.

The purpose of the Policy is to:

- Outline considerations for investment of surplus funds in line with Council's current Investment Strategy
- Provide a strategy and framework to maximise earnings from authorised investments and ensure the security of Council funds, and
- Ensure that Council and its representatives exercise care, diligence, and skill that a prudent person would exercise in investing Council's funds.

In addition, the annual Investment Strategy sets out Council's investment goals and targets for the coming year. The aim of the strategy is to guide the management of Council's investment portfolio to:

- Preserve capital by managing the portfolio in accordance with the Investment Policy and
- Ensure liquidity when required for Council's operational and capital expenditure needs.
- Achieve an acceptable rate of return by ensuring a balanced and diversified portfolio, in
- terms of allowable investment products, credit ratings and maturation terms that will
- outperform the benchmark indices

Interest on investments is received on three types of funding:

- General fund revenues raised through the year from all sources of revenue, excluding reserves and developer contributions
- Reserves held until expended
- Developer contributions held until expended

Council has control over the interest it earns on general fund revenues and reserves, but Developer contribution interest on investments must be used for the purpose for which the contribution relates. The interest Council earns on general fund revenue is untied and forms part of Council's consolidated revenue for distribution across services that are not funded by restricted funds.

## LOAN BORROWINGS

Council's policy is that the use of debt (borrowings) is appropriate to fund the cost of major new community assets or to smooth the cost of major asset renewals. However, any minor asset acquisitions and the required level of asset renewals (guided by the level of the annual depreciation charge) should be funded out of operating revenues.

Council's borrowings are monitored by the Office of Local Government (OLG). Council advises the OLG of its Borrowing Program on an annual basis. In past years, loans were obtained from various financial institutions and secured by a charge on Council's income. Since June 2018 borrowings for new infrastructure has been able to be financed through the NSW Treasury Corporation Loan Facility (TCorp). Council qualified for access to the Facility in 2016 by being assessed as Fit for the Future. A quotation process for new borrowings is undertaken with financial institutions and TCorp, where the purpose is for new infrastructure.

New borrowings for major infrastructure projects must be supported by a comprehensive business case. Any additional projects, above the borrowing targeted by the Debt Reduction Policy, will be included in accordance with a practice of utilising additional loan funds only where there will be a positive net cash flow achieved. The annual borrowing program also includes the refinancing of existing loans due for renewal.

The following new borrowings are proposed in the LTFP:

YEAR	2022-23	2023-24	2024-25
<b>New loans</b>	\$37.8m	\$30m	\$37.2m

## CASH RESERVES AND RESTRICTIONS

An integral part of Council's financial capacity is the administration of funds held for specific purposes. Council holds these funds in Reserves and differentiates them into External and Internal Restrictions. Each year as part of the Operational Plan development a review is undertaken of Reserves and their balances to determine the availability of funding opportunities.

1. External Restrictions accounts have been established to control specific receipts and payments made by Council. These funds are tied in nature and carry specific conditions of use, which are managed throughout the budget process.
2. Internal Restrictions are aimed at supporting a self-funding strategy concept whereby agreed funds are transferred into each reserve and utilised for a specific purpose. Council has established a number of reserves to ensure that funding is made available to meet Council's short-term and long-term liabilities, asset replacement programs and other agreed self-funding strategies.

Establishing cash reserves is a financial management strategy to provide funds for future expenditure that could not otherwise be financed during a single year without having a material impact on the budget.

The forecasted balance of our reserves as at 30 June 2022 is \$186.3m comprising:

- Externally restricted reserves \$96m
- Internally restricted reserves \$54.4m
- Unrestricted cash \$35.9m

## DEVELOPER CONTRIBUTIONS

Council receives Development Contributions through Section 7.11/7.12 of the Environmental Planning & Assessment Act, and Voluntary Planning Agreements (VPAs) in order to provide infrastructure to meet the needs of new development. Council currently has ten section 7.11 and one section 7.12 development contributions plans, applying across the City. Council currently has 11 Active VPAs with developers for the delivery of local infrastructure to support the needs of the growing population.

Council has limited control over the timing of when income is received under each Contributions Plan, as this is linked to the rate at which development occurs. Council may only spend the accumulated contributions on the amenities and services specified within the relevant Contributions Plan and in accordance with the delivery timeframes identified.

Council's adopted ten Developer Contributions Plans (section 7.11) provide funds for:

- roads and drainage
- parking
- open space
- community facilities

A Contributions Plan contains detailed schedules of works for which development contributions are required. The Plan projects future contributions over the 20 year life of the plan to fund new and upgraded facilities projects. A balance of \$49.2 million in s7.11 Contribution Plans and \$2.6 million in s7.12 is forecast to be held as at 30 June 2022.

In addition, with the high levels of new development occurring in the City, it is also likely that proposals for new VPAs will arise, particularly for any large-scale residential development. All new VPAs are required to comply with Councils Developer Infrastructure Agreements Policy and are reported to Council for consideration.

## DISCRETIONARY AND REGULATORY FEES AND CHARGES

Council has the ability to raise revenues by adopting a fee or a charge for services or facilities. Fees and charges are reviewed on an annual basis in conjunction with the preparation of the annual budget.

The fees and charges which Council can charge can be split into two categories:

1. Regulatory fees – these fees are generally determined by legislation, and primarily relate to building, development, or compliance activities. Council has no control over the calculation, or any annual increases of these fees and charges.

2. Discretionary fees – Council has the capacity to determine the charge or fee.

As per the Integrated Planning and Reporting Guidelines for Local Government in NSW, Council is required to include in its Operational Plan a statement of Council's Revenue Policy. Council's Fees & Charges document complies with this requirement, listing each fee and related pricing structure for each of Council's services.

The pricing structures currently used are:

PRICING STRUCTURE	PRICING APPLICATION
Direct Cost Recovery Pricing *	Includes the recovery of salary, salary on-costs, and materials directly attributable to the provision of the good or services.
Full Cost Recovery Pricing *	Includes all costs, direct and indirect, incurred in providing the good or service. Indirect costs include a proportion of shared costs (or overheads) which include supply and information technology; the recording and processing of financial information, correspondence, payroll, and personnel data; together with professional management of these systems and costs associated with providing shared buildings and equipment.
External Cost	Price is determined by external parties carrying out the relevant works.
Subsidised (Partial Cost) Pricing	Council only recovers a portion of costs. New services, services located in areas of need within the City, and services from which benefits accrue to the City's community as a whole, are often subsidised. Services described as Community Service Obligations are included.
Rate of Return Pricing	Prices are set to recover an excess over costs that may then be directed to capital improvements/development of similar facilities.
Reference Pricing	Involves the identification of like or similar services in the community followed by the adoption of similar prices to those charged by such services.
Statutory Pricing	Prices are set to comply with statutory legislation.

\* Costs are generally recovered through charging methods such as flat fee, period of use, time of use or frequency of use.

## ASSET DISPOSAL AND INVESTMENT STRATEGY

The majority of Council's property assets deliver on services such as:

- transport Infrastructure
- environmental services, such as stormwater management
- community facilities
- commercial property
- operational assets, including administration buildings.

The only asset sales forecast in this LTFP are \$66m for sale of land, and the sale of plant and equipment that is traded in on replacement which has been incorporated into the LTFP.

We are currently refining our Property Strategy which aims to provide a framework to guide the ideas, projects and potential land uses that are presented for consideration. Through our Property Development and Management approach we seek to:

- Manage Council's property portfolio to stimulate investment and to reduce reliance on rate income
- Achieve the best outcome and returns from Council land holdings
- Achieve Council policy outcomes through efficient project delivery
- Deliver Urban Regeneration and City Centre Transformation through the re-development of key Council sites in Penrith and St Marys
- Balance social, economic, and environmental outcomes through sustainable development
- Demonstrate innovation to tackle industry challenges and demonstrate leadership, and
- Engage with communities to ensure we respond to their needs and expectations

We will manage Council's property portfolio to:

- Support the delivery of the Community Outcomes
- Build financial sustainability – sustainable, non-rate based income
- Meet our responsibilities as a land custodian

We will use Council's property portfolio to:

- Assist implementation of adopted strategies – Employment Lands, Green Grid, Local Strategic Planning Statement, jobs growth, industry diversification
- Deliver projects that support a wide range of strategic outcomes
- Intervene for our community where the market needs help / is failing
- Research new technology, better built form, use of land to create community capacity and improve wellbeing.

Where appropriate these measures have been incorporated into the LTFP.

## PENRITH CITY COUNCIL – ASSET MANAGEMENT STRATEGY

Penrith Council is the custodian of infrastructure assets with a replacement value of \$2.8 million and a depreciated value of approximately \$2.0 million. The asset classes included in the Asset Management Strategy and their values are detailed in the following table.

ASSET CLASS	GROSS REPLACEMENT COST (CRC)	WRITTEN DOWN VALUE (WDV)	ANNUAL DEPRECIATION EXPENSE
<b>Buildings</b>	\$502,852,449	\$361,058,306	\$12,509,351
<b>Open space</b>	\$61,967,562	\$45,760,663	\$4,070,632
<b>Roads</b>			
Sealed roads	\$714,269,471	\$559,533,126	\$11,732,416
Unsealed roads	\$4,808,473	\$2,614,607	\$48,085
Bridges	\$74,718,986	\$44,024,646	\$942,066
Footpaths	\$137,458,538	\$62,129,852	\$2,749,171
Other road assets	\$419,853,276	\$213,930,679	\$6,046,410
Bulk earthworks (land under roads)	\$196,467,721	\$196,467,721	\$0
<b>TOTAL</b>	<b>\$1,547,576,465</b>	<b>\$1,078,700,631</b>	<b>\$21,518,148</b>
<b>Stormwater drainage</b>	<b>\$734,629,318</b>	<b>\$509,728,966</b>	<b>\$7,346,293</b>
<b>GRAND TOTAL</b>	<b>\$2,847,025,793</b>	<b>\$1,995,248,566</b>	<b>\$45,444,424</b>

The asset renewal ratio is a key indicator of financial sustainability. It indicates whether a council is spending enough on asset renewals to maintain its assets in their current condition. The target ratio is  $\geq 100\%$ , and a ratio in the range of 90% to 100% is considered to be acceptable. As at 30 June 2021 the Council reported an asset renewal ratio of 72.38%.

*The Base Scenario* – takes a specific approach to deliver fit for purpose assets by developing a 10 year asset renewal program totalling \$289m over 10 years that achieves that. As a result, the average renewal ratio is 64% over the 10 year period.

*Scenario Two* – the same levels of expenditure on asset renewals has been included in the base case and Scenario Two. However, an additional \$252m over 10 years has been factored in to cover off on the asset renewal backlog and bring assets up to condition 3 or better. As a result, the average renewal ratio is 115% over the 10 year period.

## REPLACEMENT AND RENEWAL PROGRAMS

Council currently has a number of continuing multi-year programs in place that are factored into the LTFP which include:

- Routine plant and vehicle replacement
- Building asset renewal program
- Roads program
- Drainage program
- Shared pathways program
- Library resources
- Public domain maintenance
- Established areas revitalisation
- Parks asset renewal program
- Stormwater Management Service Charge programs

## MAJOR CAPITAL WORKS

Council's Capital Works Program identifies \$778m of Capital works over the life of the LTFP. This program is attached as *Appendix 1*.

Major Capitals Works included in the LTFP include:

- Soper Place Car park
- Soper Place Commercial
- City Park
- Regatta Park
- Gipp St Precinct

Capital Expenditure reviews which include Risk Management plans are undertaken as part of the approval process for major projects.

The guidelines for undertaking Capital Expenditure reviews were issued by the Chief Executive of the Department of Premier & Cabinet, Division of Local Government (under delegated authority) in accordance with section 23A of the Local Government Act 1993 (the Act). They have been designed to:

- encourage councils to evaluate major capital expenditure by means of a consistent methodology
- improve the quality of council's analysis performed in supporting all forms of project funding and capital expenditure
- enable the financial impact of projects on a council to be quantified, identified, and controlled.

These guidelines apply to capital projects for infrastructure facilities, including renovations and extensions that are expected to cost in excess of 10% of council's annual ordinary rate revenue or \$1 million, whichever is the greater (GST exclusive). In addition to the minimum requirements for a Capital Expenditure Review, a council is also required to complete additional requirements in cases where a project's cost is forecast to exceed \$10 million (GST exclusive).

Although a project may be exempt from the submission of a capital expenditure review in accordance with best practice, Councils applies the principles of these guidelines to all capital projects.

## LONG TERM FINANCIAL PLAN ASSUMPTIONS

The long-term financial model requires Council to identify all material items of revenue and expenditure and determine the external and internal influences that could significantly impact on Council's finances.

In preparing the 2022-32 Long Term Financial Plan, the following underpinning principles have been included:

## POPULATION FORECASTS

The estimated current and forecast resident population of the Penrith local government area as provided by Remplan are as follows:

YEAR	TOTAL POPULATION	ANNUAL AVERAGE 5-YEARLY GROWTH RATE
2021	217,465	7.87%
2026	233,499	7.37%
2031	260,461	11.55%
2036	289,142	11.01%

## INDEXATION RATES

The Local Government Cost Index (LGCI) is a measure of movements in the unit costs incurred by NSW councils for Ordinary Activities funded from General Rate revenue. The LGCI is designed to measure how much the price of a fixed 'basket' of inputs acquired by councils in a given period compares with the price of the same set of inputs in the base period. The LGCI is calculated by IPART and is usually discounted for a productivity factor. The LGCI was announced as 0.9% for 2022-23 with no discounting for a productivity factor.

The LGCI does not directly measure Councils' total level costs. It is a composite index that combines changes in a number of input price indexes over time. The LGCI is similar to the Consumer Price Index (CPI) in this respect. The CPI does not measure household costs directly, but measures changes in prices of various goods and services over time.

There are a number of Council services which have the LGCI or other indexation applied as part of the budgeting process either through Council decisions or as a result of the service specification process. The LGCI and other

indexation are reviewed annually.

The following predicted LGCI indexation has been included in the LTFP:

YEAR	2022-23	2023-24	2024-25	2025-26	2026-27 ONWARDS
LGCI	0.9%	2.5%	2.0%	1.75%	1.5%

The following predicted inflation rates have been included in the LTFP:

YEAR	2022-23	2023-24	2024-25	2025-26	2026-27 ONWARDS
CPI	2.0%	3.5%	3.25%	2.75%	2.5%

## INTEREST ON INVESTMENTS

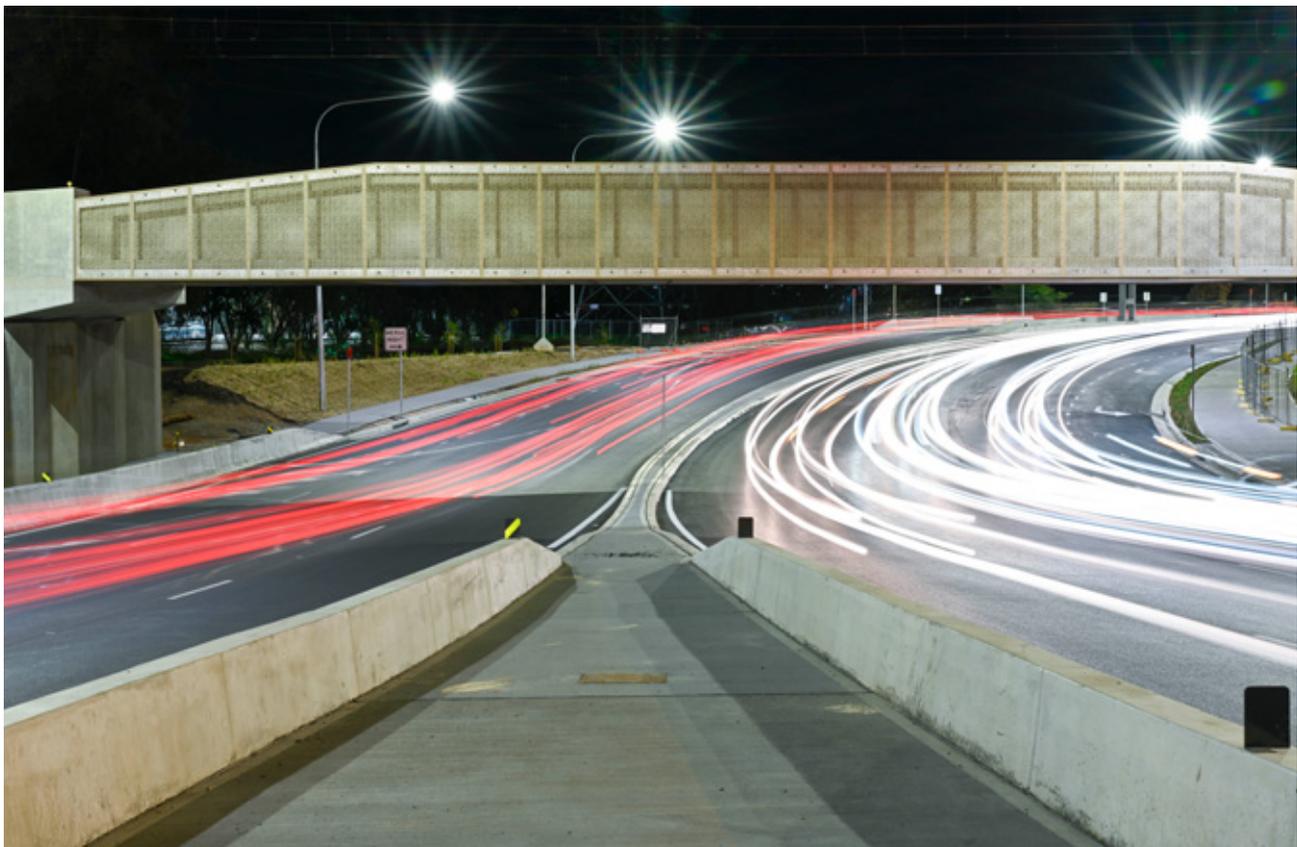
Council has an investment portfolio that varies in size from year to year. These funds are a mixture of unspent loans and grants, reserve funds and general revenue with the income generated frequently being tied to the source of funds

In the LTFP interest rates have been estimated at 3.5% in the long term, calculated over estimated portfolio investment balances.

YEAR	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28 ONWARDS
INTEREST RATE	1.6%	1.95%	2.3%	2.7%	3.1%	3.5%

## KEY REVENUE AND EXPENDITURE ASSUMPTIONS

The following information outlines Council's planning assumptions by revenue and expenditure types. Included is a brief description as to how Council has determined this assumption and the external influences which impact the assumption.



## Revenue Assumptions

### RATES AND ANNUAL CHARGES

#### Rates Income

A new rate peg methodology will come into effect from 2022-23 based on an Independent Pricing and Regulatory Tribunal (IPART) review of the local government rate peg methodology which will now include population growth. Councils with growing residential populations will be able to raise notional general income by an additional population factor as part of the rate peg from 2022-23. The population factor for each council will reflect estimated residential population growth less revenue received from supplementary valuations that year.

IPART announced the 2022-23 rate peg as 1.4% for Penrith City Council on 14 December 2021. This increase was made up of the standard rate peg for all councils of 0.7% plus a population factor for Penrith City Council of 0.7%.

Although applications for a Special Rate Variation (SRV) are normally required to be made by February, the Office of Local Government and IPART announced in March 2022 that they would accept additional applications for SRV's for up to a 2.5% increase only under a condensed application process, due to an abnormally low rate peg and the impact of the delay in council elections due to COVID. Council applied for a 2.5% rate increase and this has been approved for 2022-23. Council will therefore be permitted to increase rates by 2.5% for 2022-23.

The projected additional revenue from rates growth is projected to average \$1.4million p.a. and will be needed to fund existing services.

#### RATES INCOME GROWTH

FINANCIAL YEAR	RATE PEG (%)	RATING GROWTH BASE CASE (\$)
2022-23	2.5	1,410,112
2023-24	2	1,385,737
2024-25	2	1,319,054
2025-26	2	1,357,568
2026-27	2.5	1,380,536
2027-28	2.5	1,404,383
2028-29	2.5	1,413,364
2029-30	2.5	1,434,588
2030-31	2.5	1,396,506
2031-32	2.5	1,419,807

#### Domestic Waste Income

IPART is currently undertaking a Review of Domestic Waste Management Charges (DWMC) and has extended the timeframe for submissions on its Draft Report to 29 April 2022.

The following is a summary of IPART's documents to date:

*The Peg:* IPART's Draft Report, released in mid-December, recommended adoption of pricing principles and an annual "benchmark" peg on the DWMC, starting at 1.1% in 2022-23. IPART would publish an annual report on the extent to which councils' annual DWMC increased more than the benchmark peg.

*Rebalancing:* IPART's Discussion Paper recommended adoption of pricing principles by councils, but instead of a peg it recommended setting a monitoring, reporting and benchmarking regime. Councils would apply the pricing principles to "rebalance" costs attributed between the DWMC and general rates, with a one-off variation to council's general rate base allowed in 2022-23. IPART would monitor "like-for-like" councils against their benchmarks and report on outlier councils each year, with outliers triggering a "please explain" or potential regulatory response.

Pending the result of this review the Domestic Waste Charge has been increased by the rate peg in the LTFP with all funds retained in the Domestic Waste Reserve.

#### USER FEES AND CHARGES

Council is a multi-disciplinary organisation that provides extensive services to the community and this category of income provides approximately 24% of Council's total revenue. This category of income includes statutory charges and user fees and charges, including those for commercial activities, but excludes domestic waste charges.

Statutory fees charged by Council are subject to direction through regulation and other state government controls. Council does not set these fees and does not have the power to vary the fee set. Examples of statutory fees include development assessment fees, planning certificates and building certificates. The majority of statutory charges do not provide for annual increases in line with CPI or the cost of providing the service and therefore, excluding development related income, no growth in these fees has been included in the LTFP.

User fees and charges include a diverse range of services from traditional local government services including development related activities, swimming pools, sporting facilities and hall hiring to other more commercial activities including children's services and property development activities. A number of these revenues are subject to fluctuations particularly as a response to economic conditions. All fees in this category are reviewed annually, and some of the general considerations for setting these fees include:

- Cost of the service or operation
- Consumer Price Index
- Other revenue sources which may fund the service
- Laws and Regulations
- Ability of the persons/group using the service to pay
- Benefit to the community (possible subsidy)
- Benchmarking with others providing similar services.

Increases in individual fees and charges vary, and as mentioned a number of fees have not been indexed in the LTFP. The income projected within the LTFP for total fees and charges is outlined in the following table.

### Average increase over 10 years: 31%

\$'M	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32
<b>Total Fees &amp; Charges</b>	45.5	47.6	49.0	50.7	52.0	53.4	54.8	56.2	57.8	59.4

## GRANTS AND CONTRIBUTIONS (INCLUDING \$7.11 CONTRIBUTIONS)

Grants and contributions provide a significant source of funds for Council and account for 14% of expected revenues in 2022-23. These revenues are split into two categories - general and specific purpose.

### General Purpose

Council receives two general purpose grants in the form of the Financial Assistance Grant and Pensioner Rates Subsidy.

- The Financial Assistance Grant is an annual allocation from the Federal Government. The 2022-23 budget is set at \$2.3million (General and Roads component) after allowing for a \$9.1m advance payment of the 2022-23 entitlement received in 2021-22, the LTFP assumes no increase to the base in future years.
- The Pensioner Rates Subsidy is indexed in line with rate peg.

### Specific Purpose

These grants and contributions can be either operating or capital in nature and are tied to specific works or programs.

A number of these grants and contributions have defined end dates and as such these have been removed from the LTFP in the appropriate years with corresponding adjustments being made to the works or programs they are funding.

Development contributions have been indexed and the timing of these payments has been considered in line with expected development and agreements within the individual contribution plans.

The following table shows the grants and contributions income projected in the LTFP. This area is difficult to predict and will be updated as new grants and contributions are received with associated expenditure any applicable asset maintenance costs.

### Average increase over 10 years: (5%)

\$'M	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32
<b>Total Grants &amp; Contributions</b>	51.9	59.6	50.5	48.5	50.0	48.7	50.1	52.5	49.3	49.4

# Expenditure Assumptions

## EMPLOYEE COSTS

Employee costs are Council’s single biggest area of expenditure each year with approximately 1,186 Full Time Equivalent (FTE) staff delivering 58 diverse functions. This includes an approximate estimate of 41 FTE for entity staff due to seasonal variances.

This LTFP has factored in known and predicted award increases and continued increased superannuation contributions, the impact of Worker’s Compensation, employee leave entitlements and staff progressing through the salary system.

The overall employee costs budget calculation includes a number of assumptions in relation to the key underlying elements. A summary of these elements and assumptions is provided below.

### Salaries and Wages

Budgeted staff numbers are based on the approved organisational structure and any known proposed changes. Projections for overtime, allowances and casual staff are included in estimates. Details of other considerations in determining the overall change in Salaries & Wages are included in this section.

A new Local Government (State) Award commenced 1 July 2020 which outlines wage movements for local government employees over the following three years. The provisions of this award include the following:

- 1.5% increase from 1 July 2020
- 2.0% increase from 1 July 2021
- 2.0% increase from 1 July 2022

The award increases have been factored into the LTFP, with estimates for future year increases as shown below.

AWARD INCREASE	%
<b>2022-23 (Award)</b>	2.0
<b>2023-24 onwards (estimated)</b>	2.5

Council’s salary system provides staff with the opportunity to advance through the system via a Skills and Knowledge and Performance-based assessment, and provision for this progression through the salary system has also been factored into the LTFP.

In addition, the following assumptions have been factored into employee costs:

- One FTE additional p.a. from 2022-23 onwards funded from 2016-17 SRV
- Growth in staff numbers of 9 FTE p.a. each year (indoor/outdoor staff) from 2023-24 onwards

### Superannuation

As per government legislation the Superannuation Guarantee Levy (SGL) will increase as shown in the following table to 12% by 2025-26 and has been factored into the LTFP.

YEAR	%
<b>2022-23</b>	10.5
<b>2023-24</b>	11.0
<b>2024-25</b>	11.5
<b>2025-26 and thereafter</b>	12.0

Council currently has 59 employees covered by the Local Government Superannuation Scheme (LGSS) Defined Benefit Scheme (DBS), which requires members to contribute a percentage of their salary to superannuation. This percentage is reviewed and varied by employees on an annual basis. Council’s contribution is calculated based on the percentages nominated by employees. An increase in the percentages nominated by employees will result in an increase in superannuation costs for Council.

Council’s annual superannuation expense is impacted by a combination of general wage increases, salary system progression, position re-grading/market forces reviews, increase in FTE, and the retirement of members of the DBS.

Under the s254B of the Local Government Act there has been a recent amendment concerning superannuation payments for Councillors. Under this section a Council may make a payment (a superannuation contribution payment) as a contribution to a superannuation account nominated by a Councillor, starting from the financial year commencing 1 July 2022. However, Council is not permitted to make a superannuation contribution payment unless Council has previously passed a resolution at an open meeting to make superannuation contribution payments to its Councillors. While a resolution of Council has not yet occurred on this matter, a provision has been included at this time in the LTFP.

## Workers Compensation

The move to the Loss Prevention and Recovery model (Burning Costs) have seen some significant savings over the prior years. A worker's compensation (insurance) review is currently underway. Annual premium costs in the LTFP are predicted to increase by:

WORKERS' COMPENSATION PREMIUM	%
2022-23 (estimated)	2.0
2024-26 (estimated)	2.0
2026-30 (estimated)	2.25
2030-onwards (estimated)	2.5

## Resignation and Retirement

Council's Employee Leave Entitlement (ELE) Reserve is used to provide a buffer for resignation and retirement payments each year. The number of staff who may leave Council during a given year is difficult to predict, so the budget each year includes funding for average levels of retirements and separations. Council policy is to maintain an amount of at least 20%, averaged over three years of leave entitlements (excluding annual leave) in ELE Reserve. The balance of the ELE Reserve as at 30 June 2021 was 20% (\$5.8m) of entitlements. It is estimated that at least 20% of entitlements will be maintained in the ELE reserve over the life of the LTFP.

## MATERIALS AND CONTRACTS

Maintenance and Operations of new buildings is indexed at 2.5% of construction cost, and then LGCI is applied annually in future years. In addition, maintenance and operations for predicted new civic works assets and parks are indexed annually based on per unit criteria by asset type.

Expenditure on all major expenditure items, including materials and contracts for asset maintenance (including roads, buildings, and parks) has been increased from 2017-18 levels by the estimated Local Government Cost Index (LGCI) each year.

Council's waste services costs have primarily been indexed by CPI, with an allowance for growth.

The following table shows the materials and contracts projected in the LTFP.



**Average increase over 10 years: 30%**

\$'M	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32
<b>Total Materials &amp; Contracts</b>	78.7	81.3	84.9	86.3	89.0	91.6	95.7	97.0	99.9	102.7

## OTHER EXPENSES

Utilities including electricity, street lighting and water/sewerage have been increased primarily by CPI. Where previously approved by Council other items of expenditure in this category, including contributions to other level of governments and authorities and sporting groups, have been indexed annually by LGCI.

The following table shows the estimated other expenses projected in the LTFP.

**Average increase over 10 years: 17%**

\$'M	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32
<b>Total Other Expenses</b>	13.1	13.3	13.6	13.9	14.1	14.3	14.5	14.8	15.0	15.3

## CHILDREN'S SERVICES

Council operates 44 services providing 18 long day care, 15 before and after school, 5 pre-school, and 6 vacation care services. These services are managed by the Penrith City Children's Services Co-operative. The Children's Services activities of Council are largely self-funded by user fees, however there are a small number of areas where Council has taken a policy decision to provide a valuable service to the community at a subsidised cost. Total revenue from Children's Services in 2022-23 are estimated to be \$28.6m. The LTFP assumes that any increase in expenditure is offset by an increase in user fees and charges thus maintaining Council's subsidy at the 2022-23 level.

## WHITEWATER STADIUM AND PERFORMING & VISUAL ARTS

Council operates two separate companies limited by guarantee that are administered by independent Boards. The entities operate Penrith Whitewater Stadium and Penrith Performing & Visual Arts. The setting of fees in relation to these facilities is the responsibility of the individual entities and any surpluses generated do not contribute to Council's general revenue and are retained by the entities.

## DEPRECIATION

Depreciation has been included in the LTFP based on the estimated remaining life of existing and new assets.

## CAPITAL EXPENDITURE

The LTFP's projections for capital expenditure assume a continuation of Council's 2022-23 recurrent capital programs, and projects projected by separate models for section 7.11 projects, Property Development Projects, and City Significant/Major Projects along with any known grant funding.

It is likely that the total actual capital expenditure will be higher than that stated and the LTFP will be updated as project estimates become available. The majority of the additional expenditure will have associated funding sources such as development contributions, reserve transfers or special purpose grants, or will have a particular funding strategy to enable their admission into the budget.

The impact of all ongoing operational and maintenance costs for these projects has been included in the LTFP. As new projects are identified and included the allocation for these increased costs will be adjusted accordingly

CAPITAL EXPENDITURE	2022-23	2023-24 TO 2032-33
<b>Scenario 1: Base Case Scenario</b>	Asset renewals reflect the Asset Management Strategy requirements for maintaining current and predicted assets at existing level of service.	Asset renewals reflect the Asset Management Strategy requirements for maintaining current and predicted assets at existing level of service.
<b>New works</b>	As per Developer Contribution Plan Schedule of Works and Major Projects Approved projects	As per Developer Contribution Plan Schedule of Works and Major Projects Approved projects
<b>Other</b>	Minor asset purchases	Minor asset purchases
<b>Scenario 2: Sustainable Assets</b>	Renewals reflect the Asset Management Strategy requirements for maintaining the current and predicted asset portfolio at condition 3 over the next 10 years.	Renewals reflect the Asset Management Strategy requirements for maintaining the current and predicted asset portfolio at condition 3 over the next 10 years.
<b>New works</b>	As per Developer Contribution Plan Schedule of Works and Major Projects Approved projects	As per Developer Contribution Plan Schedule of Works and Major projects Approved projects
<b>Other</b>	Minor asset purchases	Minor asset purchases

# Scenario One – Base Case

## Introduction

The base case is premised on Council having its assets fit for purpose to have council in a position to deliver services to the expected standard.

Assumptions included in this scenario include:

- A total of \$10m for implementation of ERP strategy.
- Transfer to Financial Management Reserve – \$1m p.a. from 2023–24 (contingency funds).
- \$200k p.a. for Workforce Strategy shortfall from 2022–23 onwards.
- One FTE additional p.a. from 2022–23 onwards funded from 2016–17 SRV.
- \$450k p.a. project funds from 2022–23 onwards funded from 2016–17 SRV.
- Growth in staff numbers of 9 FTE p.a. each year from 2023–24 onwards (indoor/outdoor staff).
- Indexation of maintenance for current assets.
- Maintenance for predicted new assets.
- Depreciation for predicted new assets.
- Major projects approved by Council (refer CAPEX list in Appendix).
- Other assumptions as detailed above.



## SUSTAINABILITY ASSESSMENT

The forecast financial position of the Base Case scenario has been assessed in relation to the four financial sustainability principles.

### The first principle is:

Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, and depreciation.

In relation to the Base Case:

- The *Net Operating Result* before Capital Grants and Contributions is a measure of Council's ability to contain operating expenditure within operating revenue. In the base scenario this is not achieved.
- The *Operating Result* which includes Capital Grants and Contributions is positive for the 10 years covered by the LTFP.
- The overall *Budget Position* each year (including all sources of income) is a surplus result each year.

### The second principle is:

Council must maintain sufficient cash reserves to ensure that it can meet its short-term working capital requirements. Measured by the Unrestricted Current Ratio, the Base Scenario is predicted to meet this benchmark.

### The third principle is:

Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.

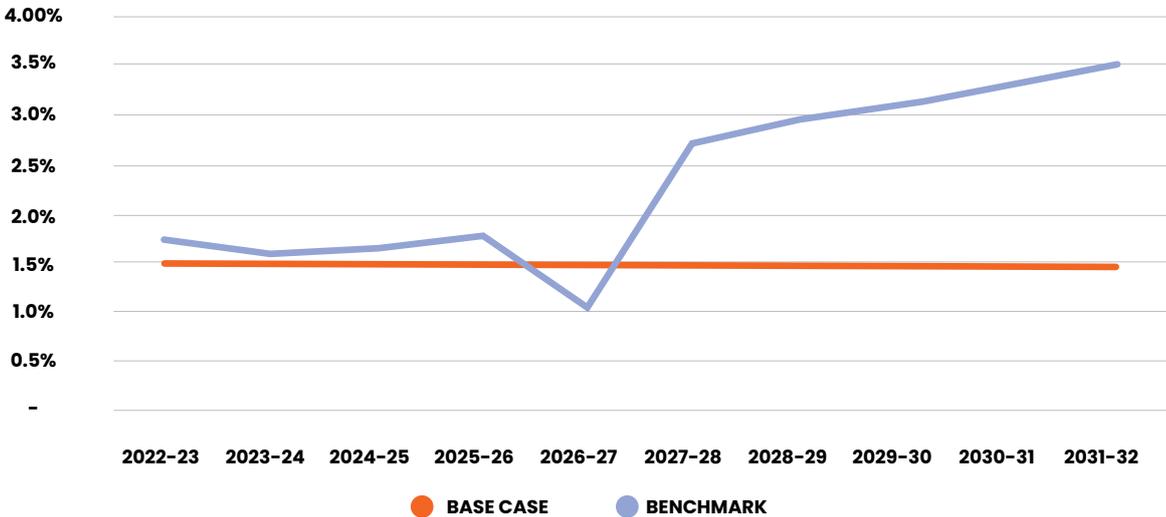
With the Base Case scenario, Council has a fully funded capital program. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total renewal program for the 10 years is \$314m.

### The fourth principle of financial sustainability is:

Council must **maintain its asset base** by renewing identified ageing infrastructure. The Base Case provides for a minimum level of asset renewal and maintenance expenditure to maintain the community's assets in line with Council's Budget Policy.

This 'business as usual' approach will lead to a deterioration of Council's current asset portfolio over time which will be further impacted by its significant future capital expenditure program over the 10-year period. This is evident from the growing asset ratios gap.

### Unrestricted Current Ratio



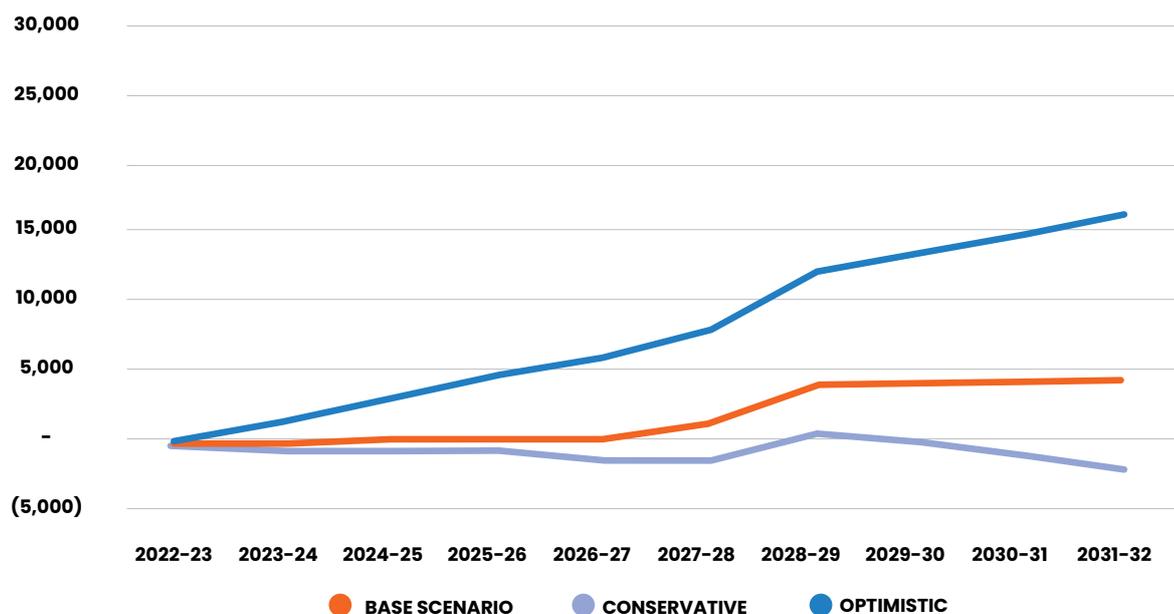
## SENSITIVITY ANALYSIS

The LTFP contains a number of assumptions based on various sources such as legislation, inflation, current service provisions and wage markets. Variations in these assumptions during the life of the plan may have a significant impact on Council's future financial plans.

The assumptions in the Base Case scenario have been tested for sensitivity to both favourable and unfavourable fluctuations in revenues and expenditure, with particular reference to rates income and employee costs.

The following graph show the impact of the above sensitivities on Council's budget position.

### 10 Year Result (\$'000)



BUDGET RESULT (\$'000)	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Base Scenario</b>	-	-	-	-	87	1,003	3,980	4,229	4,273	4,254
<b>Conservative</b>	-	(699)	(716)	(737)	(1,481)	(1,450)	590	(153)	(1,160)	(2,288)
<b>Optimistic</b>	-	1,482	3,073	4,777	5,880	7,886	12,030	13,529	14,902	16,301

There may be a number of risks associated with any long term financial planning predictions. Risk can be minimised by regular review of LTFP assumptions, incorporation of risk assessment in all Major Project reviews, and modelling of scenarios. The following is a range of identified external risks that may also impact on the LTFP should they eventuate as they could result in a significant change in operating revenue or expenditure and the need to review service levels:

- Budget reductions in state and federal governments may impact future funding provisions of grants and contributions.
- Continued increased cost shifting from other levels of government may adversely impact current expenditure levels of Council.
- Climate change and its effect on local flooding and ecology.
- Global issues impacting cost and supply of materials

# Scenario Two

## Introduction

**Scenario Two aims to maintain the current asset portfolio at condition 3 or better, in addition to reducing the infrastructure backlog ratio to 2% over the next 10 years.**

This scenario includes all the components of the base model, plus \$25.2m pa. to address the infrastructure backlog over the next 10 years.

## SUSTAINABILITY ASSESSMENT

The forecast financial position of Scenario Two has been assessed in relation to the four financial sustainability principles.

### The first principle is:

Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure and depreciation.

In relation to Scenario Two:

- The *Net Operating Result* before Capital Grants and Contributions is a measure of Council's ability to contain operating expenditure within operating revenue. In Scenario Two this is not achieved.
- The *Operating Result* which includes Capital Grants and Contributions is positive for the 10 years covered by the LTFP.
- The overall *Budget Position* each year (including all sources of income) is a deficit result each year.

### The second principle of financial sustainability is:

Council must maintain sufficient cash reserves to ensure it can meet its short-term working capital requirements. Scenario Two does not meet this principle with unrestricted cash reserves predicted to go into negative from 2024-25 onwards.

### The third principle of financial sustainability is:

Council must have a fully funded capital program, where the source of funding is identified and secured for both capital renewal and new capital works. This is provided for in Scenario Two.

### The fourth principle of financial sustainability is:

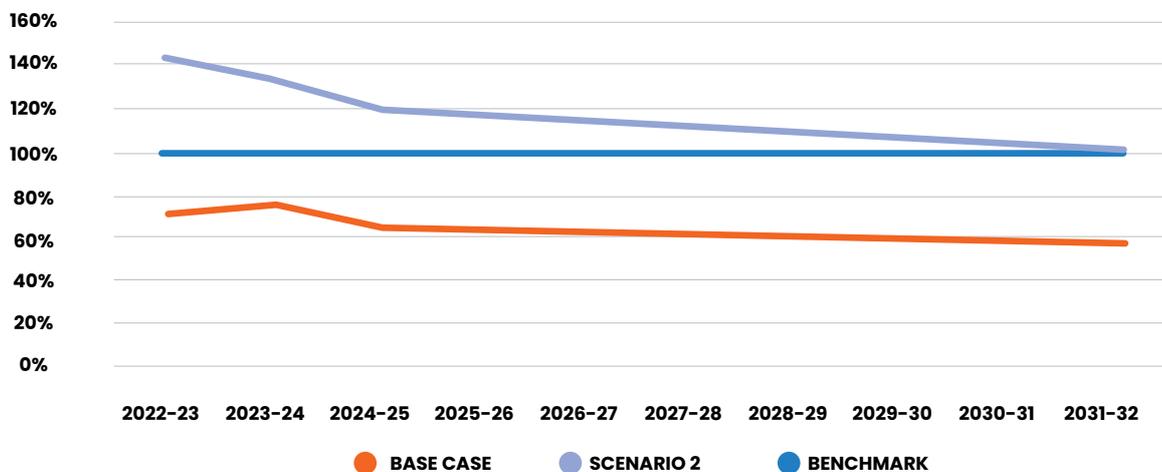
Council must maintain its asset base, by renewing identified ageing infrastructure. Scenario Two provides for a sufficient level of asset renewal expenditure to maintain the community's assets in line with the Asset Management Strategy, and addresses the backlog by providing an additional \$370m over the 10 year period.

Under this scenario, the infrastructure backlog of asset renewal expenditure will decrease from the currently estimated 3.19% to 1.97% which is under the benchmark of 2%.

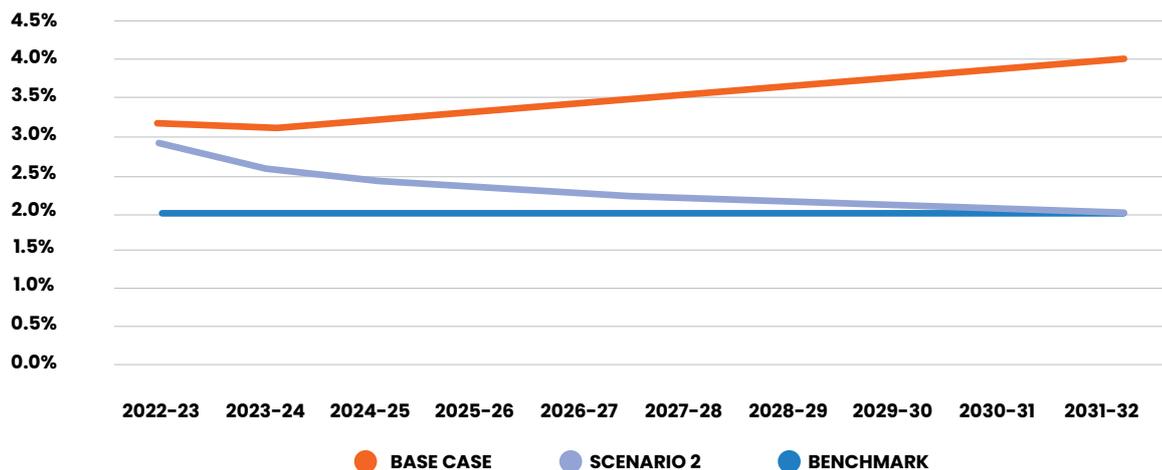
# Scenario Comparison

The following information demonstrates the main differences in the two scenarios presented which is related to the reduction of the asset backlog that is incorporated into Scenario Two. Refer to each Scenario for an explanation of the material differences incorporated in each.

## Asset renewal ratio

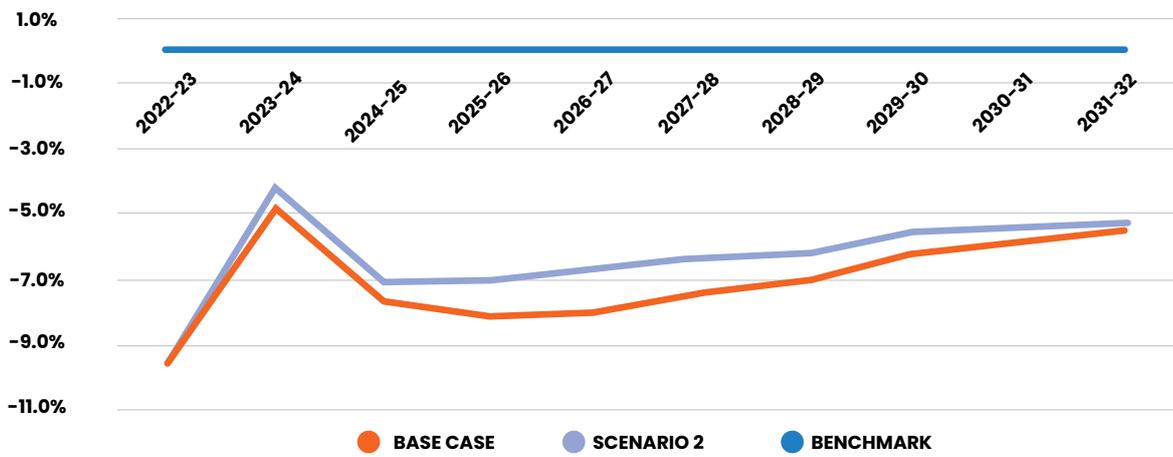


## Infrastructure back log ratio



Neither scenario meets the benchmark for financial sustainability as highlighted by the Operating Performance ratio below which indicates whether Council is sustainable in terms of its operating result. Council's Operating Result continues to be significantly impacted by asset revaluations, increased investment in Asset Construction and Dedications, and increasing depreciation associated with the increased value of Council's assets. The result has also been impacted by COVID-19 with continuing decreased income and increased costs.

### Operating performance ratio



# Financial Statements and Key Performance Indicators



## INCOME STATEMENT – BASE SCENARIO (\$,000)

OPERATIONS FROM ORDINARY ACTIVITIES	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Operating Expenditure</b>										
Employee Costs	135,975	139,859	143,289	147,486	152,109	156,933	161,913	167,051	172,356	177,830
Interest Charges	1,233	2,883	4,261	5,984	5,749	5,513	3,790	3,579	3,368	3,151
Depreciation and Amortisation	47,328	50,390	52,691	56,115	58,545	59,529	60,522	61,604	62,631	63,801
Materials and Contracts	78,740	81,348	84,939	86,281	88,954	91,552	95,684	96,994	99,897	102,742
Other Expenses	13,104	13,354	13,627	13,866	14,088	14,315	14,548	14,786	15,029	15,279
Net (Loss)/Gain from the Disposal of Assets	554	-	588	602	615	629	643	657	672	687
<b>Total Operating Expenditure</b>	<b>276,934</b>	<b>287,834</b>	<b>299,395</b>	<b>310,335</b>	<b>320,059</b>	<b>328,472</b>	<b>337,099</b>	<b>344,671</b>	<b>353,953</b>	<b>363,490</b>
<b>Operating Revenue</b>										
Rates and Annual Charges	188,571	194,438	200,351	206,407	213,634	221,071	228,707	236,557	244,570	252,875
User Charges and Fees	45,485	47,586	48,983	50,706	52,007	53,364	54,769	56,223	57,850	59,410
Interest Income	3,175	3,433	3,666	4,006	4,347	4,688	4,686	4,683	4,681	4,678
Operating Grants and Contributions	9,130	16,795	16,619	16,374	16,376	16,378	16,380	16,382	16,384	16,387
Other Revenue	6,415	7,289	8,705	9,575	10,126	10,332	10,542	10,757	10,978	11,204
Net Gain from the Disposal of Assets	-	5,082	-	-	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b>252,777</b>	<b>274,623</b>	<b>278,323</b>	<b>287,068</b>	<b>296,491</b>	<b>305,832</b>	<b>315,083</b>	<b>324,603</b>	<b>334,462</b>	<b>344,554</b>
<b>Result before Capital Grants and Contributions</b>	<b>(24,157)</b>	<b>(13,211)</b>	<b>(21,072)</b>	<b>(23,266)</b>	<b>(23,568)</b>	<b>(22,639)</b>	<b>(22,016)</b>	<b>(20,068)</b>	<b>(19,491)</b>	<b>(18,936)</b>
Capital Grants & Contributions	42,806	42,833	33,861	32,099	33,603	32,343	33,752	36,100	32,905	32,974
<b>Operating Result</b>	<b>18,648</b>	<b>29,622</b>	<b>12,789</b>	<b>8,832</b>	<b>10,035</b>	<b>9,703</b>	<b>11,736</b>	<b>16,032</b>	<b>13,414</b>	<b>14,038</b>
<b>Funding Statement (Sources &amp; Application)</b>										
Add back non funded items	52,197	49,760	57,872	61,459	64,057	65,215	66,387	67,654	68,872	70,238
Funds received from Sale of Assets	5,548	8,218	2,504	1,718	1,718	58,452	1,718	2,118	2,804	2,118
Loans Received	37,800	30,000	37,228	-	-	-	-	-	-	-
Budget (Surplus) / Deficit										
Funds Transferred (to)/from Reserves held	45,316	2,457	(4,946)	(7,797)	(12,111)	(37,051)	(14,489)	(18,274)	(15,009)	(17,523)
<b>Net Fund Available</b>	<b>159,508</b>	<b>120,057</b>	<b>105,447</b>	<b>64,213</b>	<b>63,698</b>	<b>96,319</b>	<b>65,352</b>	<b>67,530</b>	<b>70,081</b>	<b>68,871</b>
<b>Application of Funds</b>										
Assets Acquired	(153,064)	(114,154)	(99,285)	(57,910)	(57,984)	(59,712)	(56,385)	(58,721)	(61,021)	(59,615)
Internal Loans	81	91	94	77	75	77	79	82	84	87
Loan Repayments Made	(6,526)	(5,995)	(6,256)	(6,379)	(5,702)	(35,681)	(5,066)	(4,661)	(4,872)	(5,088)
Total Application	(159,508)	(120,057)	(105,447)	(64,213)	(63,611)	(95,316)	(61,372)	(63,301)	(65,808)	(64,617)
<b>Net Costs funded from Rates &amp; Other Untied Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>87</b>	<b>1,003</b>	<b>3,980</b>	<b>4,229</b>	<b>4,273</b>	<b>4,254</b>

## FINANCIAL POSITION – BASE SCENARIO (\$'000)

	PROJECTED YEARS									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>ASSETS</b>										
Current Assets										
Cash & Cash Equivalents	6,320	20,234	25,122	33,495	46,595	85,281	104,722	128,219	148,103	170,762
Investments	74,612	62,689	62,689	62,689	62,689	62,689	62,689	62,689	62,689	62,689
Receivables	12,906	13,701	13,632	13,961	14,471	14,900	15,425	16,025	16,337	16,837
Inventories	597	611	639	650	671	691	722	733	756	778
Contract assets	5,728	5,728	5,728	5,728	5,728	5,728	5,728	5,728	5,728	5,728
Other	5,248	5,374	5,599	5,695	5,864	6,029	6,281	6,375	6,558	6,740
<b>Total Current Assets</b>	<b>105,411</b>	<b>108,337</b>	<b>113,409</b>	<b>122,218</b>	<b>136,017</b>	<b>175,317</b>	<b>195,568</b>	<b>219,769</b>	<b>240,171</b>	<b>263,533</b>
Non-Current Assets										
Investments	19,256	16,179	16,179	16,179	16,179	16,179	16,179	16,179	16,179	16,179
Receivables	2,589	2,633	2,676	2,721	2,775	2,830	2,887	2,945	3,005	3,066
Infrastructure, Property, Plant & Equipment	2,494,070	2,541,097	2,564,599	2,564,075	2,561,181	2,558,331	2,551,834	2,546,176	2,541,089	2,534,098
Investment Property	62,873	76,473	96,473	96,473	96,473	40,425	40,425	40,425	40,425	40,425
Intangible Assets	556	556	556	556	556	556	556	556	556	556
Right of use assets	132	132	132	132	132	132	132	132	132	132
Other	471	482	503	511	526	541	564	572	589	605
<b>Total Non-Current Assets</b>	<b>2,579,948</b>	<b>2,637,553</b>	<b>2,681,119</b>	<b>2,680,648</b>	<b>2,677,823</b>	<b>2,618,995</b>	<b>2,612,577</b>	<b>2,606,986</b>	<b>2,601,975</b>	<b>2,595,061</b>
<b>TOTAL ASSETS</b>	<b>2,685,359</b>	<b>2,745,890</b>	<b>2,794,528</b>	<b>2,802,866</b>	<b>2,813,840</b>	<b>2,794,312</b>	<b>2,808,145</b>	<b>2,826,754</b>	<b>2,842,146</b>	<b>2,858,594</b>

## FINANCIAL POSITION – BASE SCENARIO (\$'000)

	PROJECTED YEARS									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Payables	27,694	28,203	28,854	29,331	29,973	30,623	31,428	31,983	32,698	33,422
Contract liabilities	12,010	13,291	12,242	12,229	12,641	12,677	13,092	13,644	13,453	13,705
Borrowings	5,995	6,256	6,379	5,702	35,681	5,066	4,661	4,872	5,088	4,835
Provisions	48,018	52,984	58,106	63,370	68,794	74,390	80,161	86,114	92,255	98,589
<b>Total Current Liabilities</b>	<b>93,717</b>	<b>100,734</b>	<b>105,581</b>	<b>110,631</b>	<b>147,089</b>	<b>122,756</b>	<b>129,341</b>	<b>136,613</b>	<b>143,494</b>	<b>150,551</b>
<b>Non-Current Liabilities</b>										
Payables	7,870	7,870	7,870	7,870	7,870	7,870	7,870	7,870	7,870	7,870
Lease liabilities	131	131	131	131	131	131	131	131	131	131
Borrowings	68,460	92,204	123,053	117,351	81,671	76,605	71,944	67,072	61,984	57,148
Provisions	1,398	1,545	1,698	1,855	2,017	2,185	2,357	2,536	2,719	2,909
<b>Total Non-Current Liabilities</b>	<b>77,858</b>	<b>101,750</b>	<b>132,752</b>	<b>127,207</b>	<b>91,689</b>	<b>86,791</b>	<b>82,302</b>	<b>77,609</b>	<b>72,704</b>	<b>68,058</b>
<b>TOTAL LIABILITIES</b>	<b>171,575</b>	<b>202,484</b>	<b>238,333</b>	<b>237,838</b>	<b>238,778</b>	<b>209,547</b>	<b>211,644</b>	<b>214,222</b>	<b>216,198</b>	<b>218,609</b>
<b>NET ASSETS</b>	<b>2,513,784</b>	<b>2,543,406</b>	<b>2,556,195</b>	<b>2,565,028</b>	<b>2,575,062</b>	<b>2,584,765</b>	<b>2,596,501</b>	<b>2,612,533</b>	<b>2,625,948</b>	<b>2,639,985</b>
<b>Equity</b>										
Retained Earnings	1,330,552	1,360,174	1,372,963	1,381,796	1,391,830	1,401,533	1,413,269	1,429,301	1,442,716	1,456,753
Revaluation Reserves	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	2,513,784	2,543,406	2,556,195	2,565,028	2,575,062	2,584,765	2,596,501	2,612,533	2,625,948	2,639,985
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>2,513,784</b>	<b>2,543,406</b>	<b>2,556,195</b>	<b>2,565,028</b>	<b>2,575,062</b>	<b>2,584,765</b>	<b>2,596,501</b>	<b>2,612,533</b>	<b>2,625,948</b>	<b>2,639,985</b>

## STATEMENT OF CASH FLOW - BASE SCENARIO (\$'000)

	PROJECTED YEARS									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Receipts										
Rates & Annual Charges	188,464	194,356	200,268	206,322	213,533	220,966	228,600	236,447	244,457	252,759
User Charges & Fees	44,739	47,752	49,153	50,911	52,165	53,528	54,938	56,399	58,045	59,598
Investment & Interest Revenue Received	3,308	3,404	3,631	3,957	4,280	4,542	4,597	4,582	4,591	4,577
Grants & Contributions	34,021	46,347	35,625	34,285	36,120	34,603	36,264	38,702	34,992	35,367
Other	7,248	7,171	8,700	9,506	10,070	10,319	10,505	10,712	10,972	11,175
Payments										
Employee Benefits & On-Costs	(131,074)	(134,819)	(138,093)	(142,124)	(146,576)	(151,226)	(156,025)	(160,979)	(166,092)	(171,369)
Materials & Contracts	(79,278)	(81,767)	(85,401)	(86,694)	(89,399)	(91,998)	(96,168)	(97,416)	(100,358)	(103,205)
Borrowing Costs	(1,233)	(2,883)	(4,261)	(5,984)	(5,749)	(5,513)	(3,790)	(3,579)	(3,368)	(3,151)
Other	(13,962)	(13,087)	(13,299)	(13,612)	(13,755)	(13,976)	(14,131)	(14,492)	(14,655)	(14,900)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>52,233</b>	<b>66,473</b>	<b>56,323</b>	<b>56,568</b>	<b>60,688</b>	<b>61,245</b>	<b>64,790</b>	<b>70,375</b>	<b>68,583</b>	<b>70,852</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Sale of Investment Securities	15,000	15,000	-	-	-	-	-	-	-	-
Sale of Investment Property	3,710	6,400	-	-	-	56,048	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,837	1,818	2,504	1,718	1,718	2,404	1,718	2,118	2,804	2,118
Purchase of Investment Property	(45,000)	(20,000)	(20,000)	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(92,946)	(79,783)	(64,911)	(43,534)	(43,605)	(45,331)	(42,002)	(44,335)	(46,631)	(45,223)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(117,399)</b>	<b>(76,565)</b>	<b>(82,407)</b>	<b>(41,816)</b>	<b>(41,887)</b>	<b>13,121</b>	<b>(40,283)</b>	<b>(42,217)</b>	<b>(43,827)</b>	<b>(43,105)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Proceeds from Borrowings & Advances	37,800	30,000	37,228	-	-	-	-	-	-	-
Repayment of Borrowings & Advances	(6,549)	(5,995)	(6,256)	(6,379)	(5,702)	(35,681)	(5,066)	(4,661)	(4,872)	(5,088)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>31,251</b>	<b>24,005</b>	<b>30,972</b>	<b>(6,379)</b>	<b>(5,702)</b>	<b>(35,681)</b>	<b>(5,066)</b>	<b>(4,661)</b>	<b>(4,872)</b>	<b>(5,088)</b>
Net Increase/(Decrease) in Cash & Cash Equivalents	(33,915)	13,913	4,888	8,373	13,100	38,686	19,441	23,497	19,884	22,659
plus: Cash & Cash Equivalents - beginning of year	40,212	6,297	20,210	25,098	33,472	46,571	85,257	104,698	128,196	148,080
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>6,297</b>	<b>20,210</b>	<b>25,098</b>	<b>33,472</b>	<b>46,571</b>	<b>85,257</b>	<b>104,698</b>	<b>128,196</b>	<b>148,080</b>	<b>170,739</b>

**TABLE 7: STATEMENT OF CASH FLOW – BASE SCENARIO (\$'000)**

	PROJECTED YEARS									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Cash & Cash Equivalents - end of the year	6,297	20,210	25,098	33,472	46,571	85,257	104,698	128,196	148,080	170,739
Investments - end of the year	93,868	78,868	78,868	78,868	78,868	78,868	78,868	78,868	78,868	78,868
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>100,165</b>	<b>99,078</b>	<b>103,966</b>	<b>112,340</b>	<b>125,439</b>	<b>164,125</b>	<b>183,566</b>	<b>207,064</b>	<b>226,948</b>	<b>249,607</b>
<b>Representing</b>										
- External Restrictions	65,902	66,340	69,097	73,450	80,402	86,452	94,685	106,781	116,281	126,274
- Internal Restrictons	33,690	30,795	32,985	36,430	41,588	72,589	78,846	85,024	90,533	98,063
- Unrestricted	572	1,943	1,884	2,461	3,449	5,083	10,036	15,259	20,134	25,270
<b>TOTAL</b>	<b>100,165</b>	<b>99,078</b>	<b>103,966</b>	<b>112,340</b>	<b>125,439</b>	<b>164,125</b>	<b>183,566</b>	<b>207,064</b>	<b>226,948</b>	<b>249,607</b>

**RATIOS – BASE SCENARIO**

RATIO	BENCHMARK	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Operating Ratios</b>											
<b>Operating Performance Ratio</b>	> 0%	-9.56%	-4.81%	-7.57%	-8.10%	-7.95%	-7.40%	-6.99%	-6.18%	-5.83%	-5.50%
<b>Own Source Operating Revenue Ratio</b>	> 60%	82.43%	81.22%	83.83%	84.81%	84.86%	85.59%	85.63%	85.45%	86.58%	86.93%
<b>Debt Service Cover Ratio</b>	> 2x	3.1x	4.5x	3.4x	3.1x	3.6x	1x	4.8x	5.5x	5.6x	5.8x
<b>Real Operating Expenditure per Capita Ratio</b>		1,274	1,309	1,340	1,371	1,395	1,413	1,431	1,445	1,465	1,486
<b>Asset Ratios</b>											
<b>Building &amp; Infrastructure Asset Renewal Ratio</b>	> = 100%	71.54%	74.79%	65.67%	64.72%	63.35%	62.44%	60.78%	59.58%	58.42%	57.67%
<b>Infrastructure Backlog Ratio</b>	< 2%	3.16%	3.11%	3.20%	3.31%	3.43%	3.54%	3.66%	3.78%	3.90%	4.02%
<b>Asset Maintenance Ratio</b>	> 100%	84.82%	75.47%	76.32%	77.78%	78.75%	79.73%	80.65%	81.50%	82.42%	66.83%



## INCOME STATEMENT – SCENARIO TWO (\$'000)

OPERATIONS FROM ORDINARY ACTIVITIES	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Operating Expenditure</b>										
Employee Costs	135,975	139,859	143,289	147,486	152,109	156,933	161,913	167,051	172,356	177,830
Interest Charges	1,233	2,883	4,261	5,984	5,749	5,513	3,790	3,579	3,368	3,151
Depreciation and Amortisation	47,328	48,656	51,214	52,925	54,513	56,140	57,809	59,520	61,273	63,056
Materials and Contracts	78,740	81,348	84,939	86,281	88,954	91,552	95,684	96,994	99,897	102,742
Other Expenses	13,104	13,354	13,627	13,866	14,088	14,315	14,548	14,786	15,029	15,279
Net (Loss)/Gain from the Disposal of Assets	554	-	588	602	615	629	643	657	672	687
<b>Total Operating Expenditure</b>	<b>276,934</b>	<b>286,100</b>	<b>297,918</b>	<b>307,144</b>	<b>316,027</b>	<b>325,083</b>	<b>334,387</b>	<b>342,587</b>	<b>352,595</b>	<b>362,746</b>
<b>Operating Revenue</b>										
Rates and Annual Charges	188,571	194,438	200,351	206,407	213,634	221,071	228,707	236,557	244,570	252,875
User Charges and Fees	45,485	47,586	48,983	50,706	52,007	53,364	54,769	56,223	57,850	59,410
Interest Income	3,175	3,433	3,666	4,006	4,347	4,688	4,686	4,683	4,681	4,678
Operating Grants and Contributions	9,130	16,795	16,619	16,374	16,376	16,378	16,380	16,382	16,384	16,387
Other Revenue	6,415	7,289	8,705	9,575	10,126	10,332	10,542	10,757	10,978	11,204
Net Gain from the Disposal of Assets	-	5,082	-	-	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b>252,777</b>	<b>274,623</b>	<b>278,323</b>	<b>287,068</b>	<b>296,491</b>	<b>305,832</b>	<b>315,083</b>	<b>324,603</b>	<b>334,462</b>	<b>344,554</b>
<b>Result before Capital Grants and Contributions</b>	<b>(24,157)</b>	<b>(11,477)</b>	<b>(19,595)</b>	<b>(20,076)</b>	<b>(19,536)</b>	<b>(19,251)</b>	<b>(19,303)</b>	<b>(17,984)</b>	<b>(18,133)</b>	<b>(18,192)</b>
Capital Grants & Contributions	42,806	42,833	33,861	32,099	33,603	32,343	33,752	36,100	32,905	32,974
<b>Operating Result</b>	<b>18,648</b>	<b>31,356</b>	<b>14,266</b>	<b>12,023</b>	<b>14,067</b>	<b>13,092</b>	<b>14,448</b>	<b>18,117</b>	<b>14,773</b>	<b>14,782</b>
<b>Funding Statement (Sources &amp; Application)</b>										
Add back non funded items	52,197	48,026	56,395	58,269	60,025	61,826	63,674	65,569	67,513	69,493
Funds received from Sale of Assets	5,548	8,218	2,504	1,718	1,718	58,452	1,718	2,118	2,804	2,118
Loans Received	37,800	30,000	37,228	-	-	-	-	-	-	-
Budget (Surplus) / Deficit										
Funds Transferred (to)/from Reserves held	45,316	2,457	(4,946)	(7,797)	(12,111)	(37,051)	(14,489)	(18,274)	(15,009)	(17,523)
<b>Net Fund Available</b>	<b>159,508</b>	<b>120,057</b>	<b>105,447</b>	<b>64,213</b>	<b>63,698</b>	<b>96,319</b>	<b>65,352</b>	<b>67,530</b>	<b>70,081</b>	<b>68,871</b>
<b>Application of Funds</b>										
Assets Acquired	(153,064)	(139,155)	(123,781)	(82,206)	(82,244)	(83,936)	(80,572)	(82,870)	(85,130)	(83,684)
Internal Loans	81	91	94	77	75	77	79	82	84	87
Loan Repayments Made	(6,526)	(5,995)	(6,256)	(6,379)	(5,702)	(35,681)	(5,066)	(4,661)	(4,872)	(5,088)
Total Application	(159,508)	(145,058)	(129,943)	(88,508)	(87,872)	(119,540)	(85,558)	(87,449)	(89,917)	(88,685)
<b>Net Costs funded from Rates &amp; Other Untied Income</b>	<b>0</b>	<b>(25,001)</b>	<b>(24,496)</b>	<b>(24,296)</b>	<b>(24,173)</b>	<b>(23,221)</b>	<b>(20,207)</b>	<b>(19,919)</b>	<b>(19,836)</b>	<b>(19,815)</b>

## FINANCIAL POSITION - SCENARIO TWO (\$'000)

	PROJECTED YEARS									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>ASSETS</b>										
Current Assets										
Cash & Cash Equivalents	6,320	-	-	-	-	14,535	9,864	9,286	5,135	3,799
Investments	74,612	58,960	43,434	30,836	22,024	22,024	22,024	22,024	22,024	22,024
Receivables	12,906	13,624	13,481	13,736	14,172	14,527	14,979	15,506	15,743	16,170
Inventories	597	611	639	650	671	691	722	733	756	778
Contract assets	5,728	5,728	5,728	5,728	5,728	5,728	5,728	5,728	5,728	5,728
Other	5,248	5,374	5,599	5,695	5,864	6,029	6,281	6,375	6,558	6,740
<b>Total Current Assets</b>	<b>105,411</b>	<b>84,298</b>	<b>68,881</b>	<b>56,645</b>	<b>48,459</b>	<b>63,534</b>	<b>59,599</b>	<b>59,651</b>	<b>55,944</b>	<b>55,238</b>
Non-Current Assets										
Investments	19,256	15,217	11,210	7,958	5,684	5,684	5,684	5,684	5,684	5,684
Receivables	2,589	2,633	2,676	2,721	2,775	2,830	2,887	2,945	3,005	3,066
Infrastructure, Property, Plant & Equipment	2,494,070	2,567,833	2,617,308	2,644,269	2,669,668	2,694,430	2,714,832	2,735,407	2,755,788	2,773,610
Investment Property	62,873	76,473	96,473	96,473	96,473	40,425	40,425	40,425	40,425	40,425
Intangible Assets	556	556	556	556	556	556	556	556	556	556
Right of use assets	132	132	132	132	132	132	132	132	132	132
Other	471	482	503	511	526	541	564	572	589	605
<b>Total Non-Current Assets</b>	<b>2,579,948</b>	<b>2,663,326</b>	<b>2,728,858</b>	<b>2,752,622</b>	<b>2,775,814</b>	<b>2,744,599</b>	<b>2,765,080</b>	<b>2,785,722</b>	<b>2,806,178</b>	<b>2,824,078</b>
<b>TOTAL ASSETS</b>	<b>2,685,359</b>	<b>2,747,624</b>	<b>2,797,739</b>	<b>2,809,267</b>	<b>2,824,273</b>	<b>2,808,133</b>	<b>2,824,679</b>	<b>2,845,373</b>	<b>2,862,123</b>	<b>2,879,316</b>

## FINANCIAL POSITION - SCENARIO TWO (\$'000)

	PROJECTED YEARS									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Payables	27,694	28,203	28,854	29,331	29,973	30,623	31,428	31,983	32,698	33,422
Contract liabilities	12,010	13,291	12,242	12,229	12,641	12,677	13,092	13,644	13,453	13,705
Borrowings	5,995	6,256	6,379	5,702	35,681	5,066	4,661	4,872	5,088	4,835
Provisions	48,018	52,984	58,106	63,370	68,794	74,390	80,161	86,114	92,255	98,589
<b>Total Current Liabilities</b>	<b>93,717</b>	<b>100,734</b>	<b>105,581</b>	<b>110,631</b>	<b>147,089</b>	<b>122,756</b>	<b>129,341</b>	<b>136,613</b>	<b>143,494</b>	<b>150,551</b>
<b>Non-Current Liabilities</b>										
Payables	7,870	7,870	7,870	7,870	7,870	7,870	7,870	7,870	7,870	7,870
Lease liabilities	131	131	131	131	131	131	131	131	131	131
Borrowings	68,460	92,204	123,053	117,351	81,671	76,605	71,944	67,072	61,984	57,148
Provisions	1,398	1,545	1,698	1,855	2,017	2,185	2,357	2,536	2,719	2,909
<b>Total Non-Current Liabilities</b>	<b>77,858</b>	<b>101,750</b>	<b>132,752</b>	<b>127,207</b>	<b>91,689</b>	<b>86,791</b>	<b>82,302</b>	<b>77,609</b>	<b>72,704</b>	<b>68,058</b>
<b>TOTAL LIABILITIES</b>	<b>171,575</b>	<b>202,484</b>	<b>238,333</b>	<b>237,838</b>	<b>238,778</b>	<b>209,547</b>	<b>211,644</b>	<b>214,222</b>	<b>216,198</b>	<b>218,609</b>
<b>NET ASSETS</b>	<b>2,513,784</b>	<b>2,545,140</b>	<b>2,559,406</b>	<b>2,571,429</b>	<b>2,585,496</b>	<b>2,598,587</b>	<b>2,613,035</b>	<b>2,631,151</b>	<b>2,645,925</b>	<b>2,660,706</b>
<b>Equity</b>										
Retained Earnings	1,330,552	1,361,908	1,376,174	1,388,197	1,402,263	1,415,355	1,429,803	1,447,920	1,462,693	1,477,475
Revaluation Reserves	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232	1,183,232
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	2,513,784	2,545,140	2,559,406	2,571,429	2,585,495	2,598,587	2,613,035	2,631,152	2,645,925	2,660,707
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>2,513,784</b>	<b>2,545,140</b>	<b>2,559,406</b>	<b>2,571,429</b>	<b>2,585,495</b>	<b>2,598,587</b>	<b>2,613,035</b>	<b>2,631,152</b>	<b>2,645,925</b>	<b>2,660,707</b>

## STATEMENT OF CASH FLOW - SCENARIO TWO (\$'000)

	PROJECTED YEARS									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Receipts										
Rates & Annual Charges	188,464	194,356	200,268	206,322	213,533	220,966	228,600	236,447	244,457	252,759
User Charges & Fees	44,739	47,752	49,153	50,911	52,165	53,528	54,938	56,399	58,045	59,598
Investment & Interest Revenue Received	3,308	3,480	3,706	4,031	4,354	4,616	4,671	4,655	4,664	4,661
Grants & Contributions	34,021	46,347	35,625	34,285	36,120	34,603	36,264	38,702	34,992	35,367
Other	7,248	7,171	8,700	9,506	10,070	10,319	10,505	10,712	10,972	11,175
Payments										
Employee Benefits & On-Costs	(131,074)	(134,819)	(138,093)	(142,124)	(146,576)	(151,226)	(156,025)	(160,979)	(166,092)	(171,369)
Materials & Contracts	(79,278)	(81,767)	(85,401)	(86,694)	(89,399)	(91,998)	(96,168)	(97,416)	(100,358)	(103,205)
Borrowing Costs	(1,233)	(2,883)	(4,261)	(5,984)	(5,749)	(5,513)	(3,790)	(3,579)	(3,368)	(3,151)
Other	(13,962)	(13,087)	(13,299)	(13,612)	(13,755)	(13,976)	(14,131)	(14,492)	(14,655)	(14,900)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>52,233</b>	<b>66,549</b>	<b>56,397</b>	<b>56,642</b>	<b>60,762</b>	<b>61,319</b>	<b>64,864</b>	<b>70,448</b>	<b>68,657</b>	<b>70,925</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Sale of Investment Securities	15,000	19,691	19,533	15,849	11,087	-	-	-	-	-
Sale of Investment Property	3,710	6,400	-	-	-	56,048	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,837	1,818	2,504	1,718	1,718	2,404	1,718	2,118	2,804	2,118
Purchase of Investment Property	(45,000)	(20,000)	(20,000)	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(92,946)	(104,784)	(89,407)	(67,830)	(67,865)	(69,555)	(66,188)	(68,483)	(70,740)	(69,292)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(117,399)</b>	<b>(96,875)</b>	<b>(87,370)</b>	<b>(50,263)</b>	<b>(55,060)</b>	<b>(11,03)</b>	<b>(64,470)</b>	<b>(66,365)</b>	<b>(67,936)</b>	<b>(67,173)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Proceeds from Borrowings & Advances	37,800	30,000	37,228	-	-	-	-	-	-	-
Repayment of Borrowings & Advances	(6,549)	(5,995)	(6,256)	(6,379)	(5,702)	(35,681)	(5,066)	(4,661)	(4,872)	(5,088)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>31,251</b>	<b>24,005</b>	<b>30,972</b>	<b>(6,379)</b>	<b>(5,702)</b>	<b>(35,681)</b>	<b>(5,066)</b>	<b>(4,661)</b>	<b>(4,872)</b>	<b>(5,088)</b>
Net Increase/(Decrease) in Cash & Cash Equivalents	(33,915)	(6,320)	-	-	-	14,535	(4,671)	(578)	(4,151)	(1,337)
plus: Cash & Cash Equivalents - beginning of year	40,212	6,297	(24)	(24)	(24)	(24)	14,512	9,840	9,263	5,112
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>6,297</b>	<b>(24)</b>	<b>(24)</b>	<b>(24)</b>	<b>(24)</b>	<b>14,512</b>	<b>9,840</b>	<b>9,263</b>	<b>5,112</b>	<b>3,775</b>

## STATEMENT OF CASH FLOW – SCENARIO TWO (\$'000)

	PROJECTED YEARS									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Cash & Cash Equivalents – end of the year	6,297	(24)	(24)	(24)	(24)	14,512	9,840	9,263	5,112	3,775
Investments – end of the year	93,868	74,177	54,643	38,795	27,708	27,708	27,708	27,708	27,708	27,708
<b>Cash, Cash Equivalents &amp; Investments – end of the year</b>	<b>100,165</b>	<b>74,153</b>	<b>54,620</b>	<b>38,771</b>	<b>27,684</b>	<b>42,220</b>	<b>37,548</b>	<b>36,971</b>	<b>32,819</b>	<b>31,483</b>
<b>Representing</b>										
- External Restrictions	65,902	66,340	69,097	73,450	80,402	86,452	94,685	106,781	116,281	126,274
- Internal Restrictitons	33,690	30,795	32,985	36,430	41,588	72,589	78,846	85,024	90,533	98,063
- Unrestricted	572	(22,982)	(47,462)	(71,108)	(94,306)	(116,822)	(135,983)	(154,834)	(173,995)	(192,854)
<b>TOTAL</b>	<b>100,165</b>	<b>74,153</b>	<b>54,620</b>	<b>38,771</b>	<b>27,684</b>	<b>42,220</b>	<b>37,548</b>	<b>36,971</b>	<b>32,819</b>	<b>31,483</b>

## RATIOS – SCENARIO TWO

RATIO	BENCHMARK	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>Operating Ratios</b>											
<b>Operating Performance Ratio</b>	> 0%	-9.56%	-4.18%	-7.04%	-6.99%	-6.59%	-6.29%	-6.13%	-5.54%	-5.42%	-5.28%
<b>Own Source Operating Revenue Ratio</b>	> 60%	82.43%	81.22%	83.83%	84.81%	84.86%	85.59%	85.63%	85.45%	86.58%	86.93%
<b>Debt Service Cover Ratio</b>	> 2x	3.1x	4.5x	3.4x	3.1x	3.6x	1x	4.8x	5.5x	5.6x	5.8x
<b>Real Operating Expenditure per Capita Ratio</b>		1,274	1,301	1,334	1,356	1,377	1,398	1,420	1,436	1,459	1,483
<b>Asset Ratios</b>											
<b>Building &amp; Infrastructure Asset Renewal Ratio</b>	> = 100%	142.76%	133.61%	120.11%	116.82%	113.74%	111.18%	107.93%	105.20%	102.57%	100.40%
<b>Infrastructure Backlog Ratio</b>	< 2%	2.85%	2.55%	2.41%	2.31%	2.23%	2.15%	2.09%	2.04%	2.00%	1.97%
<b>Asset Maintenance Ratio</b>	> 100%	84.82%	75.47%	76.32%	77.78%	78.75%	79.73%	80.65%	81.50%	82.42%	66.83%

## APENDIX 1

### CAPITAL EXPENDITURE 10 YEAR FORECAST

PROJECT DESCRIPTION	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
LTC / Urgent Traffic Facilities	89,280	92,405	95,408	98,032	100,482	102,995	105,569	108,209	110,914	113,687
Construction of Bicycle Facilities	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Plant Replacement	2,590,150	250,000	1,500,000	250,000	250,000	250,000	500,000	2,500,000	3,250,000	2,500,000
Rural Roads Resealing	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500
Road Resealing/ Resheeting (Pt AREAS)	4,830,767	4,884,911	4,937,768	4,990,453	5,053,160	5,117,358	5,183,085	5,250,375	5,319,268	5,389,803
Dedication - Subdivision Roads	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Dedication - Drainage Works	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Motor Vehicle Purchases	1,794,000	1,794,000	3,000,000	1,794,000	1,794,000	3,000,000	1,794,000	1,794,000	3,000,000	1,794,000
Rural Roads Widening	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000
Traffic Facilities - Regulatory	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000
Roads Reconstruction	2,475,926	2,475,929	2,475,929	2,475,930	2,475,930	2,475,930	2,475,929	2,475,930	2,475,930	2,475,930
Bus Shelters Program	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Disability Access Improvements	33,530	33,530	33,530	33,530	33,530	33,530	33,530	33,530	33,530	33,530
Building Upgrades	240,000	252,000	264,600	277,830	291,722	306,308	321,623	337,704	354,589	372,319
CS IT Replacement Capital	25,000	26,250	27,563	28,941	30,388	31,907	33,502	35,178	36,936	38,783
OOSH Bus Fleet Replacement	150,000	50,000	52,500	55,125	57,881	60,775	63,814	67,005	70,355	73,873
CS Playground Upgrades	360,000	210,000	220,500	231,525	243,101	255,256	268,019	281,420	295,491	310,266
Shared Pathways	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000
Urban Drainage Construction Program	956,000	1,021,860	1,021,860	1,021,860	1,021,861	1,021,861	1,021,861	1,021,861	1,021,861	1,021,861
Traffic and Transport Facilities Program	448,743	361,203	368,427	374,874	380,497	386,205	391,998	397,878	403,846	409,904
Restoration of Poor Condition Path Paving	-	200,000	-	-	-	200,000	-	-	-	200,000
Building Asset Renewal	5,367,623	6,163,328	6,188,794	6,213,546	6,241,652	6,270,386	6,299,763	6,329,797	6,360,504	6,391,899
Footpath Delivery Program	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
CCTV Upgrade & Renewal Program	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Roads to Recovery	1,522,275	1,522,275	1,522,275	1,522,275	1,522,275	1,522,275	1,522,275	1,522,275	1,522,275	1,522,275
Great Western Highway Emu Plains to Glenbrook	1,623,349	-	-	-	-	-	-	-	-	-
NSW Bike Plan River Cities Program	265,516	267,508	165,934	165,934	165,934	165,934	165,934	165,934	165,934	165,934
Rickabys Creek Catchment Flood Study	120,000	150,000	59,004	-	-	-	-	-	-	-
Stormwater Work Improvement Program	385,670	385,670	385,670	385,670	385,670	385,670	385,670	385,670	385,670	385,670
Library Resources - Capital	534,910	634,910	634,910	634,910	634,910	634,910	634,910	634,910	634,910	634,910
Library Special Purpose Projects -Building	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Desktop Hardware / Devices	422,046	430,487	439,097	447,879	456,836	468,257	479,964	491,963	504,262	516,868

## CAPITAL EXPENDITURE 10 YEAR FORECAST

PROJECT DESCRIPTION	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Server Infrastructure	193,068	196,929	200,868	204,885	208,983	214,208	219,563	225,052	230,678	236,445
ERP Strategy	-	750,000	1,750,000	2,500,000	2,500,000	2,500,000	-	-	-	-
Library Management System	79,500	79,500	79,500	79,500	79,500	79,500	79,500	79,500	79,500	79,500
Soper Place Multi Deck Carpark	16,328,650	20,000,000	17,228,064	-	-	-	-	-	-	-
Regatta Park - Stage 1	10,500,000	1,700,000	-	-	-	-	-	-	-	-
Gipps Street Recreation Precinct	12,900,000	11,489,309	2,700,000	-	-	-	-	-	-	-
City Park	8,335,853	-	-	-	-	-	-	-	-	-
Harold Corr Synthetic Track Upgrade	4,121,399	-	-	-	-	-	-	-	-	-
Dunheved Road Upgrade	2,727,160	-	-	-	-	-	-	-	-	-
Hickeys Lane Amenities Renewal	2,017,000	-	-	-	-	-	-	-	-	-
Boating Now Round 3 Kayak Launch	489,849	-	-	-	-	-	-	-	-	-
Bill Ball (Cook Park) Oval Upgrade	560,000	-	-	-	-	-	-	-	-	-
Ched Towns Amenity Renewal & Upgrade	1,653,213	-	-	-	-	-	-	-	-	-
Cooling the City Strategy Green Infrastructure Project	39,572	-	-	-	-	-	-	-	-	-
Monfarville Amenity Building Upgrade	307,828	-	-	-	-	-	-	-	-	-
St Marys Hall Network Upgrades	599,318	-	-	-	-	-	-	-	-	-
Wilson Park Mayoral Challenge	-	-	-	-	-	-	-	-	-	-
Nindi Crescent Renew Play Equipment & Softfall	75,000	-	-	-	-	-	-	-	-	-
The Kingsway Nth Sports fields irrigation upgrades & field	250,616	-	-	-	-	-	-	-	-	-
Soper Place Commercial	-	-	-	-	-	-	-	-	-	-
Surveyors Creek Softball Facility	292,000	-	-	-	-	-	-	-	-	-
Trinity Drive Reserve Renewal	1,200,034	-	-	-	-	-	-	-	-	-
Pauline Fields Park Renewal	50,000	-	-	-	-	-	-	-	-	-
JSPAC Q Theatre Lighting and Seating Replacement	125,000	-	-	-	-	-	-	-	-	-
Boronia Park Precinct Upgrade	115,000	-	-	-	-	-	-	-	-	-
Patterson Oval Cricket Practice Facility Upgrade	53,000	-	-	-	-	-	-	-	-	-
Cook Park, St Marys-Playspace Enhancement	100,000	-	-	-	-	-	-	-	-	-
Surveyors Creek Softball Facility, Glenmore Park - Field Upg	30,000	-	-	-	-	-	-	-	-	-
Kevin Dwyer Fields-New aluminium goalpost & ball fencing	25,000	-	-	-	-	-	-	-	-	-
Cook & Banks Cricket Practice Facility Upgrade	60,635	-	-	-	-	-	-	-	-	-
S711 Projects	-	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Soper Place Commercial	-	20,000,000	20,000,000	-	-	-	-	-	-	-
Chameleon Reserve Precinct	-	4,800,000	-	-	-	-	-	-	-	-
Gilmour Street, Colyton	-	22,184	-	-	-	-	-	-	-	-

## CAPITAL EXPENDITURE 10 YEAR FORECAST

PROJECT DESCRIPTION	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Monfarville Sportsgrounds , St. Marys		175,000	-	-	-	-	-	-	-	-
Open Space - New Capex	-	9,500,000	9,595,000	9,690,950	9,787,860	9,885,738	9,984,595	10,084,441	10,185,286	10,287,139
Buildings - New Capex	-	2,400,000	2,424,000	2,448,240	2,472,722	2,497,450	2,522,424	2,547,648	2,573,125	2,598,856
Neighbourhood Renewal	95,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Parks Asset Renewal	768,688	1,361,083	1,479,447	1,495,837	1,510,131	1,524,639	1,539,365	1,554,312	1,569,483	1,584,882
Henry Street Penrith	1,253,400	-	-	-	-	-	-	-	-	-
Erskine Pk Urban Reinvestment	1,000,000	561,000	-	-	-	-	-	-	-	-
Commuter carpark upgrade- Cox Ave Kingswood	144,453	147,342	150,289	-	-	-	-	-	-	-
Commuter carpark upgrade - St Marys	144,453	147,342	-	-	-	-	-	-	-	-
Green Innovations Soper Place Revitalisation	90,000	-	-	-	-	-	-	-	-	-
Emu Plains Employment Precinct	45,225,723	230,237	234,842	239,539	0	0	0	0	0	1
Commerical Properties Renewal	-	561,000	1,222,569	1,422,668	1,458,234	1,494,690	1,532,057	1,570,359	1,609,618	1,649,858
Mayoral Youth Challenge	363,825	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
Kingswood Shops CCTV	8,000	-	-	-	-	-	-	-	-	-
Wilson Park Co-Design ECP	147,000	-	-	-	-	-	-	-	-	-
Illawong Reserve Playground Upgrade CBP21	100,000	-	-	-	-	-	-	-	-	-
Wilson Park Co-design CBP21	15,000	-	-	-	-	-	-	-	-	-
Neighbourhood Centres/Halls Improvements	99,048	99,048	99,048	99,048	99,048	99,048	99,048	99,048	99,048	99,048
Chapman Gardens Precinct Upgrade	750,000	-	-	-	-	-	-	-	-	-
SES Equipment Priority List	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
RID Squad Motor Vehicle Purchases	37,000	-	-	-	-	-	-	-	-	-
Voluntary Planning Agreement Management Software	96,247	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>153,063,817</b>	<b>114,153,740</b>	<b>99,284,895</b>	<b>57,910,480</b>	<b>57,983,807</b>	<b>59,712,329</b>	<b>56,385,499</b>	<b>58,721,497</b>	<b>61,020,513</b>	<b>59,614,739</b>

## INTERPRETING ASSISTANCE

ENGLISH	If you do not understand this, please contact the Telephone Interpreting Service on 131 450 and ask them to contact Penrith City Council on your behalf on (02) 4732 7777. Or come to the Council offices and ask for an interpreter.
ARABIC	إذا لم يكن بإمكانك قراءة النص أعلاه، الرجاء الاتصال بخدمات الترجمة الفورية الهاتفية (TIS) على الرقم 131 450 والطلب منهم الاتصال بدورهم بمجلس مدينة بنريث نيابة عنك على الرقم 4732 7777 (02). أو يمكنك الحضور إلى المجلس وطلب ترتيب مترجم فوري لك.
CHINESE	如果您无法阅读这些文字，请致电 131 450 联系电话传译服务中心，请他们代您拨打 (02) 4732 7777 联系 Penrith 市议会。您也可以亲自到市议会来并要求获得口译服务。
GREEK	Αν δεν μπορείτε να το διαβάσετε αυτό, τηλεφωνήστε στην Τηλεφωνική Υπηρεσία Διερμηνέων στο 131 450 και ζητήστε τους να επικοινωνήσουν με το Δήμο Penrith (Penrith City Council) για λογαριασμό σας στον αριθμό (02) 4732 7777, ή ελάτε στη Δημαρχία και ζητήστε διερμηνέα.
HINDI	यदि आप इसे नहीं पढ़ पाते हैं, तो कृपया 131 450 पर टेलीफोन दुभाषिया सेवा से संपर्क करें और उनसे कहें कि वे आपकी ओर से पेनरथि सटी काउंसिल से (02) 4732 7777 पर संपर्क करें. या आप काउंसिल आएँ और एक दुभाषिया की माँग करें.
ITALIAN	Se non riuscite a leggere questo, contattate il servizio telefonico di interpretariato al numero 131 450 e chiedetegli di contattare da parte vostra il comune di Penrith City al numero (02) 4732 7777 oppure venite in comune e richiedete un interprete.
MALTESE	Jekk ma tistax taqra dan, jekk jogħġbok, ikkuntattja lit-Telephone Interpreting Service fuq 131 450 u itlobhom biex jikkuntattjaw Penrith City Council f'ismek fuq (02) 4732 7777. Jew ejja l-Kunsill u itlob għal interpretu.
PERSIAN	اگر نمی توانید این مطلب را بخوانید، لطفاً به خدمات ترجمه تلفنی به شماره 131 450 زنگ بزنید و از آنان بخواهید با شورای شهر پنریث Penrith City Council به شمار 4732 7777 (02) از جانب شما تماس بگیرند. یا اینکه به شهرداری Council آمده و مترجم بخواهید.
SINGHALESE	ඔබට මෙය කියවීමට නොහැකි නම්, කරුණාකර දුරකථන අංක 131 450 ඔස්සේ දුරකථන පරිවර්තන සේවාව (Telephone Interpreting Service) අමතා ඔබ වෙනුවෙන් දුරකථන අංක (02) 4732 7777 අමතා පෙනරිත් නගර සභාව (Penrith City Council) හා සම්බන්ධ කර දෙන ලෙස ඉල්ලා සිටින්න. නැතිනම් නගර සභාව වෙත පැමිණ භාෂා පරිවර්තකයකු ලබා දෙන ලෙස ඉල්ලා සිටින්න.
TAMIL	இதை உங்களால் வாசிக்க இயலவில்லை என்றால், 'தொலைபேசி உரைபெயர்ப்பு சேவையை 131 450 எனும் இலக்கத்தில் அழைத்து 'பென்றித் நகரவையுடன் (02) 4732 7777 எனும் இலக்கத்தில் உங்கள் சார்பாக தொடர்பு கொள்ளுமாறு கேளுங்கள். அல்லது நகரவைக்கு விஜயம் செய்து உரைபெயர்ப்பாளர் ஒருவர் வேண்டுமெனக் கேளுங்கள்.
VIETNAMESE	Nếu quý vị không thể đọc được thông tin này, xin liên lạc Dịch Vụ Thông Dịch Qua Điện Thoại ở số 131 450 và yêu cầu họ thay mặt quý vị liên lạc với Hội Đồng Thành Phố Penrith ở số (02) 4732 7777. Hoặc hãy tới Hội Đồng và yêu cầu có thông dịch viên.

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