
Resourcing Strategy 2024-2034



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Part 3: Asset Management Strategy

Part 4: Workforce Management Strategy

About the Resourcing Strategy

Council's Resourcing Strategy details the funds and resources required to deliver the 10-year strategic objectives in the Community Strategic Plan and the priorities identified in Council's Delivery Program.

The Strategy is designed to be a living document with initiatives reviewed annually as part of Council's Delivery Program review and Operational Plan preparation, to ensure relevance in the changing environment, reflect changing financial and asset information, potential workforce impacts and incorporate community feedback.

The revised Resourcing Strategy has been informed by the following:

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

The Resourcing Strategy has the following three components:

1. Long Term Financial Plan

Council's Long Term Financial Plan is a ten-year financial planning document with a focus on long-term financial sustainability, one of the key issues facing local government. Factors impacting financial sustainability include cost shifting from other levels of government, Ku-ring-gai's ageing infrastructure and constraints on revenue growth.

2. Asset Management Strategy

Council's Asset Management Strategy details how Council's asset portfolio supports the service delivery needs of the community both now and over the next ten years. The strategy includes an Asset Management Improvement Plan to ensure that organisational practices and procedures are continually improved.

Asset Management Policy

The Policy sets out the principles, requirements and responsibilities for implementing consistent asset management processes throughout Council. As the custodian of public infrastructure, Council needs mechanisms in place to deliver appropriate infrastructure services in the most effective manner.

3. Workforce Management Strategy

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



Long Term Financial Plan 2024-2034

Adopted June 2022. Revised June 2024.

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Introduction

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

The LTFP includes:

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

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

Overview

Ku-ring-gai Council's Long Term Financial Plan covers the financial year from 2024/25 to 2033/34. It recognises its current and future financial capacity, to continue delivering services, facilities and infrastructure to the community while commencing new initiatives and projects to achieve the goals set down in its Community Strategic Plan.

Financial planning over a 10-year time horizon is challenging and relies on a variety of assumptions that will undoubtedly change during this period. The LTFP is therefore closely monitored, and regularly revised, to reflect these changing circumstances.

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

To ensure long-term financial sustainability, it is crucial to explore additional recurrent revenue sources that strike a balance between the community's capacity and willingness to pay and the demand for services, facilities, and infrastructure. Addressing these challenges requires careful consideration and decisions regarding the revenue and expenditure pathway, especially amidst changing circumstances.

The LTFP provides for:

- a budget and LTFP that continues to deliver existing services and project initiatives.
- operating surpluses including capital grants and contributions. However when capital income is excluded, a modest operating surplus after depreciation (excluding capital grants, contributions and asset sales) is expected in 2024/25, followed by a deficit in subsequent years in the absence of a projected increase in rates. These deficits are primarily attributed

to the rising costs of providing services, increased inflation as well as increase in depreciation expense.

- adequate cash reserves which are maintained at minimum benchmark.
- debt within benchmarks, repaid from investment property rent and a proposed special rate variation.
- focus on infrastructure assets with commitment to increase expenditure on asset renewal in future years and reduce the current infrastructure backlog.

Council's financial position may decline in the future without additional sources of funding or adjustments to current operations and capital works program. The financial challenges and risks facing Council include the following:

- Capped rates income not covering increase in expenses. IPART announced the 2024/25 rate peg as 5.2%, however this is not sufficient to cover high inflation (which peaked at 6.6% in late 2022) leading to higher labour costs, operational and maintenance costs and depreciation of assets. It should also be noted that many of Council's major expenses (eg. insurance, IT costs, contractors, energy costs) have increased by 10-15%. Capped revenue and uncapped expenditure may lead to operating deficits in the future.
- Council has insufficient funding in the LTFP to sustainably manage and improve its existing infrastructure assets and meet community expectations. Council's asset portfolio is large (\$2.6 billion assets) and is continuously increasing which puts pressure on future maintenance and renewal budgets. Unless additional funding is identified the condition of Council's assets is expected to deteriorate and the level of infrastructure backlog to increase.
- The funding strategy adopted in the 2024/34 LTFP provides for reduced asset sales of \$46.4million to fund projects with a co-contributions gap identified in the 2010 Contribution Plan and a Property Development Reserve for major projects. This funding gap will need to be addressed and replaced with other sources of funding to maintain a satisfactory financial position and continue with project initiatives.
- The \$13.5 million loan required to fund construction of the St Ives Indoor Sports Centre is proposed to be partly repaid from an increase in rates revenue.
- A \$24.6 million loan is proposed to fund construction of the Marian Street Theatre which previously relied on future asset sales for repayment in the adopted LTFP. Asset sales are no longer a realistic funding option, therefore in the absence of other funding sources this project will remain largely unfunded. Should Council adopt to continue with this project the LTFP assumes a special rate variation to fund future loan repayments.

Financial Sustainability Review

Background

In response to continuing financial challenges and other external factors impacting on Council and local government more generally, in 2022/23 the organisation commissioned a financial sustainability review. The objectives of this review were to test the assumptions in Council's adopted long-term resourcing strategy, the risks to successful delivery and options for addressing these risks.

The review suggested that Council's Resourcing Strategy and Long-Term Financial Plan (LTFP) be updated to reflect recent changes in funding strategy, cost increases in major projects, other

economic factors and updated information on the condition of assets and projected maintenance and renewal costs.

The review made recommendations relating to Council's capital works program, funding major projects, service reviews, alternative funding strategies and adjusting rates to ensure the long-term financial sustainability of Council while meeting community needs and expectations.

The outcomes and recommendations of the financial sustainability review have informed the development of Council's current budget, next year's 2024/25 budget and the future years of the LTFP. Some key issues in the budget and the LTFP are discussed below.

Funding our operations

Council is currently in a satisfactory financial position with annual operating surpluses that contribute to capital works, however the economic environment has changed and Council's financial capacity in future years will decline without additional funding or adjusting current operations and services. This is due to a range of factors like: the Consumer Price Index (CPI) has exceeded earlier projections; the labour costs and the Wage Price Index is also forecast to increase to a greater extent over the next 10 years compared to earlier predictions. In addition, costs in materials and contractors, asset maintenance and operations and borrowing costs have rapidly escalated and are forecast to be greater than the annual rate peg increase permitted each year. These factors will continue to put pressure on Council budgets in the future and require review and adjustments to funding strategies.

Asset recycling

The adopted 2023/24 LTFP provides for reduced asset sales of \$46.4 million to fund projects with a co-contributions gap identified in the 2010 Contribution Plan and a Property Development Reserve for major projects. This leaves a significant funding gap that needs to be addressed. New funding sources are required, in combination with a review of existing services or deferral of proposed capital expenditure. To address this funding gap the proposed 2024/25 LTFP assumes a scenario which provides additional funding raised from a special rates variation. This will largely fund the infrastructure renewal and other major project initiatives proposed.

Infrastructure Assets

Infrastructure assets are Council's core assets such as roads, footpaths, buildings, and drains. The anticipated estimated cost to fully renew all infrastructure currently in an unsatisfactory condition for 2024/25 is \$220 million (\$323 million as at 30 June 2023). This decrease is due to a combination of factors, but primarily attributed to a detailed review of some key asset classes within the asset portfolio as detailed further in the report.

The Financial sustainability review recommended that further work and investigation be undertaken to confirm asset condition, useful lives and asset backlog for roads, buildings, and drainage. Council has proactively acted on this recommendation and commenced detailed assessment on two key asset classes as detailed below.

Stormwater drainage assets review

The vast majority of the council's stormwater network consists of very old pipes which have never been renewed. In 2022/23 Council conducted a comprehensive revaluation of the Stormwater assets, uncovering a more deteriorated state than initially assumed, prompting an external review of drainage assets in 2023/24. This involved collecting of additional CCTV data and an independent

assessment of the conditions, useful lives and performing a revaluation of stormwater assets. This process introduced a new optimal renewal methodology, enabling the componentisation of drainage assets into short-life and long-life components. The optimal renewal approach enables a relining program aimed at restoring functionality by inserting a new inner layer within the existing pipes or drainage systems, eliminating the need for full replacement.

When using the revised valuation methodology of componentisation and relining, cost to bring to the agreed level of service (CTA), condition 1, is assumed to be the same as the satisfactory level of service (CTS), condition 3. Once a pipe is relined, its condition is improved from Condition 4 (poor) or 5 (very poor) to Condition 1 (excellent/very good) not Condition 3 (satisfactory level). The revised CTS & CTA based on this methodology is projected at \$38m currently and decreased to \$26.6m by the end of the current LTFP.

Operational and Community Buildings Review

Council has over 300 buildings with a replacement cost of \$197m. Many of the buildings were constructed decades ago and are in poor condition, failing to meet modern standards. While some buildings are satisfactory, they are not fully functional or fit for modern purposes and expectations and do not meet acceptable standards (eg. approximately one third of buildings do not comply with requirements for disability). This is quite common amongst building assets as community needs and expectation change over time.

To address the issue above and act on the recommendations from the Financial Sustainability Review, Council engaged independent asset consultants to develop a prioritised capital upgrade program for Council's buildings portfolio and to review the Asset Management Plan (AMP) for its building assets. The overall aim was to perform a detailed conditional assessment on all buildings, to modernise Council's building assets for community use and to optimize their ongoing operational and maintenance costs. The project predominantly focused on Council's Operational & Community buildings with inspections conducted on 291 buildings out of a portfolio of 316 buildings.

The assessment identified that about 68% of the 291 evaluated buildings were rated as satisfactory/poor/failed, indicating a considerable portion of Council facilities requiring attention. Approximately 53% of the evaluated buildings need capital upgrades, with recommended treatment options of either refurbishment or knockdown and rebuild.

The review resulted in development of a 10-year detailed prioritised program of building upgrade works with estimated costs of around \$163.5m over 10 years to modernize Council buildings, with most buildings requiring refurbishment and some requiring a knockdown. The assessment also indicates a projected increase in the current backlog (cost to satisfactory) from \$9.9m to \$34m. With presumed additional funding as discussed further in this report the backlog will steadily decrease to \$7m by the end of the LTFP term.

The program has been used to inform Council's Long Term Financial Plan (LTFP), the Buildings Asset Management Plan (AMP) and the Asset Management Strategy (AMS), enabling informed strategic decisions on how best to manage this vital asset class.

The current level of funding in the LTFP is inadequate to address the outcome of the independent review on both stormwater and building assets, therefore alternative sources of funding have to be considered. This has been reflected in the Scenario 1 of the LTFP.

Other key asset classes

Moreover, other key asset classes also require additional reviews potentially resulting in large renewal and maintenance gaps in the coming years.

Over the next 10 years, Council's existing core infrastructure assets are forecast to depreciate by \$294 million. Expenditure on renewing these assets in the absence of additional funding is budgeted at \$198 million, leaving a renewal gap of \$96 million.

Based on the planned standard renewal expenditure in the LTFP assuming no additional funds are available from other sources and without additional rates income from a special rates variation:

- Roads will improve (it is noted, however, that roads may be overfunded and further review is required to identify if reallocation of funding into other asset classes is possible)
- Footpaths will deteriorate
- Kerb and gutter, car parks, road structures and bridges will deteriorate
- Buildings will deteriorate
- Recreation and park assets will deteriorate
- Stormwater drains will deteriorate.

Council has insufficient funding in the LTFP to sustainably manage and improve its existing infrastructure assets and meet community expectations. Council could consider a special rates variation in future years to provide additional revenue for this core infrastructure renewal. This has been reflected in Scenario 1 of the LTFP which assumes increased rates from 2026/27 to fund Council's infrastructure assets and other major project initiatives.

Marian Street Theatre

The total revised budget for this project is \$26.4 million (including expenditure to date), which is proposed to be funded from a loan of \$24.6 million and \$1.8 million from general revenue. This is contingent on Council increasing rates to repay the loan. The project was previously planned to be funded from asset sales, however this is no longer considered to be a realistic funding source. Should Council adopt to continue with this project the LTFP assumes a special rate variation to fund future loan repayments from 2026/27 in the absence of other funding sources. It has previously been estimated that the theatre would require an operational subsidy of around \$0.7 million p/a. This has also been included in the LTFP from 2026/27 onwards.

St Ives Indoor Sports Centre

The total revised budget for this project is \$31.1 million (including expenditure to date), which is funded from \$13.5 million in loans, \$3.5 million in grants, \$2.6 million in general revenue and the remainder of \$11.5 million from s7.12 contribution funds.

The current loan will be repaid from general revenue at a rate of \$1.7million annually with payments scheduled for 2024/25.

The LTFP assumes that the loan will be partially repaid from increased rates revenue (in both Scenario 1 and 2). For this project the approval process for an increase to rates would either be via a standard special rates variation or a proposed intergovernmental projects special rate.

Legislation was adopted in 2021 to allow councils to raise special rates for projects undertaken in partnership with other levels of government. The legislation is the *Local Government Amendment Act 2021* and it will take effect once the Minister for Local Government proclaims it to commence. Council is still waiting for guidance in regard to this proposal.

As guidance on the timing for it to take effect is not yet available from the office of Local Government, it is assumed that Council will need to apply for a standard special rates variation via IPART.

Major Town Centre Projects

The LTFP assumes that the capital and future operating costs of major town centre developments are funded by a combination of s7.11 development contributions, grants, the contribution of land on the sites, and the future sale of the existing Lindfield Library. As such, there should not be a financial impact on Council's general revenue.

LTFP Scenarios

Two scenarios are outlined in detail in the LTFP for consideration:

- **Scenario 1 - With a Special Rate Variation for St Ives Indoor Sports Centre, Marian Street Theatre, and Infrastructure Renewal**
 - Requires an increase to rates above the cap of 22% which provides \$18.1 million pa commencing in 2026/27. This would partially fund repayment of a \$13.5 million loan for the St Ives Indoor Sports, repayment of a \$24.6 million loan for Marian Street Theatre, and an extra \$13.6 million pa for infrastructure renewal. During 2025/26, the \$1.7m loan repayment for the St Ives Indoor Sport Centre will be paid from general funds.
 - The impact on an average residential ratepayer for 22% rates increase would be approximately \$395 pa (or \$7.60 per week).

- **Scenario 2 - With a Special Rate Variation for St Ives Indoor Sports Centre only**
 - Requires an increase to rates above the cap of 3.7% which provides \$1.7 million pa commencing in 2026/27. This would partially fund repayment of a \$13.5 million loan for the St Ives Indoor Sports Centre.
 - The impact on an average residential ratepayer for 3.7% rates increase would be approximately \$37 pa (or \$0.70 per week).

Long Term Financial Plan Principles

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

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

- Achieve an operating surplus (excluding capital grants and contributions). In the current economic environment this may be difficult to achieve in the long term without providing additional sources of revenue or adjusting services or capital projects.
- Maintain satisfactory levels of liquidity: Unrestricted Current Ratio above minimum benchmark of 1.5x, ideally at 2x or above.
- Maintain infrastructure assets ratios at a sustainable level.
- Proceeds of asset sales returned to reserves for expenditure on major projects and asset expansion.
- Maintain a sustainable debt level and debt service ratio below the industry benchmark.

Long Term Financial Plan Funding Strategy

Infrastructure Assets

Council's funding strategy continues to focus on infrastructure asset renewals and is based on the principle that all available surplus funds will be diverted towards Council's asset renewals as a priority. Previous funding strategies were based on selling underutilised assets to provide funding for new facilities and renew existing infrastructure assets that would otherwise have been unaffordable. Significant components of this funding strategy are no longer an option, and an alternative approach is required.

The funding strategy in this financial plan is based on raising additional rates income from a special rate variation which will be invested into Council's renewal program for infrastructure assets. This is reflected in Scenario 1 and explained in more detail below.

- **Background**

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

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

- the current reported backlog "cost to bring assets to a satisfactory condition" (CTS) has been assessed at \$98 million with a backlog ratio of 9.73% for 2022/23¹;
- the current reported "cost to bring to agreed level of service" (CTA) has been assessed at \$323 million for 2022/23².

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

- Stormwater drainage assets review

As mentioned earlier in this report in 2022/23 Council undertook a detailed external review of the Stormwater asset class as part of a comprehensive annual revaluation and assessment.

An initial assessment and inspection of stormwater pipes suggested that the network was in considerably worse condition than originally thought. A further external review of drainage assets was undertaken in 2023/24. Additional CCTV data was collected and the assessment of the conditions, useful lives and the revaluation of stormwater assets were reviewed. This review will result in a reduction in the current reported backlog (cost to bring to satisfactory condition) from \$66 million (15%) to \$38 million (7% of gross replacement value for stormwater) as at end of the 2023/24. The reported backlog (cost to agreed level) has been assessed at the same level.

- Buildings

A functional review of buildings assets was also undertaken by external consultants during 2023/24. The inspection of Council buildings proposed that additional work was required to improve their utilisation. This review will impact on the current reported backlog (cost to bring to satisfactory condition) which will result in an increase from current backlog of \$1 million (1%) to \$33 million (16% of gross replacement value for buildings) as at the end of the 2023/24. The revised cost (cost to agreed level) to fully renew stormwater assets currently in an unsatisfactory condition is \$62 million for the same period.

Many other key assets are currently not "fit for purpose" and will have large renewal and maintenance gaps. In more recent times increased attention has been placed on improving existing assets and providing new facilities to cater for increasing population, changing requirements and expectations. This introduces a financial burden for current and future generations for asset management that was not adequately addressed in the past. The spending requirements for other asset classes are reflected in the Asset Management Strategy.

- Financial Sustainability Review (FSR)

The Financial Sustainability Review undertaken in 2022/23 outlined the asset expenditure required to address the asset management funding gap. The review outlined recommendations for Council in the short to long term to address the infrastructure gaps and recommended Council considers an SRV to fund the significant funding gap and continue to remain financially sustainable over the long term (with asset sales no longer an option). Council is partly addressing these recommendations in the current plan.

¹ Ku-ring-gai Council Annual Financial Statements 2022/23.

² Ku-ring-gai Council Annual Financial Statements 2022/23.

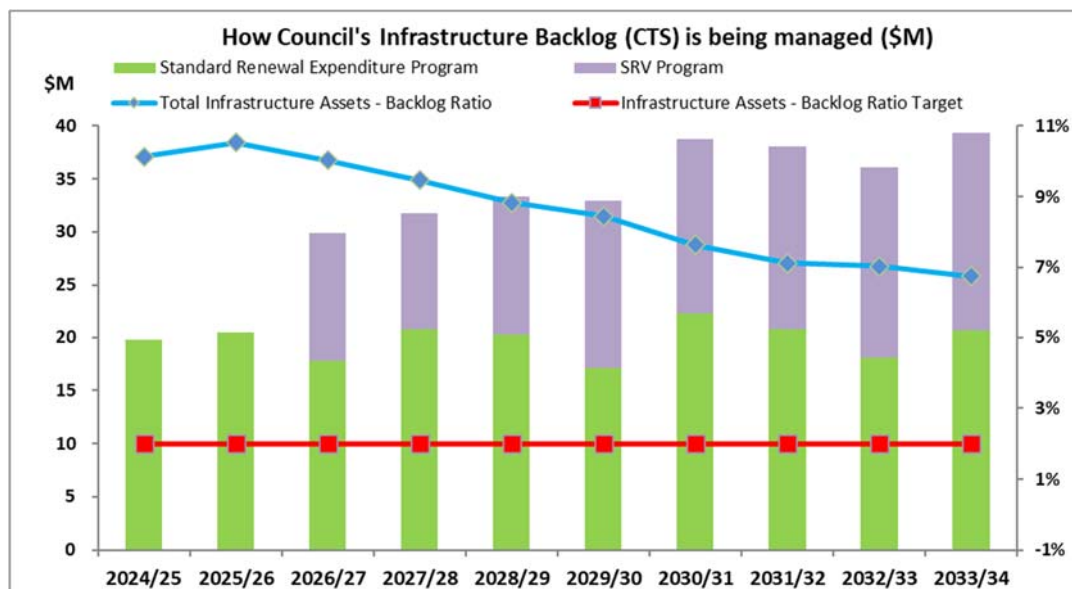
- Special Rate Variation for infrastructure (SRV)

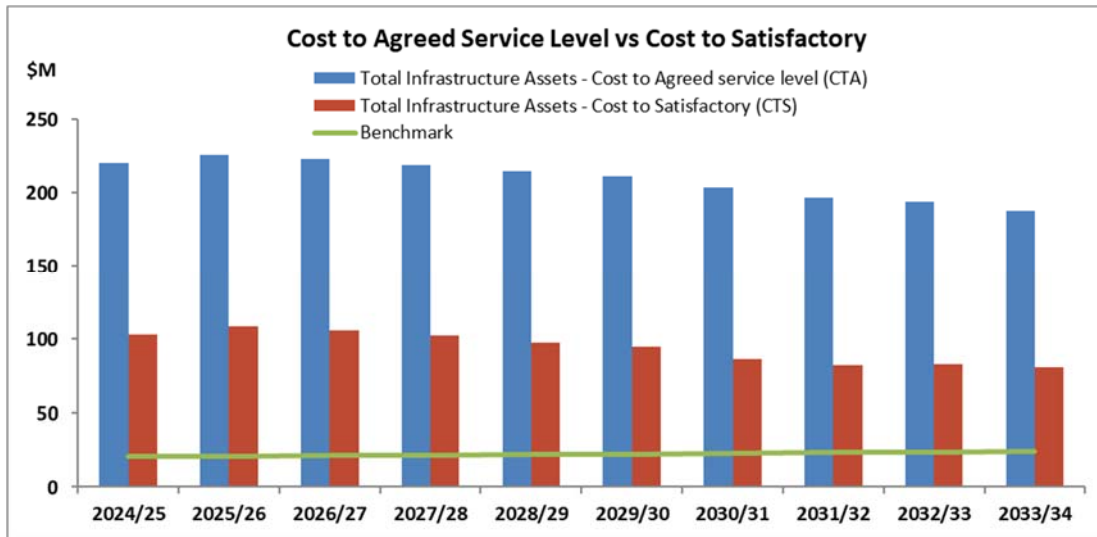
The current projections assumed in the LTFP are based on the recommendations from the FSR and the recent external review of drainage and building assets (funding of a backlog of \$38 million for drainage and \$62 million (CTA) for buildings). The proposed SRV is planned to commence in 2026/27 and fund asset renewal expenditure, an SRV of \$122 million (8 years) in addition to the standard renewal expenditure of \$198 million (10 years) adding to a total of \$320 million over 10 years. While this level of funding will provide the necessary renewal funding and contribute to the decrease in the current infrastructure backlog, the backlog will not be eliminated over the 10 years forecast. Continued funding will be required to address this in future.

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

Projected Asset Renewal Expenditure

\$ '000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	Total
Total - Infrastructure Assets Renewal	19,768	20,464	29,861	31,722	33,345	32,973	38,706	38,041	36,054	39,383	320,317
Standard Renewal	19,768	20,464	17,792	20,758	20,294	17,121	22,249	20,699	18,049	20,689	197,884
Additional Renewal - SRV Program	-	-	12,068	10,964	13,051	15,852	16,456	17,342	18,005	18,694	122,433





As mentioned earlier in this report the level of identified funding will maintain the renewal requirements but will not be sufficient to decrease or eliminate the current projected backlog - cost to satisfactory (average of \$94 million, backlog ratio of 8.6%).

As part of the infrastructure review, it was also identified that some asset classes have a larger backlog than others and will require various allocation of future funding for renewal. Additional funding where possible has been redirected to those asset classes that have a larger backlog, mainly to Buildings and Stormwater.

Should an SRV, however, not be an option Council will have insufficient funding in the LTFP to improve and sustainably manage its existing infrastructure assets and meet community expectations in future. With the current level of funding only Roads can be maintained or slightly improved with all other asset classes falling below satisfactory condition. Further review and adjustment to current services or review of existing capital work program will be required to address large infrastructure asset gaps in future.

Asset maintenance

Council's recent financial sustainability review identified a maintenance gap of \$0.11 million per year, however these forecasts were based on previous projections and costs. The revised required operational and maintenance expenditure gap increased to an average of \$1.2 million per year from previous forecasts as a result of expansion and increase in value of the asset portfolio largely due to inflationary cost increases and revaluations.

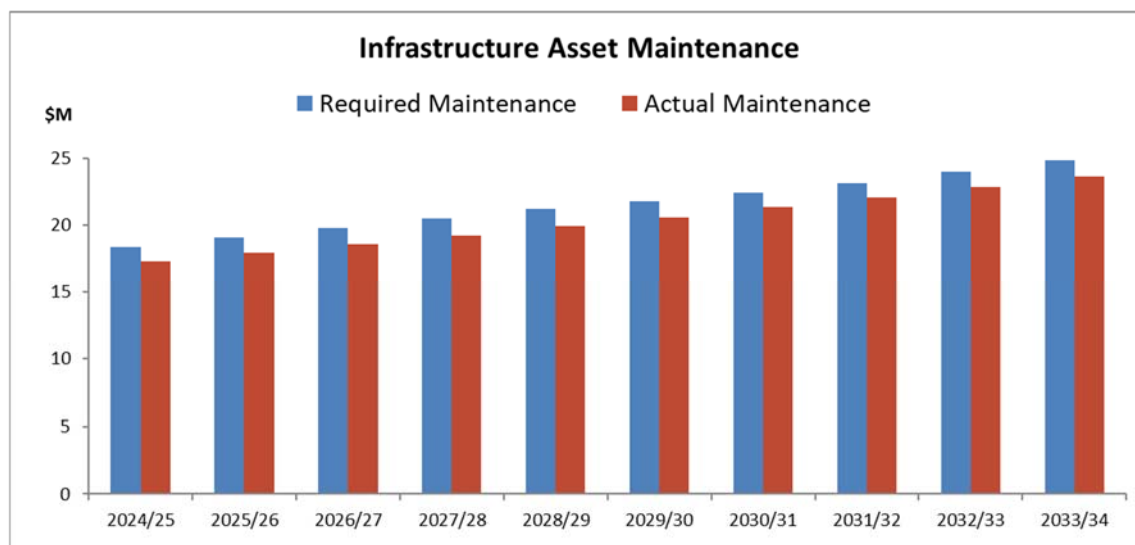
The LTFP indicates that the required maintenance expenditure on assets over a 10-year period is approximately \$215 million whereas the actual expenditure over the same period is \$203 million, leaving a gap of \$12 million. It is predicted that the total maintenance expenditure will increase by an average of 3.5% per year slightly higher than other operating expenses due to a number of large capital projects planned on new assets (refer to chart below "Total Expenditure on Infrastructure Assets").

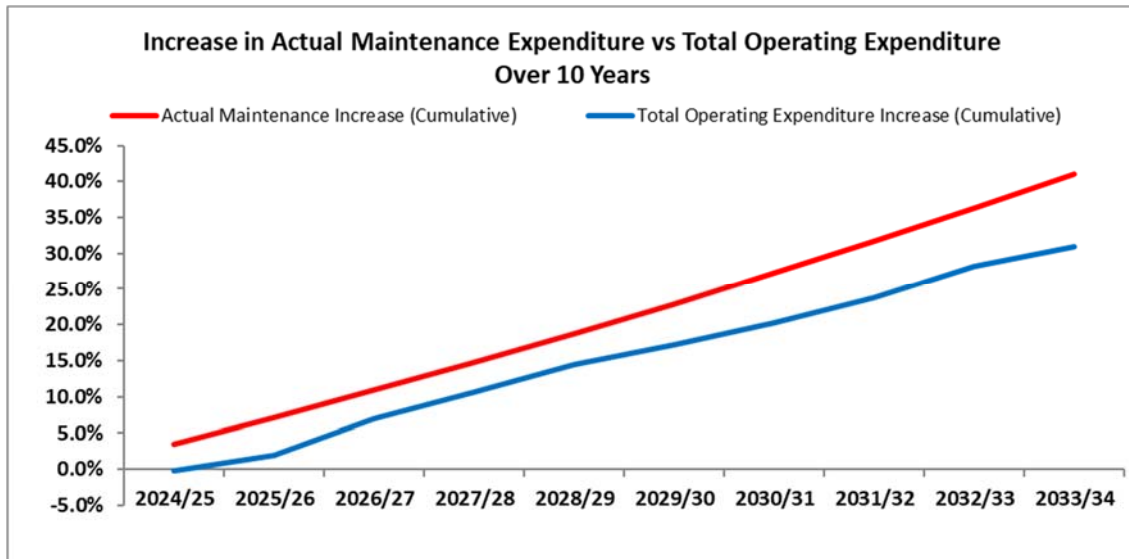
Council funds maintenance for assets using its general revenue allocations, however latest forecasts suggest that this is not adequate and other funding is required to continue the maintenance program and meet required benchmarks. It must be noted that the gap remains unfunded in both scenarios of the LTFP and will require further analyses and alternative funding options. This could be raised from adjusting the current SRV percentage, reallocation of renewal budget between asset classes if possible or identifying other funding sources.

The actual asset maintenance expenditure versus required maintenance, as well as the increasing trend of maintenance expenditure and total operational expenditure are shown below. There are insufficient funds allocated in the current LTFP (even with the SRV) to keep pace with the required level to ensure infrastructure assets reach their useful lives and are maintained in satisfactory condition in the long term.

Required Infrastructure Maintenance Expenditure

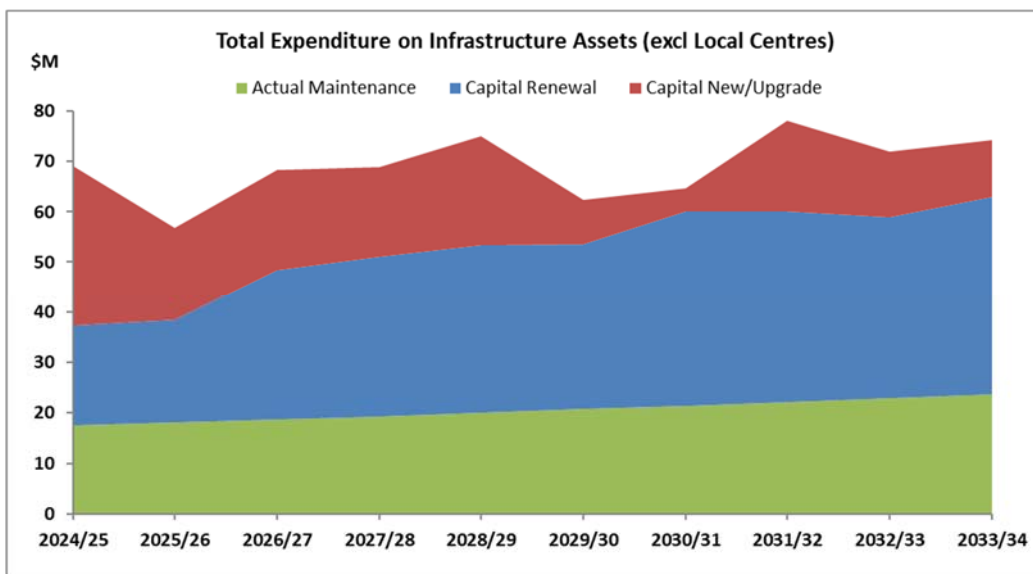
\$ '000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Required Maintenance	18,383	19,124	19,795	20,488	21,205	21,818	22,420	23,167	23,989	24,844
Actual Maintenance	17,354	17,961	18,590	19,241	19,914	20,611	21,332	22,079	22,852	23,652
Variance (Actual less Required)	-1,030	-1,163	-1,205	-1,247	-1,292	-1,207	-1,088	-1,088	-1,138	-1,192





Total capital expenditure on Infrastructure Assets

The current LTFP under both Scenarios allocates funding towards infrastructure assets in terms of assets maintenance, renewal and new/upgrade as shown in the chart below. A total of \$203 million will be allocated to asset maintenance over 10 years, \$320 million to asset renewals and \$165 million (excluding Major Local Centre Projects) to build new or upgrade existing assets. The new/upgrade expenditure includes new or existing projects largely funded by s7.11 development contributions, such as for community facilities to meet the needs of the growing community. Major capital initiatives are planned to begin from 2026/27. The Marian Street Theatre upgrade (if adopted to proceed) is scheduled to begin in the next three years of the LTFP. Other major capital expenditure will begin after 2025/26.



Details of the full capital works program including major project initiatives are discussed further in this document under the “Project Capital Expenditure” section.

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

Funding for all capital works is allocated into the following categories listed below (these figures also include expenditure on new assets funded by s7.11 development contributions). The largest capital expenditure goes to Streetscape & Public Domain with 33% of total expenditure for the forecast period, followed by Roads & Transport (25%) and Council Buildings (13%). Parks & Recreation, among others, include acquisition of Community land, which is funded by s7.11 contributions.

Projected Capital Expenditure (including Major Local Centres projects)

\$ '000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Planning, Community & Other	2,624	2,596	6,178	2,451	2,512	2,575	2,639	4,213	5,501	8,097
Roads & Transport	15,131	18,579	19,478	17,456	23,456	18,404	15,036	22,509	17,289	20,619
Streetscape & Public Domain	11,727	39,231	17,377	33,190	33,681	16,771	9,223	60,068	7,801	16,810
Parks & Recreation	19,358	9,781	5,312	10,318	7,706	6,965	6,920	5,203	7,886	6,372
Stormwater Drainage	1,672	2,611	7,764	7,959	8,157	8,361	8,570	8,785	9,004	9,229
Council Buildings	2,679	1,951	32,096	6,273	8,242	8,721	9,147	9,592	10,062	10,553
Trees & Natural Environment	3,637	1,390	624	806	769	314	322	330	338	347
Total Projects	56,828	76,139	88,829	78,453	84,523	62,111	51,857	110,700	57,881	72,027

Major Town Centre Projects

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

Scenario Planning

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

Two scenarios are projected in the LTFP:

- **Scenario 1 - With a Special Rate Variation for St Ives Indoor Sports Centre, Marian Street Theatre, and Infrastructure Renewal**
- **Scenario 2 - With a Special Rate Variation for St Ives Indoor Sports Centre only**

Council has chosen Scenario 1 for adoption, which assumes normal continuation of services, funding of two major projects and revised forecast requirements for infrastructure renewal funded from increase in rates income through a Special Rates Variation (SRV). A special rate variation is subject to Council's priorities, aspirations and approval and also requires final approval by the Independent Pricing and Regulatory Tribunal (IPART).

The preferred Scenario has been informed by the Financial Sustainability Review and is financially sustainable in terms of maintaining a balanced budget, sufficient cash reserves and available working capital, a permissible debt service ratio over the medium term and improved asset sustainability ratios.

Scenario 2 is not financially sustainable over the long term as it does not provide sufficient funding for Council's normal operations, with operating deficits in all future years. Council will be unable to proceed with major project initiatives, there will be a significant asset management gap for infrastructure assets impacting on asset benchmarks and condition of our assets will continue to decline.

The variance between both scenarios is largely attributed to the level of additional assets renewal funding received from additional rates income.

Scenario 1 - With a Special Rate Variation for St Ives Indoor Sports Centre, Marian Street Theatre, and Infrastructure Renewal

- Requires an increase to rates above the cap of 22% which provides \$18.1 million pa commencing in 2026/27. This would partially fund repayment of a \$13.5 million loan for the St Ives Indoor Sports Centre, repayment of a \$24.6 million loan for Marian Street Theatre, and an extra \$13.6 million pa for infrastructure renewal.

This is the base scenario of the LTFP and shows the financial results of delivering the current level of service as per the 2024/25 budget expanded out over 10 years and adjusted by various price forecast indexes as detailed in the financial assumptions section of this document. The proposed principle under this scenario is to raise sufficient funds over the next 10 years to ensure Council remains financially sustainable with a strong commitment to fund Council's infrastructure gap and proceed with major project initiatives, like upgrading the Marian Street Theatre and construction of the St Ives Indoor Sports Centre.

Under this scenario a total of \$162 million over 8 years will be raised through a special rate variation of 22% above the rate cap commencing in 2026/27. This will be allocated as follows:

- \$122.4 million towards infrastructure asset renewal. This will provide adequate funds for infrastructure renewal to keep up with depreciation, however, will not be sufficient to decrease the backlog in future years. It is likely that more funding will be required to address the current backlog.
- \$26.2 million to fund loan repayments for the Marian Street Theatre upgrade should this project proceed (original loan \$24.6 million)
- \$13.1 million to fund loan repayments for the construction of the St Ives Indoor Sports Centre (original loan was \$13.5m).

Most key financial indicators will be favourable as follows:

- Operating Performance Ratio (OPR) (averaging 5.8% per year) will be above the benchmark of 0% in most future years of the LTFP, as Council forecasts operating surpluses from 2026/27 which will help fund capital works.
- Infrastructure Assets Renewal Ratio (IARR) will be above benchmark of 100%, (averaging 108% per year). The additional funding of \$122.4 million over 8 years will continue to bring Council's assets to an improved standard over time and keep the ratio above benchmark in future years.
- Infrastructure Backlog Ratio – Cost to Satisfactory (CTS). The 2024/25 revised ratio of 10.1% or backlog of \$103 million is already large and over the life of the plan it will reduce however will not be eliminated. This indicates that the current level of funding assumed from rates income is sufficient to maintain the renewal gap but not adequate to address the backlog within the timeframe of this plan.

Further details of key financial indicators (based on Scenario 1) projected across 10 years are presented and discussed under the section "Key Financial Indicators" of this report.

Scenario 2 - With a Special Rate Variation for St Ives Indoor Sports Centre only

- Requires an increase to rates above the cap of 3.7% which provides \$1.7 million pa commencing in 2026/27. This would fund repayment of the \$13.5 million loan for the St Ives Indoor Sports Centre.

This scenario assumes the current level of service as per the 2024/25 budget expanded out over 10 years and adjusted by various price forecast indexes and assumes a Special Rate Variation for the construction of St Ives Indoor Sports Centre only.

Scenario 2 projects operating deficits (average of \$4 million per year, excluding capital grants and asset sales) from 2026/27 onwards, resulting in a negative operating performance ratio. This is a direct impact of an environment of rising costs, high inflation, increased depreciation and capped revenue which puts pressure on Council to remain financially sustainable in future.

Only standard funding for infrastructure will be available (\$198 million over 10 years compared to \$320 million with an SRV) and the project to upgrade the Marian Street Theatre will be largely unfunded.

Most key financial indicators will deteriorate as presented in the table below (expressed as the variance between two scenarios: with and without additional funding for infrastructure). In all cases the impact is unfavourable, with a major effect on assets indicators.

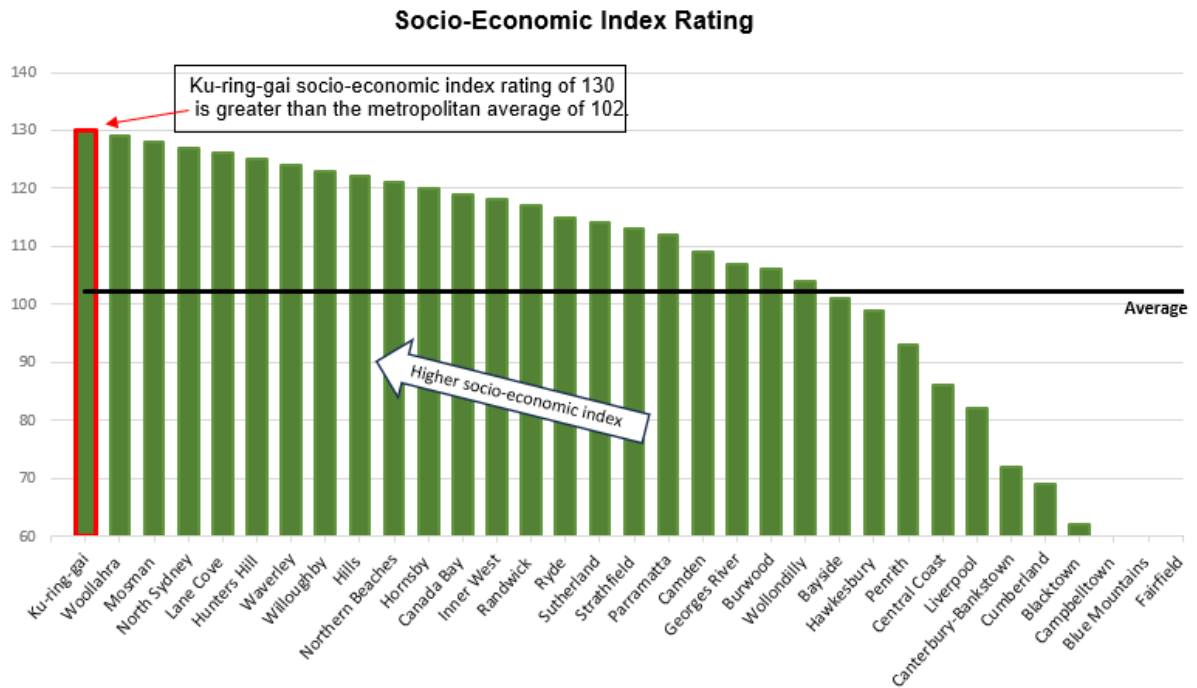
Impact (Scenario 2 vs Scenario 1)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Financial Sustainability Ratios										
Operating Performance Ratio	0.0%	0.0%	-9.0%	-9.6%	-9.8%	-9.9%	-9.9%	-10.0%	-10.2%	-10.1%
Assets Ratios										
Infrastructure Renewal Ratio (3yr Average)	0.0%	0.0%	-15%	-28%	-43%	-46%	-51%	-54%	-55%	-55%
Infrastructure ¹ Backlog Ratio (CTS)	0.0%	0.0%	1.3%	2.4%	3.7%	5.3%	6.9%	8.6%	10.4%	12.2%

Note 1 - A positive percentage indicates a higher infrastructure backlog (or assets in worse condition) in Scenario 2.

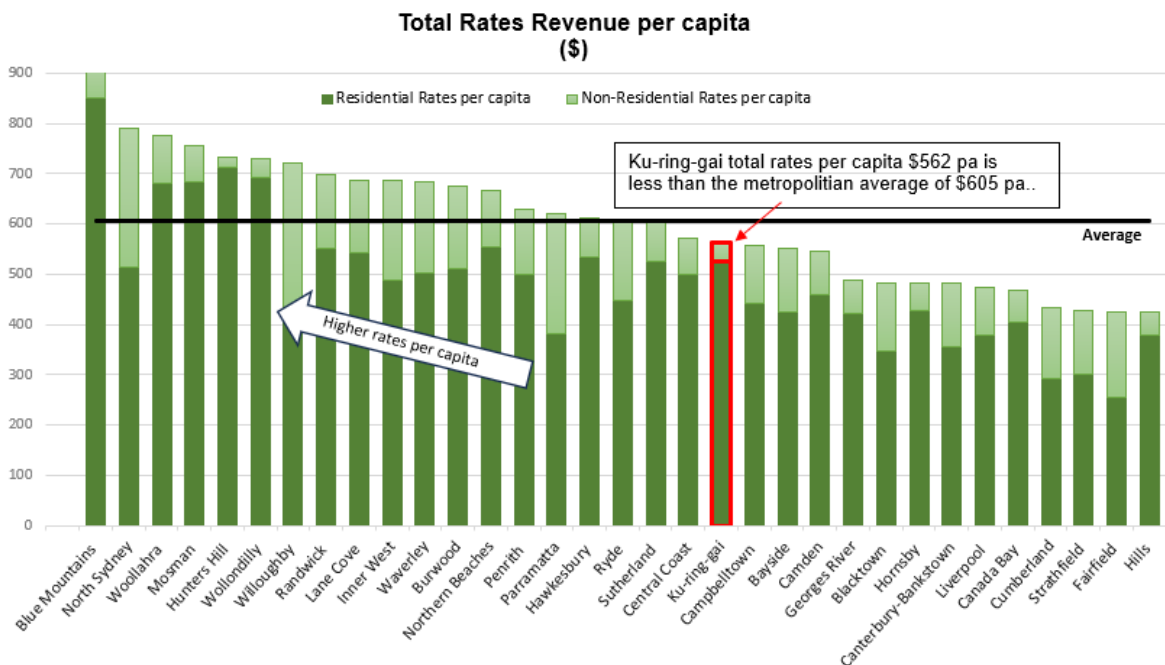
- The Operating Performance ratio will fall below the benchmark of 0% and deteriorate by an average of 8% from 2026/27, as operating deficits are projected in future years.
- The Renewal Ratio will deteriorate by an average of 50% per year, which will have a detrimental effect on the state of infrastructure of assets. Inadequate funding will impact on future service levels and may lead to further degradation of asset conditions, in particular buildings and drainage assets.
- The infrastructure backlog (cost to satisfactory) will increase significantly reaching \$203 million in the last year of the LTFP compared to \$80 million under Scenario 1.

Capacity of Ratepayers to Afford an Increase to Rates

The impact of a special rates variation on ratepayers is an important matter that will be given extensive consideration in future analysis, consultation and application to IPART. A preliminary review of data has shown that while the population of the Ku-ring-gai local government area is reflected in the highest socio-economic index for all councils in NSW, its total rates revenue per capita is below average compared to metropolitan and metropolitan fringe councils, as shown below.



OLG comparative data 2021-22. Includes metropolitan and metropolitan councils (excludes outlier City of Sydney)

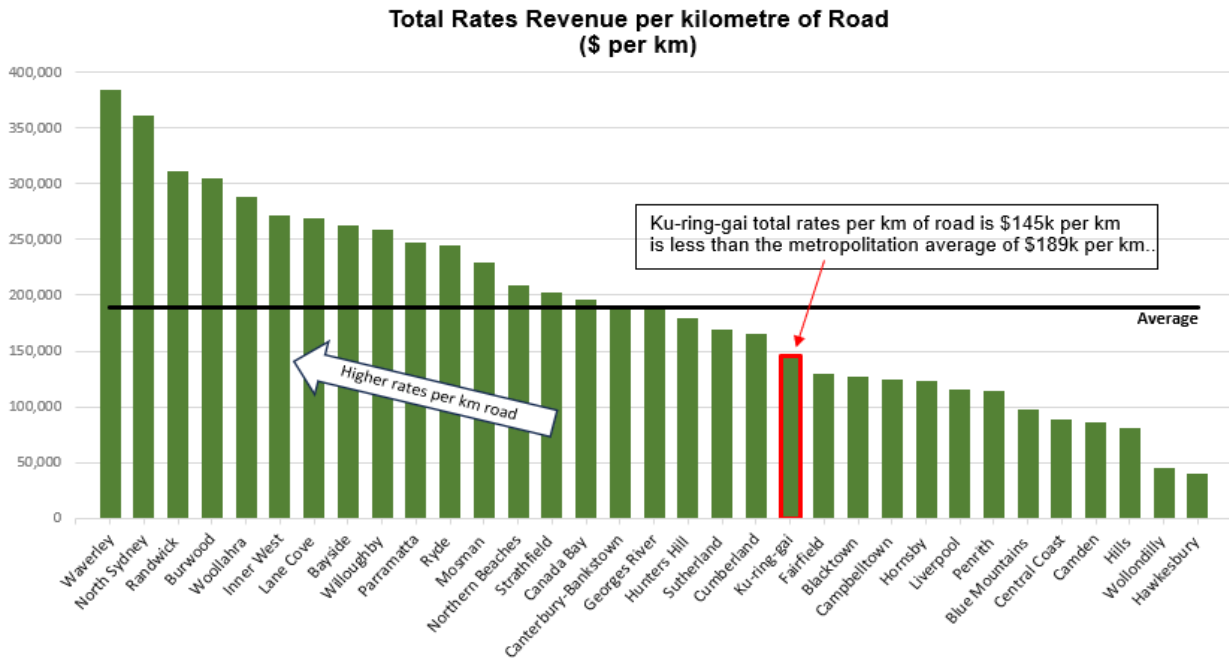


OLG comparative data 2021-22. Includes metropolitan and metropolitan councils (excludes outlier City of Sydney)

It is noted that the total rates revenue per capita shown above includes both residential and non-residential rates. When separated, Ku-ring-gai's residential rates are above average (\$526 per capita

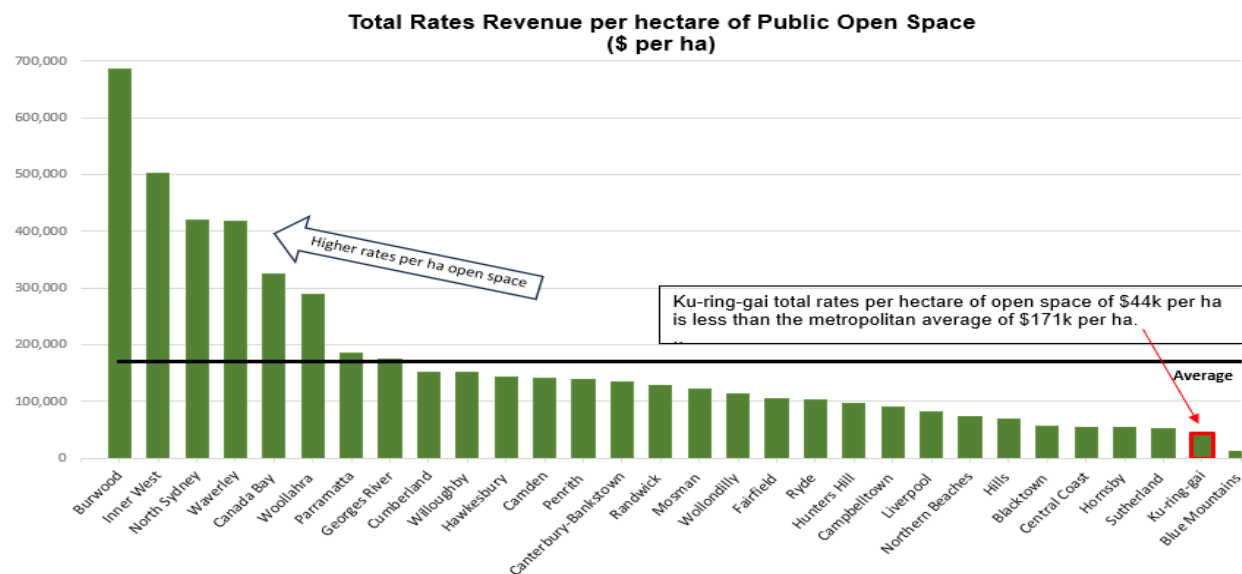
compared to the above group average of \$485 per capita) due to relatively low population density in Ku-ring-gai and the small amount of business and other commercial rates which benefit other councils.

Ku-ring-gai also has a relatively large geographical area compared to many other councils, with more infrastructure such as roads, footpaths, drains and open space to maintain as a proportion of rates revenue. This is reflected in below average rates revenue when expressed per kilometre of road length (\$145k per km compared to the group average of \$189k per km), as shown below.



OLG comparative data 2021-22. Includes metropolitan and metropolitan councils (excludes outlier City of Sydney)

Ku-ring-gai's relatively large geographical area and open space is also reflected in below average rates revenue when expressed per hectare of public open space, as shown below.



OLG comparative data 2021-22. Includes metropolitan and metropolitan councils (excludes outlier City of Sydney. No data provided for Bayside, Lane Cove and Strathfield)

There is a misalignment between the socio-economic wealth of the Ku-ring-gai population and Council's financial capacity from rates revenue to deliver services and maintain infrastructure. This would indicate that there is scope to increase rates via a special rates variation.

Long Term Financial Plan Assumptions and Sensitivity Analysis

The Long Term Financial Plan contains a wide range of assumptions, including assumptions about interest rates, potential effect of inflation on revenues and expenditures, current service levels and others. Major assumptions in the current version of the LTFP are listed below and in **Appendix A - LTFP Forecasts and Assumptions**.

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

CPI Forecast: A Consumer Price Index of 2.9% for 2024/25, followed by 2.6% for 2025/26 and 2.5% increase in CPI for all remaining years has been built into the LTFP for both income and expenditure in line with Access Economics forecast for CPI. The Reserve Bank's target for future inflation remains between 2% and 3%.

Income from Rates: The official rate peg for 2024/25 is 5.2% as announced by IPART. This percentage has been applied to rates income for the next financial year, followed by a 3.5% in 2025/26 and 3% for all remaining years. In addition, the LTFP assumes, an average increase of 0.3% annually from 2024/25 resulting from property growth. Scenario 1 assumes a special rate variation of approximately 22% on Council rates.

Fees and charges: are expected to increase in line with projected CPI for future years (non-statutory). Charges for domestic waste have also been increased by 2% in 2024/25 to reflect increased domestic waste management contractor costs.

Investment revenue: has been estimated based on current cash levels and future expected earnings of the Bank Bill Swap Rate (BBSW) + 1.1% over the 10 year period. The forecast annual interest rate is 4.8% in 2024/25, and an average 4.3% for the remaining years to 2033/34.

Grants for Recurrent and Capital purposes: have increased by 2.9% in 2024/25 followed by 2.6% in 2025/26 and 2.5% annually every year after which is in line with CPI for those years.

Proceeds from Asset Sales: are projected in the LTFP to begin from 2025/26. The proceeds from sales will be mainly used for a Property Development Reserve and Section 7.11 projects requiring a co-contribution funding gap.

Employee costs: The majority of employee cost increases are based on the local government award increase each year, an estimate has been applied of 3.5% for 2024/25, 3.0% for the following 8 years and 2.2% for 2033/34. In addition, a 0.8% performance increase per year has been incorporated and a workers compensation rate factored by the same rate as the employee costs.

In 2024/25, compulsory super rates increase by 0.5% to reach 12% in 2025/26.

Operational and capital materials and contracts: expenditure is estimated to increase by 2.9% in 2024/25, followed by 2.6% in 2025/26 and 2.5% for remaining years which is in line with CPI forecasts. From 2026/27, \$735k annual operating costs have been added for Marian Street Theatre for operational costs.

Borrowing Costs: have been estimated based on 95 basis points over 90 day BBSW per annum, rising to a maximum rate of 4.7%. The average annual interest rate is 4.2% for the ten years to 2033/34.

Sensitivity Analysis

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

	<i>Impact</i>	<i>Comment</i>
Revenue		
<i>Inflation/CPI</i>	<i>Low</i>	Changes in inflation will affect both revenue and expenditure, but increases in the assumption are likely to be negative for the projected operating surplus.
<i>Rates Income – Rate Peg</i>	<i>Moderate to Significant</i>	<p>The official rate peg for 2024/25 announced by IPART was 5.2%, followed by a 3.5% in 2025/26 and 3% for all remaining years. From 2024/25, rates income also assumes an average growth of 0.3% per annum through increased development.</p> <p>Changes in rate pegging will affect revenue forecasts, and these will have a large impact on the LTFP Model. Non-achievement of property and rates income growth forecasts will directly affect provision of new infrastructure and the rate at which existing infrastructure can be renewed.</p>
<i>Investment Earnings</i>	<i>Moderate</i>	Council's investments portfolio is subject to fluctuations in interest rates. An adverse movement in interest rates will reduce investment income and impact on capital expenditure and service levels, with only a minor offset through savings in variable interest loan costs. Council is forecasting an increase in interest earning in the short term and has adjusted the future budgets accordingly.
<i>Proceeds from Asset Sales</i>	<i>Moderate</i>	<p>The LTFP assumes sale of assets for the 10 years for the following purposes :</p> <ul style="list-style-type: none"> to fund Council's co-contribution in its S7.11 Development Contributions Plan. If these asset sales are not realised, either cuts to services and other capital would have to be made or alternatively the s7.11 projects requiring Council co-contributions would have to be deferred or deleted from the program. Council is planning to establish a Property Development Reserve in the Long Term Financial Plan, accumulated from the proceeds of asset sales for town centre revitalisation projects.
<i>Grants</i>	<i>Low for specific purpose grants.</i>	The LTFP model includes operational grants and capital grants that have already been awarded. The Council does not have a strong reliance on specific purpose grants revenue in comparison with other sources of revenue. Programs funded

	<i>Impact</i>	<i>Comment</i>
<i>Revenue</i>		
	<i>Moderate/Significant for general purpose grants (FAG)</i>	<p>by specific purpose grants may not be offered by the Council if the grants were eliminated.</p> <p>The general-purpose (including local roads) component of the Council's Financial Assistance Grant (FAG) is \$4.7 million. If this grant were reduced or eliminated, the Council would need to consider significantly reducing capital expenditure and operating service levels.</p>
<i>Expenditure</i>		
<i>Employee Costs</i>	<i>Significant</i>	<p>This is Council's largest cost. The number of employees in operating activities is assumed to remain constant with cost increases in line with forecast or known Award changes. This volume assumption is at risk from possible future changes to conditions, further devolvement of functions from other levels of government and from growth in Council services requiring additional staffing.</p> <p>The Award increase assumptions are at risk as Council has no direct control over this. The current estimate of 3.5% exceeds other cost increase and rate peg in future years, which puts pressure on balancing future budgets.</p>
<i>Borrowing costs</i>	<i>Moderate</i>	<p>Council's outstanding loan balance will reach \$24.3 million in 2024/25 and further increase in 2026/27 to \$40.2 million due to a new loan for the Marian Street Theatre upgrade. The outstanding loan is discharged by 2036/37 from future net revenue generated from leasing out the investment property at 828 Pacific Highway, Gordon, and a special rates variation. This carries a moderate risk in terms of delays in realising income if the current building (investment property) in future is leased out at a lower occupancy rate than predicted in the LTFP. There is also a moderate risk in terms of the SRV if this is not approved by IPART.</p>

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

Income & Expenditure Categories	Assumption	2024/25 Base	Sensitivity to a 10% Variation in the Assumption	Sensitivity to a 20% Variation in the Assumption
		\$'000	\$	\$
INCOME:				
Rates	5.50%	77,935	428,643	857,285
Annual Charges (DW & others)	2.00%	25,124	50,248	100,496
Fees & Charges	4.16%	23,174	96,404	192,808
Operating Grants	2.90%	9,839	28,533	57,066
Interest on Investments	4.80%	7,094	34,051	68,102
Other Income	2.90%	13,748	39,869	79,738
EXPENDITURE				
Employee Costs	4.30%	50,816	218,509	437,018
Borrowing Costs	4.65%	1,277	5,938	11,876
Materials & Contracts	2.90%	63,158	183,158	366,316
Depreciation	1.44%	27,884	40,079	80,158
Other Expenditure	2.90%	13,729	39,814	79,628

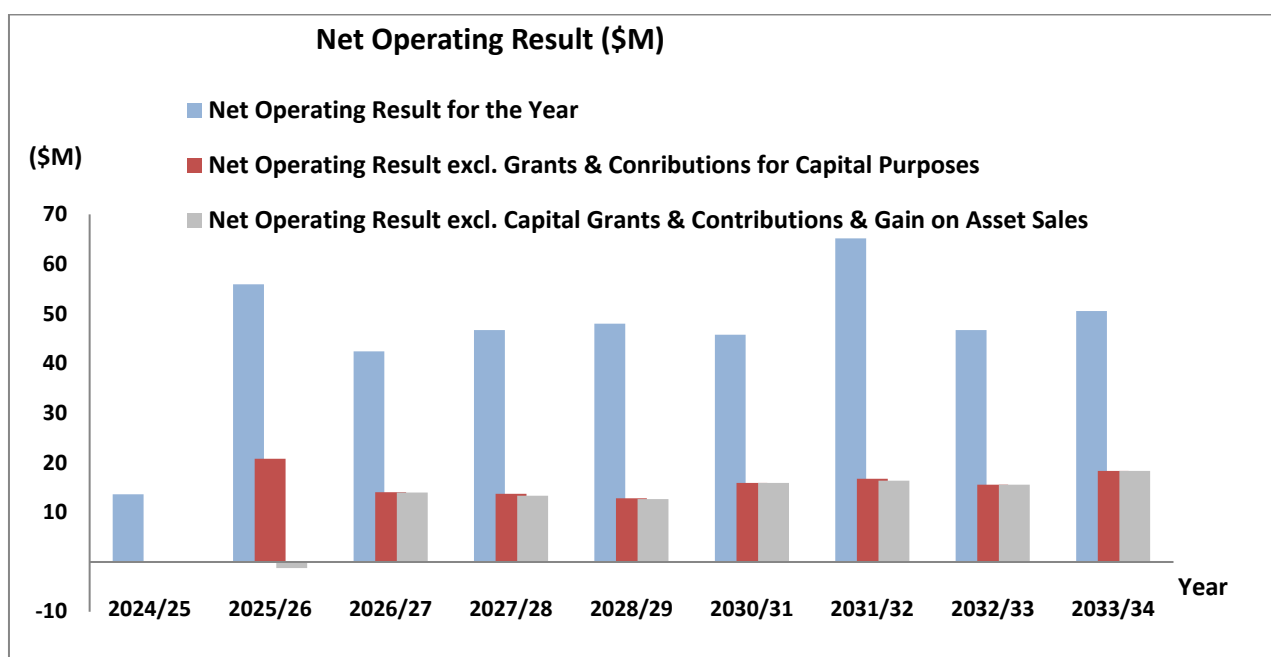
The sensitivity analysis shows that rates income and employee costs would have the greatest impact if there is a future variation from the LTFP assumptions. If there are adverse variations in the future from the LTFP assumptions, adjustments will need to be made to operations and capital programs to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

Highlights of the Long Term Financial Plan

The forecast summary below is based on Scenario 1. This Scenario represents investment of additional funding for infrastructure renewal and funding of major projects from increased rates. This is Council’s optimal scenario and is financially sustainable in terms of key financial measures.

Operating Result

The chart below shows the forecast operating result before and after capital grants and contribution items and income from sale of assets. In 2024/25 Council will achieve an operating surplus of \$13.6 million after allowing for the depreciation expense. If capital grants and contributions are excluded, the operating result is only \$50k surplus. It is assumed in the LTFP that additional rates, if approved, will commence from 2026/27 resulting in surpluses which will fund capital works.

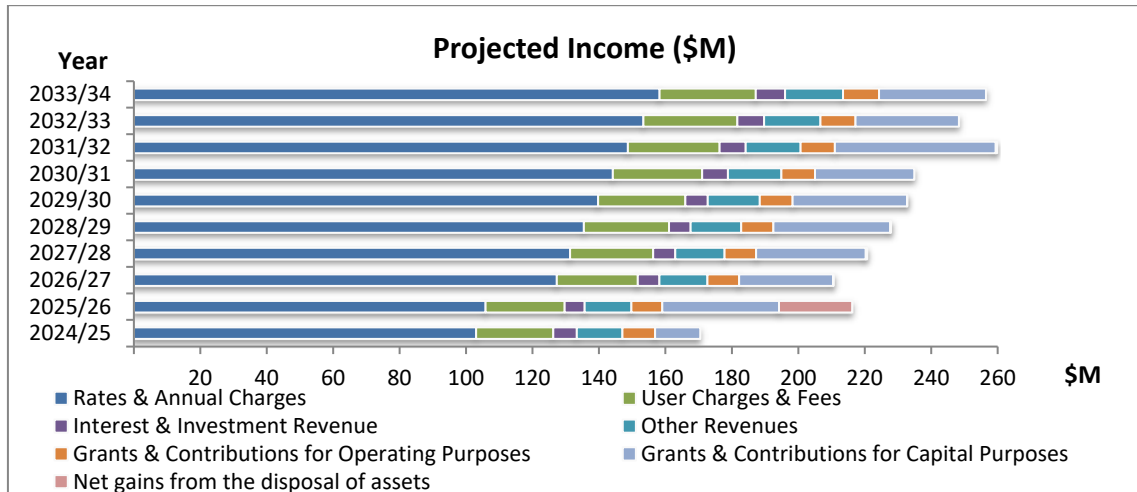


Should a special rate variation not be considered or approved, Council’s underlying result will result in deficits of \$4m pa on average for the term of the LTFP. The deficits are unsustainable in the long run and are a result of income (caped by the rate peg) not keeping pace with increased overall costs from higher inflation, higher employee costs, rising depreciation expense, statutory levies, insurance and election costs.

Projected Income

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

Council’s revenue has been forecast to increase from \$170 million in 2024/25 to \$256 million over the ten years, which (after excluding the impact of asset sales and capital grants and contributions) increases by an average of 4.1% per year. Major increases in revenue are due to rates and annual charges (including a special rate variation from 2026/27), user fees and charges and other revenue including rent income from Council’s investment property. The projected income for the forecast period is detailed in the chart below.



Rates Income & Annual Charges

Council’s dependence upon rates income and annual charges is approximately 59%. The rest of the costs of Council’s operations are funded from non-rates income. The official rate peg for 2024/25 announced by IPART is 5.2%, followed by a 3.5% in 2025/26 and 3% for all remaining years. An average growth of 0.3% per annum through increased development is also factored in for the same period.

The trend in Council’s Long Term Financial Plan indicates current rate income levels will not sustain the organisation into the future without an uplift in rate revenue above the rate peg limit. To partly address this issue, Scenario 1 assumes an increase to rates above the cap of 22% which provides \$18 million pa commencing in 2026/27.

User Charges & Fees Charges

Council derives approximately 12% from user charges. The 2024/25 Fees & Charges have been reviewed to ensure closer alignment with increases in costs. This resulted in an average increase of 4.2% for a variety of non-statutory fees as reflected in the fees & charges schedule (2024/25) and an average of 2.5% per year is forecast over the remaining forecast period.

Interest Income

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

Operating Grants & Contributions

Operating grants and contributions will remain static across the next 10 years. Council’s main form of grant assistance is the financial assistance grant, which is a federal untied grant that is distributed between the States based on their percentage of the total population. Financial assistance grants (FAG) consist of two components both of which are distributed to councils: general-purpose component and a local road component. The yearly FAG projected for 2024/25 is \$4.7 million.

Capital Grants

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

Development Contributions

Council collects contributions from developers (s7.11 Contributions) to help pay for new infrastructure and facilities for the growing population of the area. The Long Term Financial Plan includes the works listed in the Ku-ring-gai Contributions Plan 2010, which came into effect in December 2010. This Contributions Plan applies to development in Ku-ring-gai that gives rise to a net additional demand for new infrastructure identified in the Contributions Plan.

Some of the works to be undertaken in the 2010 Contributions plan cater for the existing population and these works require a co-contribution from Council's general funds. Revenue from divestment of Council property assets will be used to meet Council's commitment in its Development Contributions Plans for co-contributions of general revenues to accompany developer contributions. The amount of funding required from property asset divestment over the 10 years of the LTFP is \$1.4 million.

Income from Asset Sales

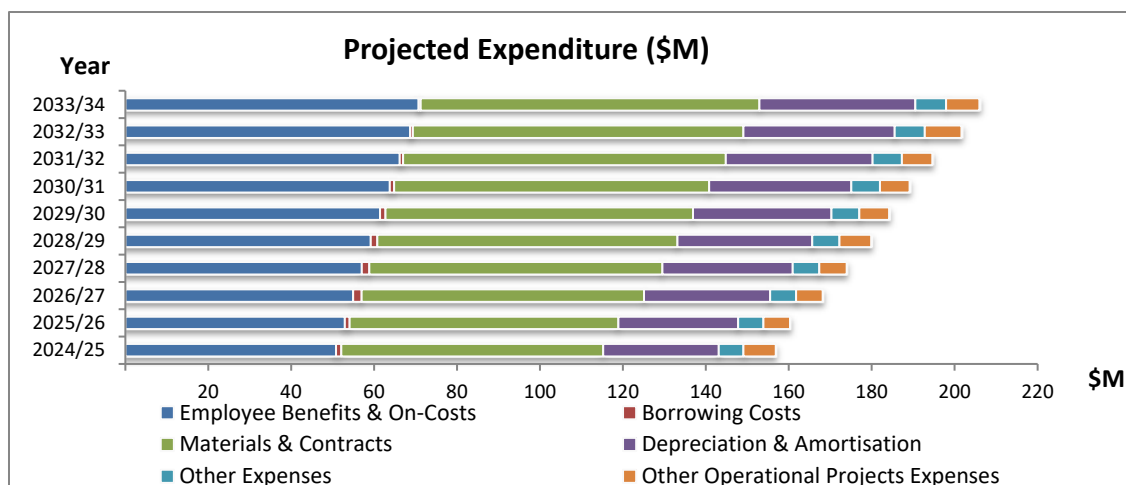
The LTFP provides for asset sales of \$46.4 million to fund:

- Council's co-contribution for projects identified in the Development Contributions Plan 2010. These sales are planned to commence in 2026/27 and continue over a six-year period as the Contribution Plan projects proceed. The total proceeds from asset sales (\$1.4 million) will be used for projects commencing in this financial plan and any unspent proceeds will be restricted to the Assets Sales Reserve available for projects commencing beyond 10 years. Further asset sales are required beyond the 10 years of the LTFP to fund Council's co-contribution.
- Provide a "Property Development Reserve" (\$45 million) for major town centre revitalisation projects.

Projected Operational Expenditure

Council incurs the following expenditure in the course of its operations: employee benefits and oncosts, borrowing costs, materials and contracts, depreciation, other expenses. The financial year 2023/24 presented many challenges with rising costs and high inflation and saw an increase in overall expenditure of 8.9%. This has been reflected in the base year of the LTFP.

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



Employee Costs

Employee costs increase by an average of 3.7% p.a. over the forecast period. Employee related expenditure is the largest expense type incurred by Council. With the allocation of additional funding to Council’s infrastructure asset renewals program, workforce resourcing allocation will require review and adjustment in order to meet increased workload demands. Other employee related issues such as maintaining/improving workforce capacity are dealt with in the Workforce Management Strategy and have therefore not been addressed in the LTFP.

Workers compensation

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

Superannuation

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

Employee benefits

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

Borrowing costs

Borrowing costs incurred include interest on loans held by Council and new borrowings proposed. These costs form 0.7% of the total expenditure incurred by Council. Borrowing cost projections are based on current loans, including the loan facility for the investment property at 828 Pacific Highway, Gordon, a loan for the St Ives Indoor Sports Centre project (\$13.5 million) and a new proposed loan of \$24.6 million for the Marian Street Theatre upgrade commencing in 2026/27. The average borrowing expense per year is \$1.2m gradually reducing in later years as loans are being discharged. The interest rate applied is between 3.7% and 4.7%.

Materials & Contracts

Materials and contracts expenses increase by an average of 2.6% p.a. over the forecast period, with a larger increase recorded in the 2024/25 financial year due to high inflation and stock and labour shortages. Materials and contractors is the largest cash expense item incurred by Council (40% of total expenditure in the 2024/25 financial year). Materials and contracts payments include contractor and consultancy costs, which also relate predominantly to Council's maintenance program. Other materials and contracts costs include operating lease expenses, legal expenses, and auditor fees.

Depreciation Expense

Depreciation is the gradual allocation of the cost of using an asset over its useful life. It reflects the consumption of the asset's service potential in providing services to the community each year. Depreciation forecasts relate to existing assets and to new and upgraded assets.

It is forecast that Council's depreciation expense will increase by an average of 3.3% each year because of new depreciation associated with Council's large capital works program and the large increase in gross replacement cost of existing assets that is recognised each time a revaluation is undertaken. Funding depreciation in future will remain a challenge for Council as the asset portfolio continues to increase.

Other expenses

Other expenses increase by an average of 2.5% per year from 2024/25 and include items like statutory levies, donations, sponsorships and other sundry expenditure.

Capital works program

A significant highlight of the LTFP is its commitment to the capital works program. The LTFP forecasts delivery of a total capital works and other major projects program over 10 years totalling over \$739 million (at future prices). A portfolio of all project proposals has been developed, including estimates of costs and funding sources to determine current and future funding requirements. This project portfolio has been linked to the LTFP. Some significant projects included in this and delivered in the next year are listed below.

Major capital projects initiatives for 2024/25 and future years

Council considers a range of available projects competing for resources each year and evaluates major ones based on their financial sustainability and potential contribution to community needs.

- **Marian Street Theatre, Marian Street, Killara** – The Marian Street Theatre (MST) building operated as a theatre for over 40 years until 2013 when it was closed due to significant BCA compliance upgrades and repairs being required. The renovated MST will focus on building a vibrant, multi-use arts venue with a strong focus on drama using multiple rehearsal and performance spaces that collectively create a “theatre ecosystem”. Design documentation for tender is complete but the project is currently on hold awaiting confirmation of funding.
- **New St Ives Indoor Sports Centre** (joint usage with Department of Education) - Department of Education (DoE) received development consent (approved DA) for a two court, indoor basketball facility (Stage 1) on the grounds of the St Ives High School and completed the facility in 2021.
Council gained DA approval for Stage 2 in 2022 which joins and extends Stage 1 with an additional 2 indoor basketball courts, associated ancillary rooms, café, and car parking. The school will have use of all 4 courts during school hours and the community will have use of all 4 courts after school hours. Works have commenced on site starting in late 2023, and continue with excavation works and contamination remediation works prior to building works been undertaken.
- **Cultural and Environmental Education Centre, St Ives Showground** – The primary function of the Cultural and Environmental Education Centre (CEEC) project is the delivery of environmental education, aimed at facilitating increased environmental awareness in the community and influencing positive behavioural change for the benefit of the environment. The CEEC project was conceived by Council’s Sustainability team and is to be partially paid for from the Environmental Levy with the remaining costs funded from s7.12 contributions. The design consultant team have completed their current scope of services having documented the design ready for tender. The Business case for operating the facility as well as lifecycle costing is currently underway.
- **St Johns Avenue, Gordon** – The vision for St Johns Avenue is to create a vibrant “eat street” to activate the precinct and promote a night time economy that will serve residents and visitors to Gordon. The proposed design will deliver wider footpaths, outdoor dining, new pavements, street furniture and tree planting. Key pedestrian areas will be greatly improved by the proposal. Improvements to Heritage Square and the footpaths in Werona Avenue, and Henry Street, between St Johns Avenue and the underpass, will also be part of the project. The works will be funded through Section 7.11 contributions and grants and Council will manage the project.
Council has completed the first two stages of the works with Wade Lane works completed in 2021 and St Johns Avenue/Henry St works completed in 2023. The remaining works for the redevelopment of Heritage Park and Werona Avenue are currently in the final design phase with construction to be completed in the 2024/25 financial year.
- **Robert Pymble Park** – The Robert Pymble Park Master Plan was adopted by Council in March 2020. The Landscape Masterplan aims to conserve, protect, and enhance the landscape character of Robert Pymble Park while improving the amenity and aesthetics of the park.

The first stage of the Master Plan works being the upgrade of the playground was completed in February 2023. The remaining masterplan works will be undertaken between 2024-2026.

- **Gordon (North) Streetscape Improvements** - This project involves upgrade works to streets in the northern part of Gordon local centre including Fitzsimons Lane, Merriwa Street and the Pacific Highway. The area has undergone extensive renewal in the past 10 years which has brought a large number of new residents. Improved pedestrian safety and amenity have become a priority. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture. Construction is planned to commence in 2024.
- **Lindfield Streetscape Improvements** - This project involves upgrade works to streets on the eastern side of Lindfield including Lindfield Avenue and Tryon Road. The works will complement the recently completed Lindfield Village Green and will focus on improving pedestrian safety by managing traffic and parking conflicts and improving access to the rail station. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture. New traffic signals at the intersection of Lindfield Avenue and Tryon Road will replace the existing signals. New traffic signals at the intersection of Strickland Avenue and Pacific highway are also proposed to support the delivery of the Lindfield Village Hub. Construction is planned to commence in 2025.
- **Pymble Streetscape Improvements** - This project involves upgrade works to Grandview Street, Pymble local centre. The works will focus on improving pedestrian conditions and providing outdoor dining areas through footpath extensions and traffic calming measures. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture. Construction is planned to commence in 2028.
- **St Ives Streetscape Improvements** - This project involves upgrade works to streets and parks of St Ives local centre including Stanley Street, Porters Lane, Rosedale Road as well as Rotary and Memorial Parks. The works will focus on improving pedestrian conditions and improving conditions for bicycle user. Small parks will be renewed to create environments where residents and workers can rest and linger. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture.

Council adopted the St Ives Public Domain Plan in February 2023. The project will be handed over to Operations in 2024 to prepare detail design and tender documentation. Construction is planned to commence in 2029.

- **Turrumurra Streetscape Improvements** - This project involves upgrade works to Rohini Street in Turrumurra local centre. The works will focus on improving pedestrian conditions through improved pedestrian crossing points and providing outdoor dining areas. A key focus of the plan will be to upgrade the bus interchange to improve safety, capacity and functionality. Staff are currently working with representatives from TFNSW to finalise the interchange design and funding. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture. Construction is planned to commence in 2034.

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

Projected Capital Expenditure

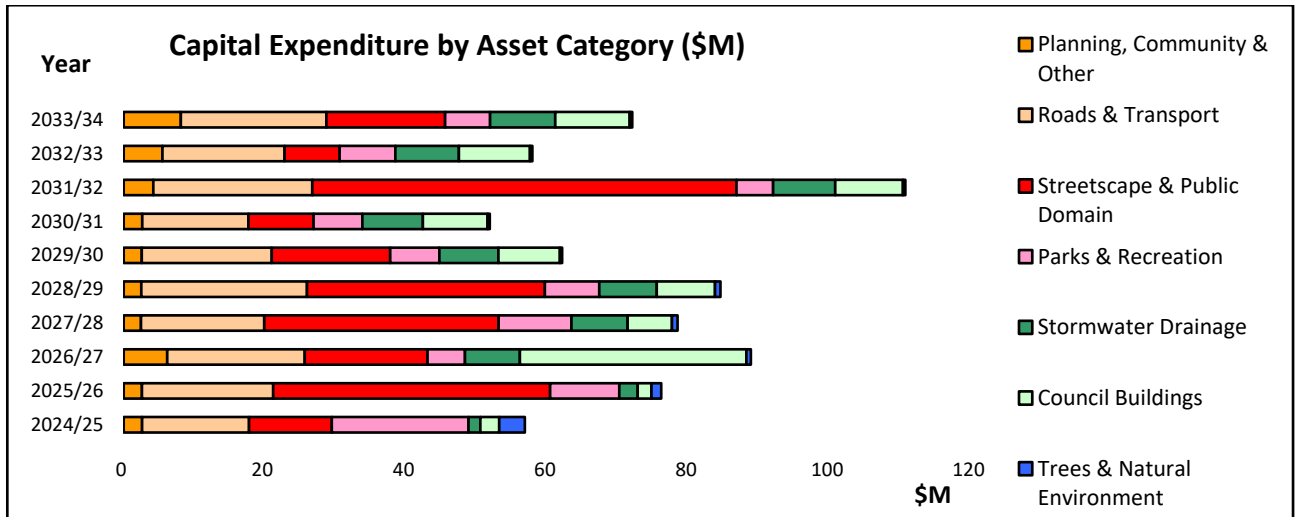
Assumptions around capital expenditure, asset valuations and asset management are covered in the Asset Management Strategy and have been incorporated into the LTFP. A summary of future capital expenditure by asset category is provided below:

Projected Capital Expenditure (including Major Local Centre Projects)

\$ '000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2032/34
Planning, Community & Other	2,624	2,596	6,178	2,451	2,512	2,575	2,639	4,213	5,501	8,097
Roads & Transport	15,131	18,579	19,478	17,456	23,456	18,404	15,036	22,509	17,289	20,619
Streetscape & Public Domain	11,727	39,231	17,377	33,190	33,681	16,771	9,223	60,068	7,801	16,810
Parks & Recreation	19,358	9,781	5,312	10,318	7,706	6,965	6,920	5,203	7,886	6,372
Stormwater Drainage	1,672	2,611	7,764	7,959	8,157	8,361	8,570	8,785	9,004	9,229
Council Buildings	2,679	1,951	32,096	6,273	8,242	8,721	9,147	9,592	10,062	10,553
Trees & Natural Environment	3,637	1,390	624	806	769	314	322	330	338	347
Total Projects	56,828	76,139	88,829	78,453	84,523	62,111	51,857	110,700	57,881	72,027

The largest capital expenditure goes to Streetscape & Public Domain with 33% of total expenditure for the forecast period, followed by Roads & Transport (25%) and Council Buildings (13%). Parks & Recreation, among others, includes acquisition of community land, which is funded by s7.11 contributions.

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



Working Capital & Cash Reserves

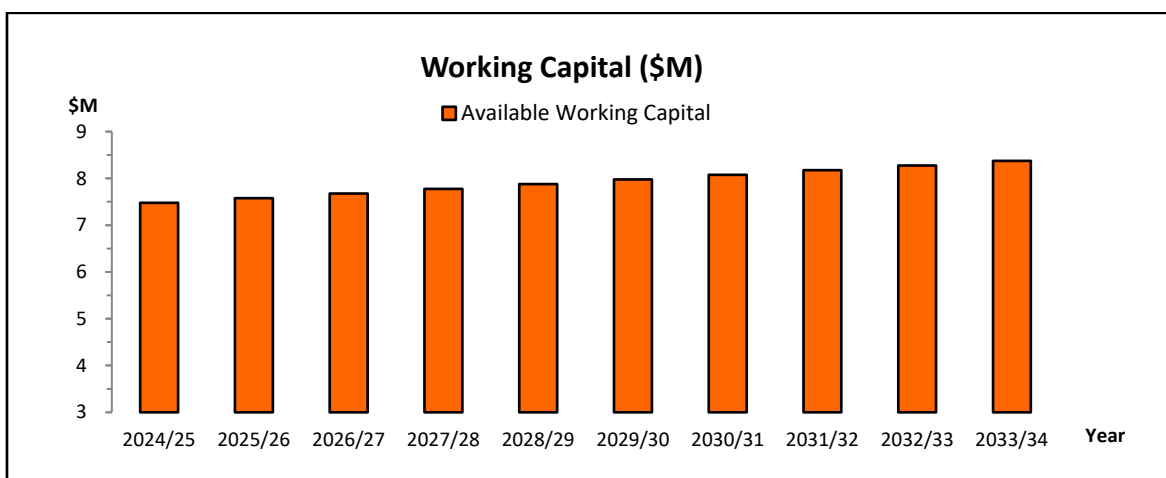
Working Capital and Unrestricted Current Ratio (UCR)

Council’s LTFP and budget ensures that Council maintains adequate liquidity. This is demonstrated by the Unrestricted Current Ratio, for which the industry benchmark of greater than 1.5:1 is considered to be ‘Satisfactory’ and greater than 2:1 to be ‘Good’. Council’s future budgets maintains a ‘satisfactory’ Unrestricted Current Ratio at an average of 2.3:1 for the life of the plan.

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

The working capital is projected at \$7.5 million for 2024/25 and increases by an average 1.3% p.a. during the forecast years to allow for increases in expenditure in future years. The level of working capital highlights an adequate liquidity position with Council being able to meet its short term liabilities when they fall due.

The level of working capital for the 10 year forecast period is illustrated in the chart below.



Cash Reserves

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

- Legal constraint (externally restricted) - e.g. Section 7.11 & 7.12 Development Contributions, Domestic Waste Reserve
- To manage cash flow for abnormal items and thus reduce impact on service delivery.
- Specific revenue - e.g. contribution to works, unexpended grants.

External reserves can only be used for the purpose for which funds were collected. Internal projects reserves are used solely to provide for future expenditure on assets renewal and other capital projects.

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

Summary of Borrowings

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

- Sources of debt repayment have been identified and modelled into overall cash flows.
- The Debt Service Ratio (DSR) is within the benchmark of less than 20%. The Debt Service ratio assesses the impact of loan principal and interest repayment on the discretionary revenue of Council.

Council's outstanding debt is projected to reduce to \$24.3 million by the end of 2024/25 and fully discharged by 2035/36.

This includes:

- \$13.2 million loan from the acquisition of Council's investment property at 828 Pacific Highway, Gordon. The building is leased out and will generate enough revenue over the life of the Plan to discharge the outstanding debt in future years.
- \$10.1 million loan to fund Council's contribution to the new St Ives Indoor Sports Centre. This loan will be repaid across 10 years from a special rate variation.
- \$1 million loan for infrastructure renewal fully discharged by 2029/30.

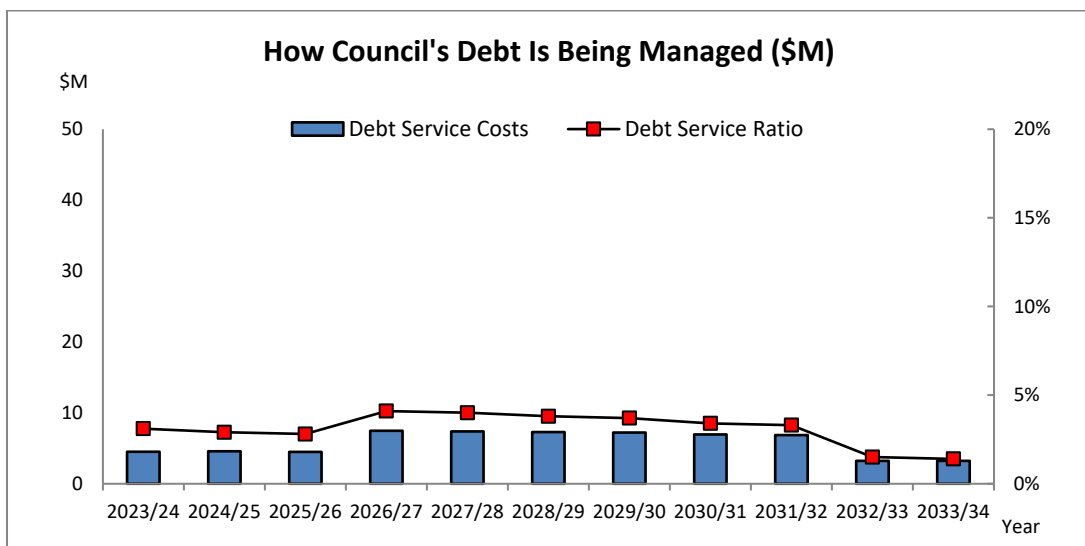
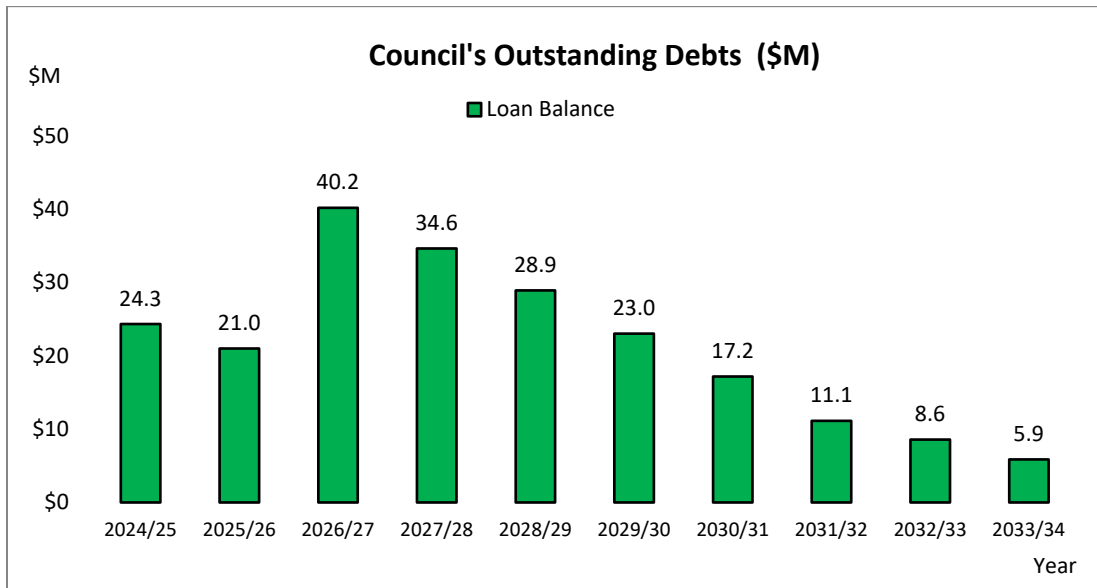
In addition a new loan is projected in the LTFP for the following purpose:

- \$24.6 million to fund the Marian Street Theatre upgrade. This loan will be drawn in 2026/27 and repaid from a special rate variation over 10 years.

How Council's debt is being managed

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

The following charts show Council's projected outstanding debt and the net debt service cost for the next 10 years. Total Debt Service Cost includes total interest plus principal repayments. Increased debt service costs commencing from 2026/27 are due to repayment of the additional loan for Marian Street Theatre upgrade from a special rate variation.



Key Financial Indicators

The key financial indicators are industry accepted measures of financial health and sustainability. This section provides the financial ratios for Council's preferred scenario - Scenario 1 - with a Special Rate Variation for St Ives Indoor Sports Centre, Marian Street Theatre, and Infrastructure Renewal. A summary of these indicators and their benchmarks is provided below.

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

The projected key financial indicators for Scenario 1 are presented below.

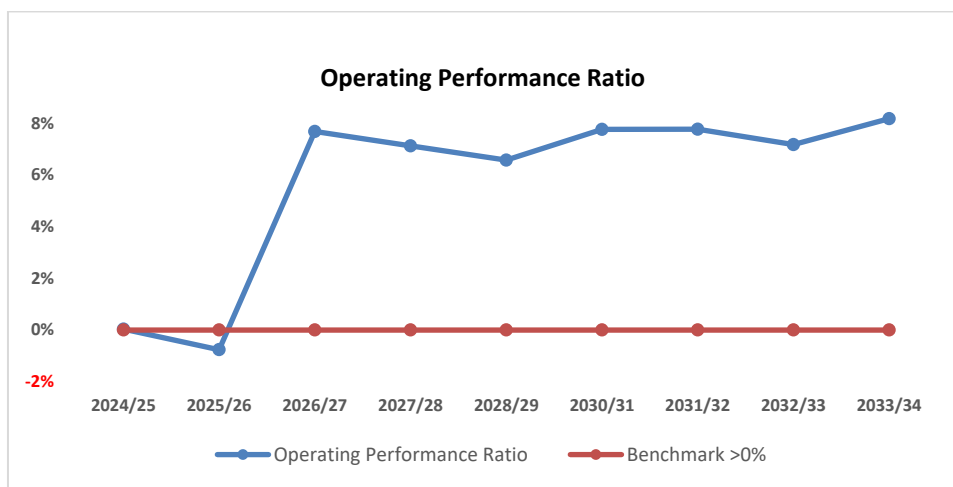
Key Performance Indicators - Scenario 1 With a Special Rate Variation for St Ives Indoor Sports Centre, Marian Street Theatre, and Infrastructure Renewal

Description	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
SUSTAINABILITY										
Operating Performance Ratio	-0.0%	-0.8%	7.7%	7.1%	6.6%	7.1%	7.8%	7.8%	7.2%	8.2%
Own Source Revenue	86.3%	77.1%	82.0%	80.6%	80.2%	80.9%	83.0%	77.2%	83.2%	83.2%
Building & Infrastructure Asset Renewal Ratio	79%	79%	111%	114%	115%	111%	126%	120%	110%	117%
INFRASTRUCTURE AND SERVICE MANAGEMENT										
Infrastructure Backlog Ratio to Bring to Satisfactory	10.1%	10.5%	10.0%	9.5%	8.8%	8.4%	7.6%	7.1%	7.0%	6.8%
Infrastructure Backlog Ratio to bring to Agreed Level of Service	12.6%	12.5%	11.9%	11.3%	10.7%	10.2%	9.6%	9.0%	8.5%	8.0%
Asset Maintenance Ratio	94%	94%	94%	94%	94%	94%	95%	95%	95%	95%
Debt Service Ratio	3.0%	2.9%	4.2%	4.0%	3.8%	3.7%	3.4%	3.3%	1.5%	1.4%
EFFICIENCY										
Real Operating expenditure (per capita)	1,175	1,163	1,183	1,188	1,190	1,181	1,174	1,171	1,175	1,163

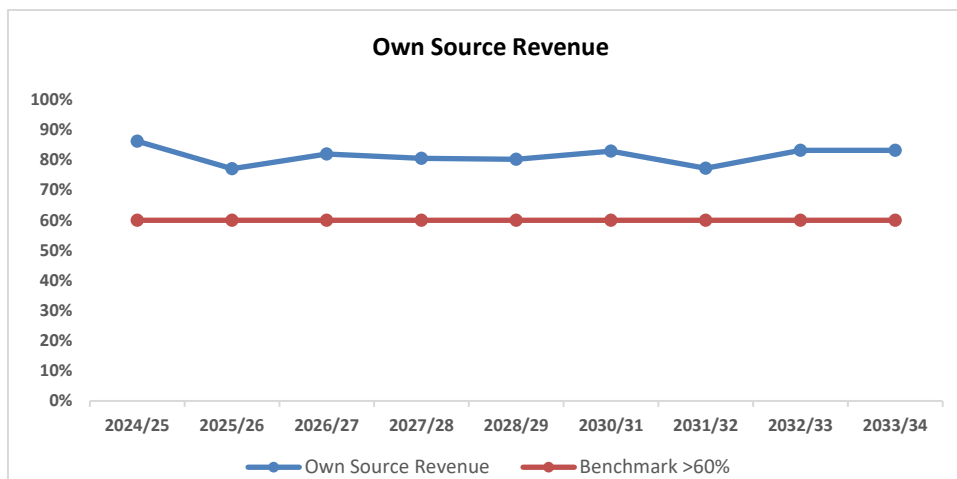
Sustainability Ratios: Operating Performance Ratio, Own Source Revenue Ratio and Building & Infrastructure Asset renewals Ratio

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

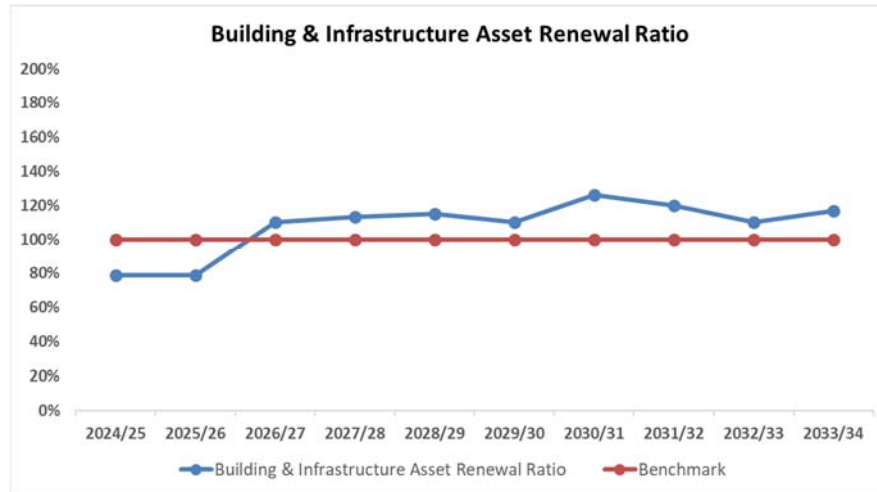
Council's current performance ratio is above the benchmark of 0%, which means that Council can contain operating expenditure (excluding capital grants and contributions) within its operating revenue. The ratio drops below the benchmark of 0% in 2025/26 (due to a deficit being recorded for the year) followed by an increasing trend reaching an average of 7.3% per year, in line with projected operating surpluses. This is due to commencement of the special rate variation from 2026/27 onwards. The SRV will be spent on capital works. It must be noted that this ratio will significantly deteriorate and fall below benchmark should Council adopt Scenario 2 without SRV for major projects and infrastructure renewal.



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



Building & Infrastructure Asset renewals Ratio assesses Council’s rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating. An indicator of 100% indicates that the amount spent on asset renewals equals the amount of depreciation. Council’s ratio stands below benchmark at 79% in 2024/25 and 2025/26, due to the level of renewal funding not keeping pace with the increased depreciation in earlier years, in particular for stormwater assets. The benchmark reaches 111% in 2026/27 and stays above benchmark due to the increase in renewal investment from assumed special rate variation commencing in the same year.



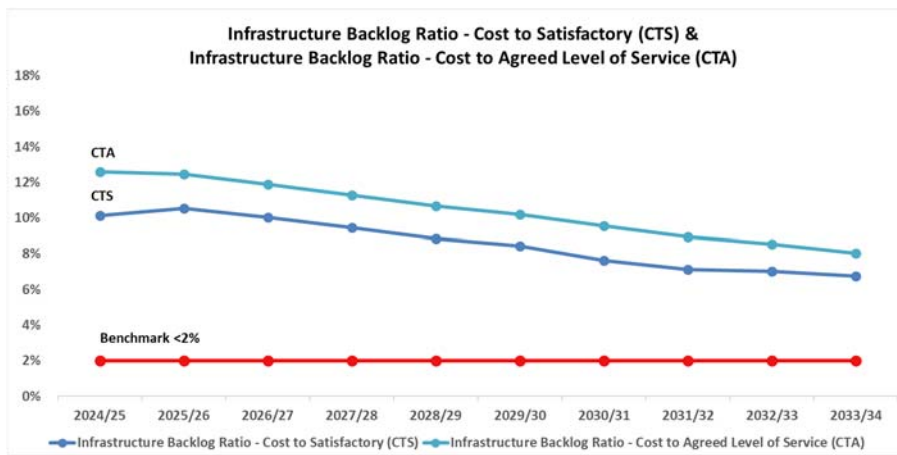
Infrastructure and Service Management: Infrastructure Backlog Ratio, Assets Maintenance Ratio and Debt Service Ratio

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

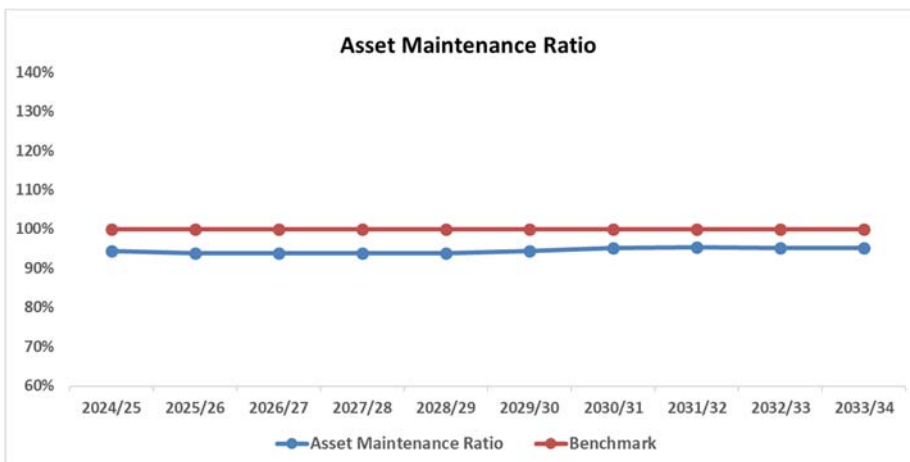
Infrastructure Backlog Ratio (Cost to bring to satisfactory CTS) measures what proportion the backlog is against the total value of Council’s infrastructure. This measures cost required to bring all assets in poor condition (condition 4 & 5) to a satisfactory (condition 3). Council’s CTS increased due to a combination of increased costs and value of infrastructure assets portfolio, as well as the detailed review of Buildings necessitating additional funding in the long term. The forecast backlog for all assets by the end of 2024/25 is projected at 10.1% (\$103 million) and will decrease to \$80 million by the end of the plan. While the additional income from rates of approximately \$13.6 million per year will be spent on asset renewal to keep up with depreciation and steadily reduce the backlog, it will not be sufficient to address the sizable backlog over the 10 years. It is likely Council will need further funding to manage and address that.

Cost to bring assets to Agreed Service (CTA). This ratio is simply the cost of the outstanding works to fully renew all assets in an unsatisfactory condition (bring assets to excellent or very good condition (condition 1)), compared to the total gross replacement cost of Council’s assets. This cost is larger than the cost to bring assets to satisfactory and is a more realistic forecast of Council’s liability on the asset management gap.

The current (reported in 2022/23) estimate of the cost to fully renew all infrastructure currently in an unsatisfactory condition is \$323 million. The detailed review of Stormwater and introduction of the optimal renewal approach resulted in a reduced backlog at \$220 million or 13% of gross replacement cost in 2024/25. Over 10 years of this financial plan a total of \$320 million (inclusive of additional SRV) is invested into infrastructure asset renewals and the backlog, however this level of funding is not sufficient to eliminate this liability within the timeframe of this plan, unless Council identifies further additional funding in the earlier years of the LTFP.

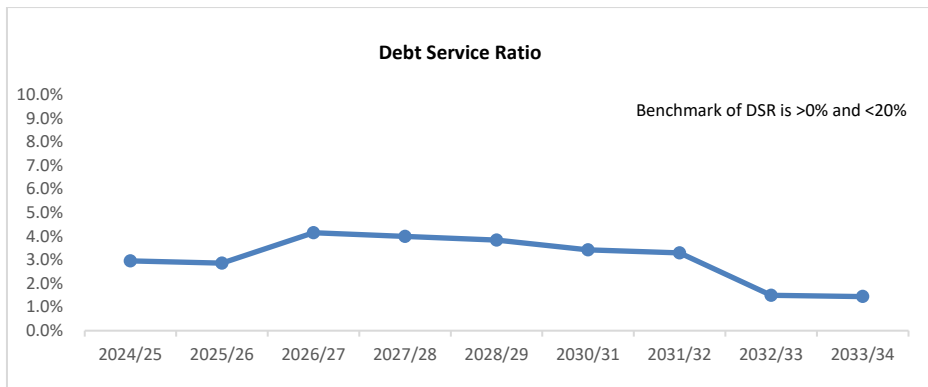


Council’s Asset Maintenance Ratio is on average below benchmark at 94.5%. An indicator below 100% indicates Council has a maintenance gap which may contribute to an increase in the future infrastructure backlog. This is due to an increasing portfolio size and value which contributes to a higher level of required maintenance than currently allocated. Asset maintenance expenditure is explained in more detail in the funding strategy section of this document.



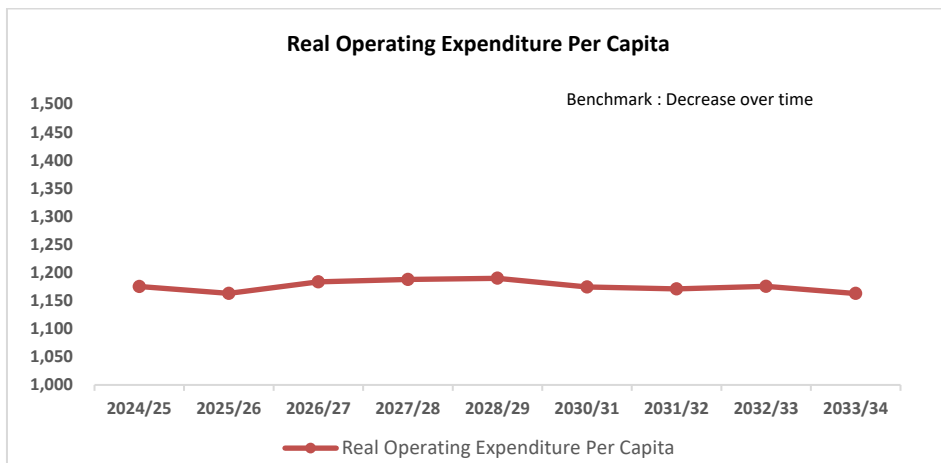
Debt Service Ratio. The purpose of the Debt Service Ratio is to assess the impact of loan principal and interest repayments on the discretionary revenue of Council. In accordance with Council's Long Term Financial Plan, borrowing is only undertaken in accordance with Council's borrowing principles outlined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

Council's ability to service its debt remains sound for the entire period of the LTFP. As per Council's funding strategy, the outstanding debt is fully discharged by 2036 from general and rates revenue, part asset sales and net revenue generated through leasing out Council's investment property. The level of Council's borrowing is discussed in more detail under Summary of Borrowing section of this document. The Debt Service Ratio is within the specified benchmark (>0% and <20%) for all years as presented in the chart below.



Efficiency Ratio: Real Operating Expenditure per Capita

This indicator compares operational expenditure to population and is a ratio that measures efficiency. Council forecasts a steady trend in future years of the financial plan. In the current environment of rising costs and high inflation it is challenging to decrease the operating expenditure per capita, however Council is managing to maintain this cost and not let it increase while delivering the same level of service.



Conclusion

Council's financial position is currently satisfactory. Notwithstanding this there are challenges to meet in the future to be financially sustainable and decisions are required about the revenue and expenditure pathway amid changing circumstances.

The LTFP provides for:

- a modest operating surplus after depreciation (excluding capital grants, contributions and large component of asset sales) is expected in 2024/25. A modest deficit is projected for the following year (2025/26), followed by larger deficits in subsequent years, excluding a projected SRV from 2026/27. These deficits primarily attributed to the rising costs of providing services, increased inflation as well as increase in depreciation expense.
- adequate cash reserves which are maintained at minimum benchmark.
- debt within benchmarks, repaid from investment property rent and a projected special rate variation.
- a budget and LTFP that continues to deliver existing services and project initiatives.

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

- Capped rates income not covering increase in expenses. IPART announced the 2024/25 rate peg as 5.2%, however this is not sufficient to cover high inflation (which peaked at 7.8% in late 2022) leading to higher labour costs, operational and maintenance costs and depreciation of assets. It should also be noted that many of Council's major expenses (Eg insurance, IT costs, contractors, energy costs) have increased by 10-15%. Capped revenue and uncapped expenditure may lead to operating deficits in the future.
- Council has insufficient funding in the LTFP to sustainably manage and improve its existing infrastructure assets and meet community expectations. Council's asset portfolio is large (\$2.6 billion assets) and is continuously increasing which puts pressure on future maintenance and renewal budgets. Unless additional funding is identified the condition of Council's assets is expected to deteriorate and the level of infrastructure backlog will increase.
- The funding strategy adopted in the 2024/34 LTFP provides for asset sales of \$46.4 million to fund projects with a co-contributions gap identified in the 2010 Contribution Plan and a Property Development Reserve for major projects. This funding gap will need to be addressed and replaced with other sources of funding to maintain a satisfactory financial position and continue with project initiatives.
- The \$13.5 million original loan required to fund construction of the St Ives Indoor Sports Centre is proposed to be partially repaid from an increase in rates revenue.
- A \$24.6 million loan is proposed to fund construction of the Marian Street Theatre which previously relied on future asset sales for repayment in the adopted LTFP. Asset sales are no longer a realistic funding option, therefore in the absence of other funding sources this project will remain largely unfunded. Should Council adopt to continue with this project the LTFP assumes a special rate variation to fund future loan repayments.

Financial sustainability continues to be a significant challenge for Ku-ring-gai Council and local governments across Australia, with increasing demand for services, facilities and infrastructure from the community at odds with restricted revenue that does not keep up with rising costs and high inflation. To partly address this issue Council has sought to raise funds through a special rate variation using this income for major capital projects and infrastructure renewal. In the longer term, financial sustainability will require additional recurrent revenue that balances the community's capacity and willingness to pay with the demand for services, facilities and infrastructure.

Appendix A - LTFP Forecasts and Assumptions

LTFP FORECASTS AND ASSUMPTIONS

	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32	Projected 2032/33	Projected 2033/34
FORECASTS - ACCESS ECONOMICS										
Consumer Price Index (CPI)	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
BBSW - 90 Day	3.7%	3.0%	2.9%	3.0%	3.1%	3.2%	3.3%	3.3%	3.3%	3.3%
INCOME ASSUMPTIONS										
Rates										
Rates Pegging Forecast	5.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Rates Population Growth	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Total Rates Change	5.5%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Fees and Charges										
Domestic Waste Price Increase	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Pensioner Rebate Growth	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Stormwater Management Charge (rates growth only)	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Trade Waste - Annual Charges	4.2%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Interest Income										
Interest Income - Rate	4.8%	4.1%	4.0%	4.1%	4.2%	4.3%	4.4%	4.4%	4.4%	4.4%
Grants Income										
Recurrent Grants (CPI)	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Capital Grants (CPI)	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Proceeds from Assets Sales										
Asset Sales	0	45,000	87	532	227	82	0	490	0	0
EXPENDITURE ASSUMPTIONS										
Labour Costs										
Superannuation	11.5%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Material & Contracts - Operational Expenditure										
Operating Expenses (CPI)	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Street Lighting Charges (IPART Decision)	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Building Electricity Charges (IPART)	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Water Charges (IPART Determination)	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Fire Levy (CPI)	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Planning Levy (CPI)	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Materials & Contracts - Capital Expenditure										
Borrowing Costs	2.9%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Loan Rate (95 bps over 90 BBSW or max of 4%)	4.7%	4.0%	3.9%	4.0%	4.1%	4.2%	4.3%	4.3%	4.3%	4.3%

Appendix B - Scenario 1 - With a Special Rate Variation for St Ives Indoor Sports Centre, Marian Street Theatre, and Infrastructure Renewal

10 Year Financial Plan for the Years ending 30 June 2034

Projected Income Statement

Scenario 1 - Base Scenario with SRV for St Ives Indoor Sports Centre, Marian Street Theatre, and Infrastructure Renewal

\$'000	Actual 2022/23	Forecast 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32	Projected 2032/33	Projected 2033/34
Income from Continuing Operations												
Rates & Annual Charges	94,645	98,668	103,059	105,889	127,310	131,321	135,478	139,749	144,174	148,717	153,398	156,228
User Charges & Fees	21,622	22,407	23,174	23,777	24,371	24,980	25,605	26,245	26,901	27,574	28,263	28,970
Interest & Investment Revenue	7,028	7,018	7,094	6,026	6,523	6,666	6,510	6,763	7,726	7,874	8,030	8,835
Other Revenues	12,829	13,875	13,748	14,070	14,452	14,845	15,248	15,663	16,090	16,528	16,979	17,442
Grants & Contributions for Operating Purposes	17,427	9,047	9,839	9,310	9,513	9,506	9,680	9,882	10,138	10,321	10,552	10,843
Grants & Contributions for Capital Purposes	14,761	20,965	13,575	35,140	28,354	32,976	35,167	34,409	29,871	48,422	31,117	32,176
<i>Other Income:</i>												
Net gains from the disposal of assets	- 1,968	-	-	22,000	62	388	167	82	-	370	-	-
Total Income from Continuing Operations	166,344	171,980	170,489	216,212	210,585	220,682	227,855	232,793	234,900	259,806	248,339	256,494
Total Income excluding Proceeds from Asset Sales and Capital Income	153,551	151,015	156,914	159,072	182,169	187,318	192,521	198,302	205,029	211,014	217,222	224,318
Expenses from Continuing Operations												
Employee Benefits & On-Costs	43,683	48,407	50,816	52,944	54,950	57,033	59,194	61,437	63,766	66,182	68,691	70,749
Borrowing Costs	1,443	1,276	1,277	1,138	2,038	1,809	1,566	1,321	1,071	822	657	489
Materials & Contracts	60,046	61,676	63,158	64,840	68,096	70,677	72,399	74,164	75,972	77,827	79,727	81,676
Depreciation & Amortisation	22,467	25,641	27,884	28,880	30,414	31,439	32,500	33,378	34,279	35,387	36,488	37,608
Other Expenses	4,179	5,035	5,948	6,102	6,254	6,411	6,571	6,735	6,904	7,077	7,253	7,435
Other Operational Projects Expenses	9,685	15,200	7,781	6,382	6,425	6,608	7,643	7,144	7,129	7,335	8,827	8,019
Total Expenses from Continuing Operations	141,503	157,235	156,864	160,286	168,177	173,977	179,873	184,179	189,121	194,630	201,643	205,976
Net Operating Result for the Year	24,841	14,745	13,625	55,926	42,408	46,705	47,982	48,614	45,779	65,176	46,696	50,518
Net Operating Result for the year before Grants & Contributions provided for Capital Purposes	10,080	- 6,220	50	20,786	14,054	13,729	12,815	14,205	15,908	16,754	15,579	18,342

10 Year Financial Plan for the Years ending 30 June 2034

Projected Balance Sheet

Scenario 1 - Base Scenario with SRV for St Ives Indoor Sports Centre, Marian Street Theatre, and Infrastructure Renewal

\$ '000	Actual 2022/23	Forecast 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32	Projected 2032/33	Projected 2033/34
ASSETS												
Current Assets												
Cash & Cash Equivalents	13,164	21,115	20,713	11,269	11,688	12,252	11,901	13,205	15,803	14,585	19,364	23,156
Investments	99,350	57,100	48,900	61,000	62,100	59,200	55,200	61,100	70,500	63,000	72,500	76,900
Receivables	14,984	12,501	11,983	14,975	15,231	16,073	16,674	16,864	16,552	19,331	17,328	17,801
Inventories	269	218	218	218	218	218	218	218	218	218	218	218
Other	3,193	3,141	3,293	3,209	3,214	3,238	3,220	3,224	3,228	3,224	3,225	3,226
Non-Current Assets Held for Sale	1,400	-	-	23,000	25	144	60	-	-	120	-	-
Total Current Assets	132,360	94,076	85,107	113,671	92,457	91,126	87,273	94,602	106,301	100,479	112,636	121,301
Non-Current Assets												
Investments	100,930	69,781	59,797	74,655	75,821	72,394	67,406	74,759	86,240	77,026	88,590	93,985
Receivables	97	92	92	92	92	92	92	92	92	92	92	92
Infrastructure, Property, Plant & Equipment	2,561,899	2,638,571	2,667,727	2,669,198	2,750,776	2,797,738	2,849,942	2,878,832	2,896,508	2,971,679	2,993,289	3,027,806
Investment Property	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400
Intangible Assets	658	555	440	325	210	95	36	36	-	-	-	-
Right of Use Asset	1,598	1,505	1,408	1,311	1,214	1,117	1,020	923	826	729	632	535
Total Non-Current Assets	2,715,582	2,760,903	2,775,864	2,795,981	2,878,513	2,821,835	2,968,896	3,005,041	3,034,065	3,099,925	3,133,003	3,172,818
TOTAL ASSETS	2,847,942	2,854,979	2,864,971	2,909,652	2,970,969	3,012,961	3,056,169	3,099,643	3,140,366	3,200,404	3,245,639	3,294,119
LIABILITIES												
Current Liabilities												
Payables	40,739	37,021	36,145	27,759	26,977	27,306	27,706	27,884	28,129	28,410	28,856	29,022
Borrowings	3,227	3,227	3,281	3,338	5,412	5,562	5,719	5,884	5,855	6,035	2,549	2,717
Provisions	12,787	13,477	14,057	14,591	15,146	15,721	16,319	16,939	17,582	18,251	18,944	19,512
Total Current Liabilities	56,753	53,726	53,483	45,688	47,534	48,589	49,744	50,707	51,566	52,695	50,349	51,251
Non-Current Liabilities												
Payables	1,680	1,615	1,550	1,485	1,420	1,355	1,290	1,225	1,160	1,095	1,030	965
Borrowings	27,598	24,371	21,036	17,641	34,760	29,048	23,171	17,123	11,297	5,082	6,019	3,133
Provisions	227	239	250	259	269	279	290	301	312	324	336	346
Total Non-Current Liabilities	29,505	26,225	22,836	19,385	36,449	30,682	24,751	18,649	12,769	6,501	7,385	4,444
TOTAL LIABILITIES	86,258	79,951	76,319	65,073	83,983	79,271	74,494	69,355	64,335	59,196	57,735	55,696
Net Assets	2,761,684	2,775,027	2,788,652	2,844,578	2,886,986	2,933,690	2,981,674	3,030,287	3,076,031	3,141,208	3,187,904	3,238,424
EQUITY												
Retained Earnings	928,206	942,951	956,576	1,012,502	1,054,909	1,101,614	1,149,597	1,198,211	1,243,989	1,309,165	1,355,860	1,406,379
Revaluation Reserves	1,833,478	1,832,076	1,832,076	1,832,077	1,832,077	1,832,076	1,832,078	1,832,077	1,832,042	1,832,043	1,832,043	1,832,045
Council Equity Interest	2,761,684	2,775,027	2,788,652	2,844,578	2,886,986	2,933,690	2,981,674	3,030,287	3,076,031	3,141,208	3,187,904	3,238,424
Total Equity	2,761,684	2,775,027	2,788,652	2,844,578	2,886,986	2,933,690	2,981,674	3,030,287	3,076,031	3,141,208	3,187,904	3,238,424

10 Year Financial Plan for the Years ending 30 June 2034

Projected Cash Flow Statement

Scenario 1 - Base Scenario with SRV for St Ives Indoor Sports Centre, Marian Street Theatre, and Infrastructure Renewal

\$ '000	Actual 2022/23	Forecast 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32	Projected 2032/33	Projected 2033/34
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	94,325	101,156	103,577	102,888	127,053	130,479	134,878	139,589	144,476	145,938	155,401	157,756
User Charges & Fees	20,997	22,407	23,174	23,777	24,371	24,980	25,605	26,245	26,901	27,574	28,263	28,970
Investment & Interest Revenue Received	5,701	7,018	7,094	6,026	6,523	6,666	6,510	6,763	7,726	7,874	8,030	8,835
Grants & Contributions	34,375	30,012	23,414	44,450	37,867	42,482	44,847	44,291	40,009	58,743	41,669	43,019
Bonds, Deposits, Retention amounts received	4,710	-	-	-	-	-	-	-	-	-	-	-
Other	21,046	13,978	13,596	14,154	14,447	14,821	15,266	15,659	16,087	16,532	16,978	17,442
Payments:												
Employee Benefits & On-Costs	-45,148	-47,704	-50,226	-52,400	-54,386	-56,447	-58,586	-60,806	-63,111	-65,502	-67,985	-70,171
Materials & Contracts	-74,130	-65,394	-64,034	-73,226	-68,879	-70,348	-71,999	-73,986	-75,728	-77,546	-79,281	-81,510
Borrowing Costs	-1,443	-1,276	-1,277	-1,138	-2,038	-1,809	-1,566	-1,321	-1,071	-822	-657	-489
Bonds, Deposits, Retention amounts refunded	-3,252	-	-	-	-	-	-	-	-	-	-	-
Other	-6,980	-20,235	-13,729	-12,484	-12,679	-13,019	-14,214	-13,879	-14,033	-14,412	-16,080	-15,454
Net Cash provided (or used) in Operating Activities:	50,201	39,962	41,589	52,056	72,280	77,804	80,741	82,535	81,256	98,378	86,338	88,397
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	103,502	155,294	118,185	98,934	126,389	128,798	122,314	113,579	109,119	146,714	108,936	120,205
Sale of Infrastructure, Property, Plant & Equipment	1,037	-	-	45,000	87	532	227	82	-	490	-	-
Payments:												
Purchase of investment securities	-107,841	-81,894	-100,002	-125,892	-128,655	-122,470	-113,326	-126,832	-130,000	-130,000	-130,000	-130,000
Purchase of investment property	-602	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-52,340	-102,117	-56,828	-76,139	-88,830	-78,453	-84,524	-62,111	-51,858	-110,701	-57,881	-72,027
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided in Investing Activities	-56,244	-28,717	-38,645	-58,098	-91,008	-71,593	-75,310	-75,282	-72,739	-93,497	-78,945	-81,823
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	-	-	24,605	-	-	-	-	-	-	-
Payments:												
Repayments of Borrowings & Advances	-3,535	-3,227	-3,281	-3,338	-5,412	-5,562	-5,719	-5,884	-5,855	-6,035	-2,549	-2,717
Lease Liabilities (Principal Repayment)	-42	-65	-65	-65	-65	-65	-65	-65	-65	-65	-65	-65
Net Cash provided in Financing Activities	-3,577	-3,292	-3,346	-3,403	19,128	-5,627	-5,784	-5,949	-5,920	-6,100	-2,614	-2,782
Net Increase/(Decrease) in Cash & Cash Equivalents												
	-9,620	7,952	-402	-9,445	399	585	-353	1,304	2,597	-1,219	4,778	3,793
Plus: Cash & Cash Equivalents - beginning of year	22,784	13,164	21,115	20,713	11,269	11,668	12,252	11,901	13,205	15,803	14,585	19,364
Cash & Cash Equivalents - end of year	13,164	21,116	20,713	11,268	11,668	12,253	11,899	13,205	15,802	14,584	19,363	23,156
Plus: Investments on hand - end of year	200,280	126,881	108,697	135,655	137,921	131,594	122,606	135,859	156,740	140,026	161,090	170,885
Total Cash, Cash Equivalents & Investments	213,444	147,997	129,411	146,924	149,589	143,846	134,506	149,064	172,542	154,610	180,454	194,042

Appendix C - Scenario 2 - With a Special Rate Variation for St Ives Indoor Sports Centre only

10 Year Financial Plan for the Years ending 30 June 2034

Projected Income Statement

Scenario 2 - Scenario with SRV for St Ives Indoor Sports Centre only

	Actual 2022/23	Forecast 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32	Projected 2032/33	Projected 2033/34
Income from Continuing Operations												
Rates & Annual Charges	94,645	98,668	103,059	105,889	110,632	114,091	117,680	121,364	125,182	129,098	133,132	137,294
User Charges & Fees	21,622	22,407	23,174	23,777	24,371	24,980	25,605	26,245	26,901	27,574	28,263	28,970
Interest & Investment Revenue	7,028	7,018	7,094	6,026	5,987	5,478	5,136	5,269	6,155	6,263	6,363	7,150
Other Revenues	12,829	13,875	13,748	14,070	14,452	14,845	15,248	15,663	16,090	16,528	16,979	17,442
Grants & Contributions for Operating Purposes	17,427	9,047	9,839	9,310	9,513	9,506	9,680	9,882	10,138	10,321	10,552	10,843
Grants & Contributions for Capital Purposes	14,761	20,965	13,575	35,140	28,354	32,976	35,167	34,409	29,871	48,422	31,117	32,176
Other Income:												
Net gains from the disposal of assets	- 1,968	-	-	22,000	62	388	167	82	-	370	-	-
Total Income from Continuing Operations	166,344	171,980	170,489	216,212	193,371	202,264	208,683	212,914	214,337	238,576	226,426	233,875
Total Income excluding Proceeds from Asset Sales & Capital Income	153,551	151,015	156,914	159,072	164,955	168,900	173,349	178,423	184,486	189,784	195,309	201,699
Expenses from Continuing Operations												
Employee Benefits & On-Costs	43,683	48,407	50,816	52,944	54,950	57,033	59,194	61,437	63,766	66,182	68,691	70,749
Borrowing Costs	1,443	1,276	1,277	1,138	997	886	705	555	405	261	150	150
Materials & Contracts	60,046	61,676	63,158	64,840	68,096	70,677	72,399	74,164	75,972	77,827	79,727	81,676
Depreciation & Amortisation	22,467	25,641	27,884	28,880	30,414	31,439	32,500	33,378	34,279	35,387	36,488	37,608
Other Expenses	4,179	5,035	5,948	6,102	6,254	6,411	6,571	6,735	6,904	7,077	7,253	7,435
Other Operational Projects Expenses	9,685	15,200	7,781	6,382	6,425	6,608	7,643	7,144	7,129	7,335	8,827	8,019
Total Expenses from Continuing Operations	141,503	157,235	156,864	160,286	167,136	173,024	179,012	183,413	188,455	194,069	201,136	205,637
Net Operating Result for the Year	24,841	14,745	13,625	55,926	26,235	29,240	29,671	29,501	25,882	44,507	25,290	28,238
Net Operating Result for the year before Grants & Contributions provided for Capital Purposes	10,080	-6,220	50	20,786	-2,119	-3,736	-5,496	-4,908	-3,989	-3,915	-5,827	-3,938

10 Year Financial Plan for the Years ending 30 June 2034

Projected Balance Sheet

Scenario 2 - Scenario with SRV for St. Ives Indoor Sports Centre only

\$ '000	Actual 2022/23	Forecast 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32	Projected 2032/33	Projected 2033/34
ASSETS												
Current Assets												
Cash & Cash Equivalents	13,164	21,115	20,713	11,269	-12,599	-12,638	-13,144	-11,930	-9,377	-10,602	-5,825	-2,034
Investments	99,350	57,100	48,900	61,000	61,400	56,800	51,500	57,100	66,000	58,200	67,300	71,300
Receivables	14,984	12,501	11,983	14,975	14,356	15,170	15,738	15,888	15,554	18,300	16,264	16,701
Inventories	269	218	218	218	218	218	218	218	218	218	218	218
Other	3,193	3,141	3,293	3,209	3,214	3,238	3,220	3,224	3,228	3,224	3,225	3,226
Non-Current Assets Held for Sale	1,400	-	-	23,000	25	144	60	-	-	120	-	-
Total Current Assets	132,360	94,076	85,107	113,871	66,615	62,934	57,593	64,501	75,623	69,461	81,183	89,411
Non-Current Assets												
Investments	100,930	69,781	59,797	74,655	74,988	69,494	62,926	69,728	80,734	71,027	82,174	87,139
Receivables	97	92	92	92	92	92	92	92	92	92	92	92
Infrastructure, Property, Plant & Equipment	2,561,899	2,638,571	2,667,727	2,669,198	2,738,707	2,774,705	2,813,858	2,826,896	2,828,115	2,885,945	2,889,550	2,905,373
Investment Property	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400	50,400
Intangible Assets	658	555	440	325	210	95	36	36	-	-	-	-
Right of Use Asset	1,598	1,505	1,408	1,311	1,214	1,117	1,020	923	826	729	632	535
Total Non-Current Assets	2,715,982	2,760,903	2,779,864	2,795,981	2,865,592	2,895,903	2,928,332	2,948,075	2,960,167	3,008,192	3,022,848	3,043,539
TOTAL ASSETS	2,847,942	2,854,979	2,864,971	2,909,652	2,932,207	2,958,836	2,985,925	3,012,576	3,035,790	3,077,653	3,104,031	3,132,950
LIABILITIES												
Current Liabilities												
Payables	40,739	37,021	36,145	27,759	26,977	27,306	27,706	27,884	28,129	28,410	28,856	29,022
Borrowings	3,227	3,227	3,281	3,338	3,397	3,460	3,525	3,593	3,465	3,540	-	-
Provisions	12,787	13,477	14,057	14,591	15,146	15,721	16,319	16,939	17,582	18,251	18,944	19,512
Total Current Liabilities	56,753	53,726	53,483	45,688	45,519	46,487	47,550	48,416	48,176	50,200	47,800	48,534
Non-Current Liabilities												
Payables	1,680	1,615	1,550	1,485	1,420	1,355	1,290	1,225	1,160	1,095	1,030	965
Borrowings	27,598	24,371	21,036	17,641	14,185	10,663	7,073	3,412	75	-	-	-
Provisions	227	239	250	259	269	279	290	301	312	324	336	346
Total Non-Current Liabilities	29,505	26,225	22,836	19,385	15,874	12,297	8,653	4,938	1,547	1,419	1,366	1,311
TOTAL LIABILITIES	86,258	79,951	76,319	65,073	61,393	58,784	56,202	53,353	50,723	51,619	49,167	48,846
Net Assets	2,761,684	2,775,027	2,788,652	2,844,578	2,870,813	2,900,052	2,929,722	2,959,222	2,985,067	3,026,034	3,054,865	3,083,104
EQUITY												
Retained Earnings	928,206	942,951	956,576	1,012,502	1,038,736	1,067,976	1,097,648	1,127,149	1,153,030	1,197,537	1,222,826	1,251,065
Revaluation Reserves	1,833,478	1,832,076	1,832,076	1,832,076	1,832,077	1,832,076	1,832,075	1,832,074	1,832,037	1,828,497	1,832,038	1,832,040
Council Equity Interest	2,761,684	2,775,027	2,788,652	2,844,578	2,870,813	2,900,052	2,929,722	2,959,222	2,985,067	3,026,034	3,054,865	3,083,104
Total Equity	2,761,684	2,775,027	2,788,652	2,844,578	2,870,813	2,900,052	2,929,722	2,959,222	2,985,067	3,026,034	3,054,865	3,083,104

10 Year Financial Plan for the Years ending 30 June 2034

Projected Cash Flow Statement

Scenario 2 - Scenario with SRV for St. Ives Indoor Sports Centre only

	Actual 2022/23	Forecast 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32	Projected 2032/33	Projected 2033/34
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	94,325	101,156	103,577	102,898	111,250	113,277	117,112	121,214	125,516	126,352	135,169	136,857
User Charges & Fees	20,997	22,407	23,174	23,777	24,371	24,980	25,605	26,245	26,901	27,574	28,263	28,970
Investment & Interest Revenue Received	5,701	7,018	7,094	6,026	5,987	5,478	5,136	5,269	6,155	6,263	6,383	7,150
Grants & Contributions	34,375	30,012	23,414	44,450	37,867	42,482	44,847	44,291	40,009	58,743	41,669	43,019
Bonds, Deposits, Retention amounts received	4,710	-	-	-	-	-	-	-	-	-	-	-
Other	21,046	13,978	13,596	14,154	14,447	14,821	15,266	15,659	16,087	16,532	16,978	17,442
Payments:												
Employee Benefits & On-Costs	-45,148	-47,704	-50,226	-52,400	-54,386	-56,447	-58,586	-60,806	-63,111	-65,502	-67,985	-70,171
Materials & Contracts	-74,130	-65,394	-64,034	-73,226	-68,879	-70,348	-71,999	-73,986	-75,728	-77,546	-79,281	-81,510
Borrowing Costs	-1,443	-1,276	-1,277	-1,138	-997	-856	-705	-555	-405	-261	-150	-150
Bonds, Deposits, Retention amounts refunded	-3,252	-	-	-	-	-	-	-	-	-	-	-
Other	-6,980	-20,235	-13,729	-12,484	-12,679	-13,019	-14,214	-13,879	-14,033	-14,412	-16,080	-15,454
Net Cash provided (or used) in Operating Activities	50,201	39,962	41,589	52,056	56,981	60,368	62,463	63,452	61,391	77,742	64,965	66,152
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	103,502	155,294	118,185	98,934	125,853	126,057	115,640	103,905	110,094	147,507	109,753	121,035
Sale of Infrastructure, Property, Plant & Equipment	1,037	-	-	45,000	87	532	227	82	-	490	-	-
Payments:												
Purchase of investment securities	-107,841	-81,894	-100,002	-125,892	-126,566	-115,982	-103,772	-116,307	-130,000	-130,000	-130,000	-130,000
Purchase of investment property	-602	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-52,340	-102,117	-56,828	-76,139	-76,761	-67,488	-71,474	-46,259	-35,401	-93,359	-39,876	-53,333
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided in Investing Activities	-56,244	-28,717	-38,645	-58,098	-77,387	-56,882	-59,378	-58,579	-55,307	-75,362	-60,124	-62,298
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayments of Borrowings & Advances	-3,535	-3,227	-3,281	-3,338	-3,397	-3,460	-3,525	-3,593	-3,465	-3,540	-	-
Lease Liabilities (Principal Repayment)	-42	-65	-65	-65	-65	-65	-65	-65	-65	-65	-65	-65
Net Cash provided in Financing Activities	-3,577	-3,292	-3,346	-3,403	-3,462	-3,525	-3,590	-3,658	-3,530	-3,605	-65	-65
Net Increase/(Decrease) in Cash & Cash Equivalents	-9,620	7,952	-402	-9,445	-23,868	-39	-506	1,215	2,554	-1,225	4,777	3,789
Plus: Cash & Cash Equivalents - beginning of year	22,784	13,164	21,115	20,713	11,289	-12,599	-12,638	-13,144	-11,930	-9,377	-10,602	-5,825
Cash & Cash Equivalents - end of year	13,164	21,116	20,713	11,268	-12,599	-12,638	-13,143	-11,929	-9,376	-10,602	-5,825	-2,035
Plus: Investments on hand - end of year	200,280	126,881	108,697	135,655	136,388	126,294	114,426	126,828	146,734	129,227	149,474	158,439
Total Cash, Cash Equivalents & Investments	213,444	147,997	129,411	146,924	123,769	113,656	101,282	114,899	137,358	118,625	143,650	156,404



Asset Management Strategy 2024-2034

Adopted April 2022. Revised June 2024.

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Summary

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

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

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

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

Introduction

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

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

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

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

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

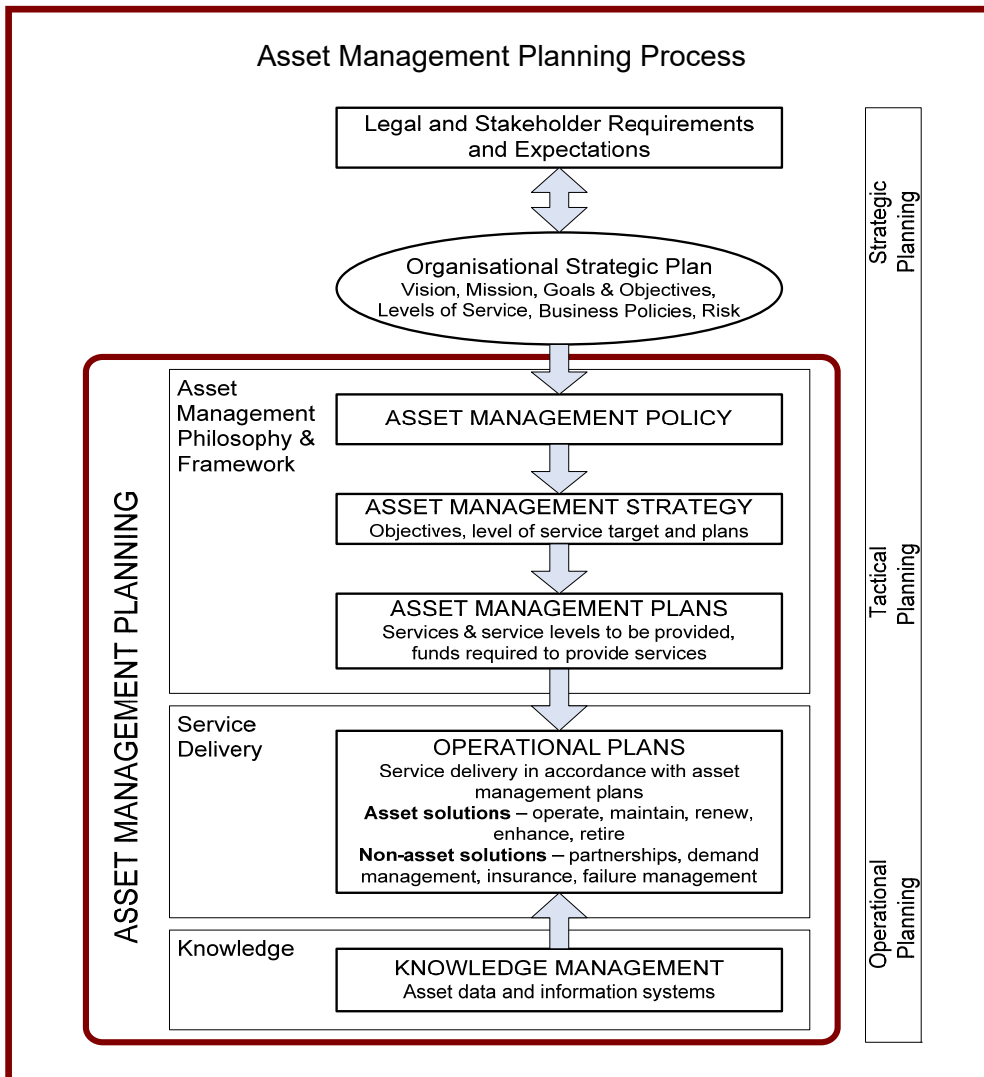
The Asset Management Strategy can be viewed as a first-tier plan being supported by more detailed Asset Management Plans. It provides direction to guide asset management actions into the future and ensures Council continually improves the management of its infrastructure.

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

Asset Management Planning Process

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

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



Asset Management Policy and Objectives

Purpose

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

Objectives

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

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

The objectives of the Asset Management Strategy are to:

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

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

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

Where are we now?

Current Situation

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

This has included consideration of the following:

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

Asset Cost, Condition and Value

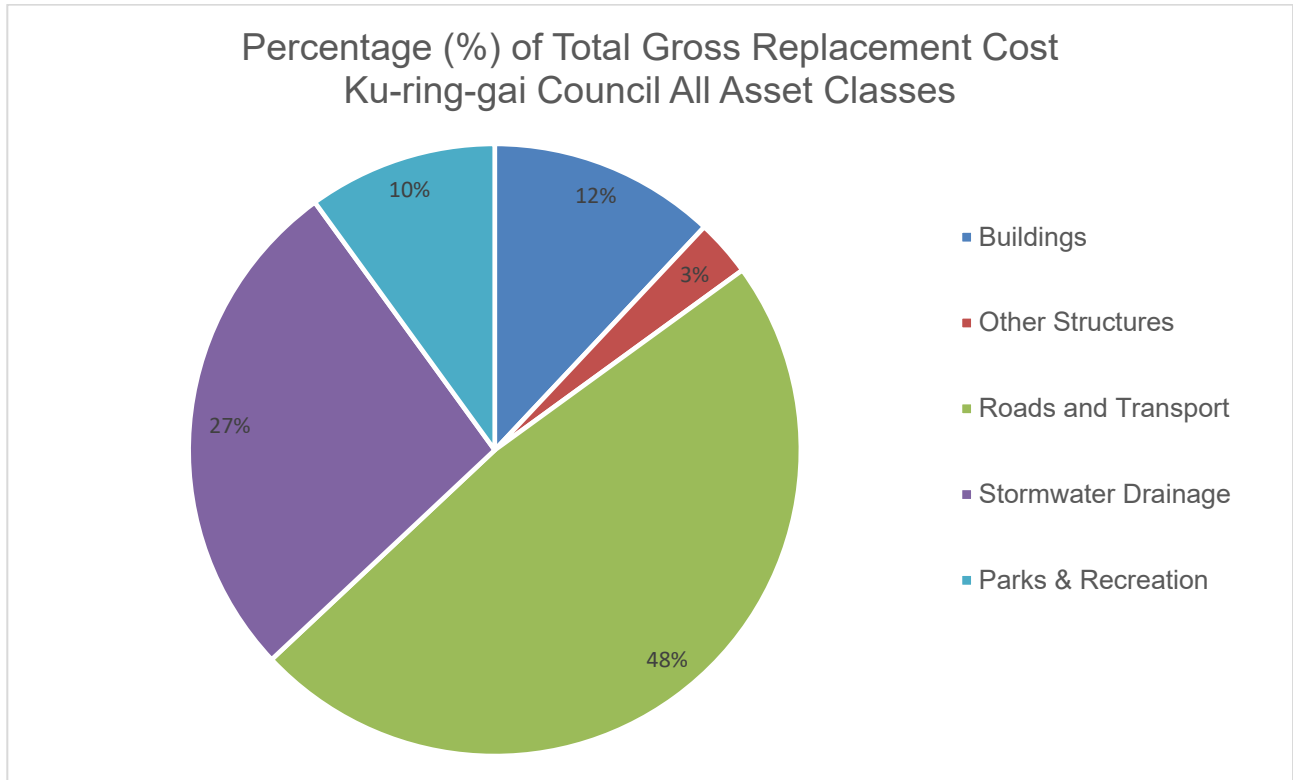
The cost, condition and value of assets are reported each year in financial statements within the Annual Report. In 2022/23 the value and replacement cost of infrastructure assets were reported as follows¹:

Infrastructure Asset Values 2022/23	Net carrying amount (WDV) \$'000	Gross replacement cost \$'000
Buildings	109,095	196,920
Other structures	44,401	53,128
Road and Transport assets	526,497	796,025
Drainage	187,604	447,965
Open space recreational assets	96,537	158,003
Total	964,134	1,652,041

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

¹ Ku-ring-gai Council Annual Report 2022/2023 – Financial Statements Special Schedule Report on infrastructure assets as at 30 June 2023.

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

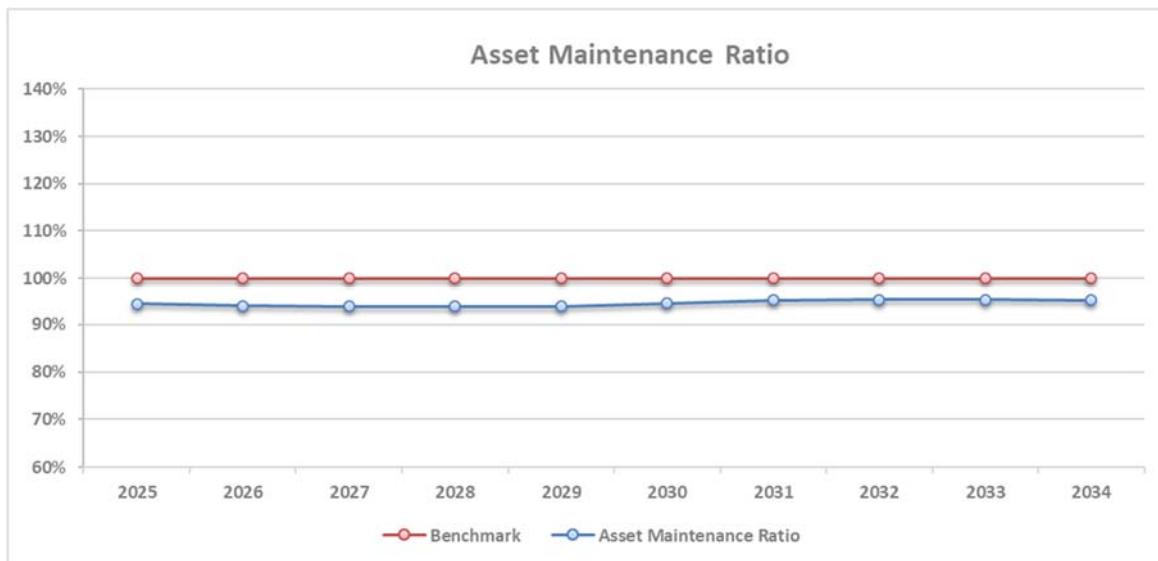


Maintenance expenditure

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

Ku-ring-gai Council's maintenance ratio decreased below the benchmark ratio of >100% in 2022/23. The decrease was a result of a larger asset portfolio value and review of actual maintenance costs. The following table compares the required maintenance to the projected maintenance budget. The asset maintenance ratio in the following chart compares the figures and demonstrates how Council will require additional funding sources to meet the asset maintenance ratio to exceed the benchmark of 100% in each year of the Long-Term Financial Plan.

Asset Maintenance - Required by Asset Class \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Buildings	4,880	5,026	5,168	5,315	5,465	5,618	5,776	5,937	6,104	6,275
Road transport	5,417	5,630	5,876	6,124	6,392	6,606	6,802	7,079	7,309	7,531
Stormwater	1,486	1,525	1,567	1,610	1,654	1,698	1,743	1,789	1,836	1,885
Parks & Recreation	6,600	6,943	7,184	7,439	7,694	7,896	8,099	8,362	8,740	9,153
Total REQUIRED	18,383	19,124	19,795	20,488	21,205	21,818	22,420	23,167	23,989	24,844
Actual Maintenance	17,354	17,961	18,590	19,241	19,914	20,611	21,332	22,079	22,852	23,652
Variance (Actual less required)	-1,030	-1,163	-1,205	-1,247	-1,292	-1,207	-1,088	-1,088	-1,138	-1,192



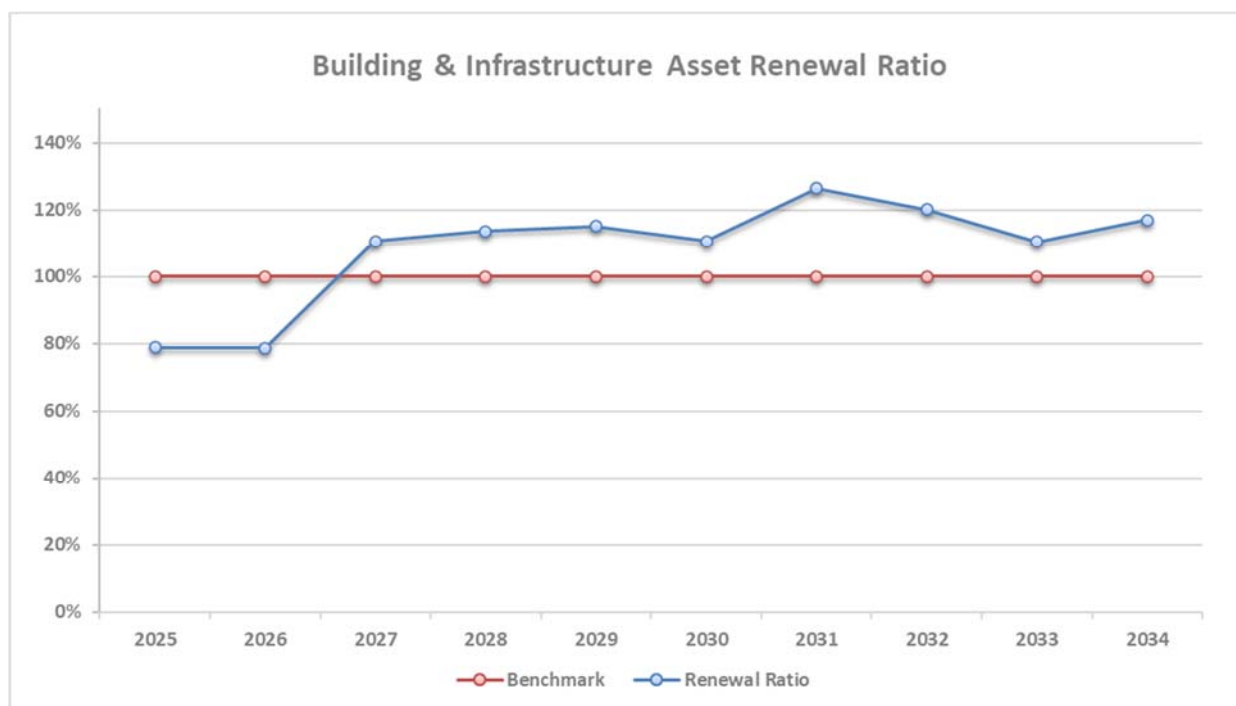
Renewal Expenditure

Renewal is the activities to refurbish or replace assets with assets of equivalent or sometimes greater service capacity. Usually this involves restoring assets to a condition 1 rating. Renewal works are included in Council's Capital Works Program. The table below displays the asset renewal expenditure projected for the next decade in the Long-Term Financial Plan.

Renewal Expenditure \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Buildings	2,411	1,818	7,166	7,525	7,901	8,296	8,711	9,146	9,604	10,083
Road & Transport	13,061	12,466	13,170	13,639	15,801	13,222	18,360	18,869	14,377	17,842
Stormwater	1,069	1,971	7,081	7,342	7,468	7,546	7,734	7,928	8,126	8,338
Parks & Recreation	3,227	4,209	2,444	3,216	2,176	3,910	3,901	2,098	3,948	3,120
Total Renewal	19,768	20,464	29,861	31,722	33,345	32,973	38,706	38,041	36,054	39,383

The asset renewal ratio assesses the rate at which these assets are being renewed against the rate at which they are depreciating. As at 30 June 2023, Council's Buildings and Infrastructure renewal ratio was 100.97%. This is slightly lower than the previous year however exceeds the 100% benchmark set by the Office of Local Government (OLG).

The following chart demonstrates that Council is aiming to meet or exceed the asset renewal benchmark of >100% for eight out of the next ten years. Council has recently undertaken a review of their stormwater network and a function assessment on its building assets with additional funding for renewal expenditure forecast for these asset classes. A further assessment of other asset classes will inevitably impact on future renewal ratios and Council's ability to fund it.



Infrastructure Backlog

Cost to Satisfactory (CTS)

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

In 2022/2023 Council reported a total cost of \$98.1 million to bring all infrastructure assets to a satisfactory standard being condition 3 (CTS).

Cost to Agreed level of Service (CTA)

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

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

The table below shows the estimates of backlog infrastructure renewal reported for the last seven years based on the costs to satisfactory. The backlog estimate increased in the 2022/23 years following the reassessment of the useful life and asset condition of drainage assets.

The table below shows the backlog infrastructure renewal reported since 2016/2017 in Council's annual reports²:

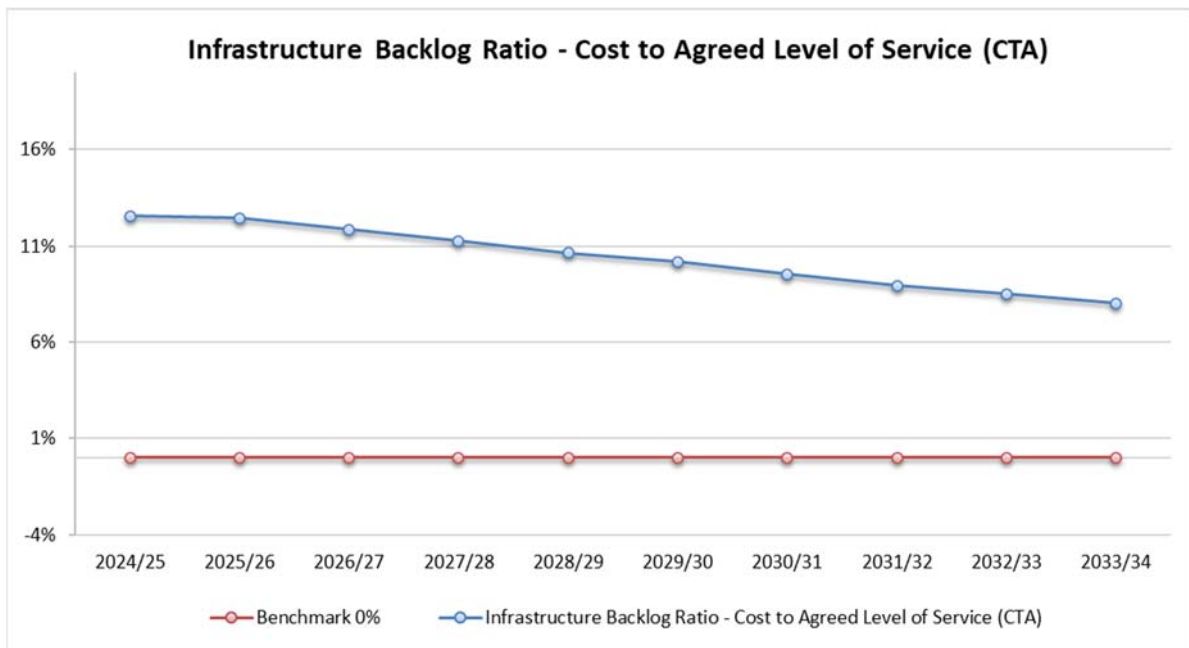
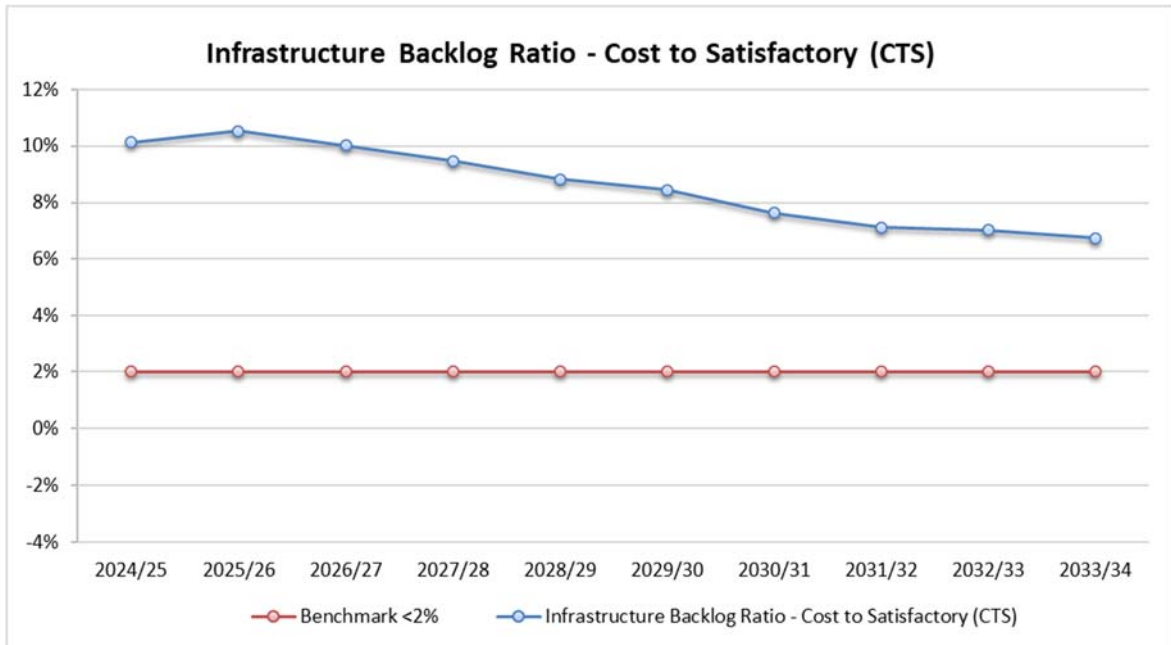
CTS Infrastructure Asset Reported Backlog Cost \$'000	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Total	27,565	20,017	17,379	24,716	24,127	28,089	98,079

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

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

² Ku-ring-gai Council Annual Reports 2016/2017 to 2022/2023, Special Schedule Report on Infrastructure Assets.

In preparation of this new Asset Management Strategy and Long-Term Financial Plan, Council has reconsidered its funding strategies for asset renewal and has now adjusted its projection to close the gap between the infrastructure backlog ratio and the benchmark of <2%, as shown in the following charts below.



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

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

INFRASTRUCTURE BACKLOG - COST TO BRING TO SATISFACTORY										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Buildings	34,430	36,885	34,114	31,108	27,855	24,336	20,536	16,439	12,026	7,278
Road & Transport	26,200	26,483	26,624	26,824	25,468	27,153	24,113	23,552	29,147	31,828
Stormwater	41,559	44,431	42,323	40,091	37,875	35,720	33,519	31,271	28,974	26,620
Parks & Recreation	631	598	2,475	3,733	6,184	7,023	7,992	10,923	12,231	14,615
Total	102,820	108,397	105,536	101,756	97,382	94,233	86,161	82,186	82,378	80,342

INFRASTRUCTURE BACKLOG - COST TO BRING TO AGREED LEVEL OF SERVICE										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Buildings	63,428	65,884	63,113	60,107	56,853	53,335	49,535	45,438	41,025	36,277
Roads & Transport	111,992	112,275	112,416	112,616	111,260	112,945	109,905	106,932	108,939	107,947
Stormwater	41,559	44,431	42,323	40,091	37,875	35,720	33,519	31,271	28,974	26,620
Parks & Recreation	2,691	2,658	4,535	5,793	8,244	9,083	10,052	12,983	14,291	16,675
Total	219,670	225,248	222,387	218,607	214,233	211,083	203,012	196,624	193,229	187,520

Funding Required to Meet Benchmark Ratios

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

Asset Renewal Expenditure \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Buildings	2,411	1,818	7,166	7,525	7,901	8,296	8,711	9,146	9,604	10,083
Roads & Transport	13,061	12,466	13,170	13,639	15,801	13,222	18,360	18,869	14,377	17,842
Stormwater	1,069	1,971	7,081	7,342	7,468	7,546	7,734	7,928	8,126	8,338
Parks & Recreation	3,227	4,209	2,444	3,216	2,176	3,910	3,901	2,098	3,948	3,120
Total Renewal	19,768	20,464	29,861	31,722	33,345	32,973	38,706	38,041	36,054	39,383

New/Upgrade Expenditure

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

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

NEW & UPGRADE										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Buildings	4,051	1,061	736	755	773	739	758	777	796	816
Roads & Transport	12,399	11,501	16,119	13,690	17,462	6,872	2,891	14,609	6,592	3,927
Stormwater	912	924	1,053	1,417	1,571	816	836	857	878	1,005
Parks & Recreation	14,655	4,971	1,900	2,105	1,929	272	166	1,688	4,737	5,434
Total	32,017	18,458	19,808	17,967	21,735	8,699	4,651	17,931	13,003	11,182

Risk Management

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

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

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

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

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

Business continuity management (BCM)

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

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

Critical Assets

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

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

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

Community Levels of Service

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

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

Identified Community Service Level Priority Assets ³		
Independent community research		
Top priority	Secondary priority	Lowest priority
Roads Drainage Community buildings Parks and playgrounds Footpaths	Sportsfields and facilities Existing Council car parking facilities	Bushland assets Kerb and guttering

Importantly the research also found that:

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

The Micromex 2021 Community Research Report⁴ indicates there is still high community importance given to condition of local roads, provision of adequate drainage, condition of footpaths, and condition of community buildings.

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

⁴ [Micromex 2021 Community Research Report](#)

Determining how best to meet community service levels

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

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

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

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

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

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

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

Under this policy Council has been progressively revising and refining its estimates of the proportion of assets (in terms of their replacement value) that do and do not meet the condition rating considered necessary for satisfactory service delivery to the community. In 2022/2023 Council reported the condition of assets as per the table below:

Assets in Each Condition Rating as % of Gross Replacement Costs					
Ku-ring-gai Council Annual Financial Statements 2022/2023					
Special Schedule - Report on infrastructure assets as at 30 June 2023					
	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
Buildings	25.0%	8.9%	61.0%	5.1%	0.0%
Other Structures	57.3%	9.2%	25.2%	3.8%	4.5%
Roads & Transport	19.8%	26.1%	40.0%	11.1%	3.0%
Stormwater Drainage	5.5%	7.5%	43.7%	25.4%	17.9%
Parks & Recreation	8.9%	19.6%	70.0%	1.5%	0.0%

The condition ratings in the table above represents a general reduction in the condition of asset classes overall. Council's level of investment is required to be increased to match continuously increasing demand for service, with adequate renewal of assets being undertaken.

During 2023/24 Council staff have continued to review and analyse asset management data. As a result, this Asset Management Strategy provides guidance to ensure that funding for asset management will deliver infrastructure assets that are capable of meeting the service levels required by the community in priority asset classes.

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

Performance against community satisfaction benchmarks

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

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

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

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

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

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

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

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

Theme	Community Aspiration	Long Term Objective	Integration With Asset Classes
		obligations as the custodian of our community assets.	
Access, Traffic and Transport	Access and connection to, from and within Ku-ring-gai provide safe, reliable and affordable public and private travel, transport and infrastructure.	Local roads and parking operate safely and efficiently. An accessible public transport and regional road network.	Roads and Transport
Leadership	Ku-ring-gai is well led, managed and supported by ethical organisations which deliver projects and services to the community by listening, advocating and responding to their needs.	Council rigorously manages its financial resources, to sustainably deliver assets and facilities to maximise delivery of services.	Roads and Transport Stormwater Drainage Buildings Recreational Facilities

Life Cycle Management

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

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

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

Specific actions completed in 2016/2017 included:

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

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

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

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

In 2022/23 building assets and drainage assets were revalued.

A revaluation of the drainage assets and a functional assessment of building assets was carried out in 2023/24. The drainage assets revaluation was undertaken by an external valuer and resulted in a 14% increase in Gross Replacement Cost (GRC) as unit rates. In conjunction with the revaluation, a new optimal renewal methodology was introduced that allowed the drainage assets to be "componentised" into short-life and long-life components and resulted in a slight overall increase in depreciation due to the significant increase in GRC.

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

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

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

Roads and Transport

Council's road and transport network is comprised of:

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

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

Community Objectives for Road and Transport Assets

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

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

Preferred Condition Rating for Road and Transport Assets

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

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

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

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

Current Performance of Road and Transport Assets

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

Roads

Available data and funding

The roads data reported in Note C1-7 of Council's Financial Statements 2022/2023, is based on the annual fair value assessment completed in 2023.

A comprehensive revaluation of Council's roads assets was performed in 2020 in line with Council's revaluation cycle.

Infrastructure backlog and future funding allocation

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

Roads \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Backlog - Cost to Satisfactory	20,423	17,526	14,595	11,639	8,171	4,708	1,226	-	-	-
Backlog - Cost to Agreed Level of Service	91,199	88,302	85,371	82,415	78,947	75,484	72,002	68,364	64,777	61,103
Renewal	7,764	10,240	10,601	10,895	11,751	11,996	12,228	12,652	12,847	13,177
New/Upgrade	2,502	5,077	8,272	4,423	8,435	2,534	-	2,787	1,236	689
Maintenance	1,640	1,697	1,757	1,818	1,882	1,948	2,016	2,087	2,160	2,235

Condition

Accounting for asset condition in Council's Annual Financial Statements over the past six years implies a moderate reduction in the proportion of roads which would meet the condition rating required to deliver satisfactory service to the community (i.e., in the case of roads, Condition 3 or better). The table below shows the change in condition ratings since 2018/19.

Change in Condition of Roads 2018/19 to 2022/23					
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
% meeting required 'satisfactory' condition rating	90.4%	88.4%	88.8%	86.9%	85.9%
% not meeting required condition rating	9.6%	11.6%	11.2%	13.1%	14.1%

Service level expectations

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

Future directions

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

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

Footpaths

Available data and funding

The footpath data reported in Note C1-7 of Council's Financial Statements 2022/2023, is based on the annual fair value assessment completed in 2023.

A comprehensive revaluation of Council's footpath assets was performed in 2020 in line with Council's revaluation cycle. The data has been reviewed by a consultant who determined that the asset register was well established and recommended that condition assessments continue on an ongoing basis.

Infrastructure backlog and future funding allocation

The table below shows the projected capital and maintenance expenditure and the backlog figures for footpaths over the next ten years. Where there is no projected backlog for these assets adequate levels of capital and maintenance investment is proposed over the next ten years. The baseline data for the projected backlog figures have been formulated using the reported Cost to Satisfactory (CTS).

The reported CTS is based on the Net Carrying Amount of the asset class and the percentage of those assets in various conditions⁵.

Footpaths \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Backlog - Cost to Satisfactory	1,374	1,946	2,393	2,846	3,623	4,466	4,684	5,577	6,641	7,730
Backlog - Cost to Agreed Level of Service	5,542	6,114	6,561	7,014	7,791	8,634	8,852	9,745	10,809	11,898
Renewal	1,144	827	1,025	1,102	856	863	1,560	959	862	918
New/Upgrade	2,038	1,887	2,680	3,214	2,837	2,199	1,974	2,157	1,847	2,416
Maintenance	956	989	1,024	1,059	1,096	1,135	1,175	1,216	1,258	1,302

Service level expectations

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

Future directions

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

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

⁵ Ku-ring-gai Council Annual Report 2022/2023 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2023.

Kerb and Gutter, Car Parks, Road Structures and Bridges

Available data

The data for kerb and gutter, car parks, road structures and bridges reported in Council's Financial Statements 2022/2023, is based on the annual fair value assessment completed in 2023.

A comprehensive revaluation of Council's kerb and gutter, car park, road structures and bridges assets was performed in 2020 in line with Council's revaluation cycle. The register was imported into the corporate asset system by 30 June 2020 in line with revaluation requirements.

Infrastructure backlog and future funding Allocation

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

Kerb and gutter, car parks, road structures and bridges \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Backlog - Cost to Satisfactory	4,402	7,011	9,636	12,339	13,674	17,980	18,203	17,975	22,506	24,098
Backlog - Cost to Agreed Level of Service	15,250	17,859	20,484	23,187	24,522	28,828	29,051	28,823	33,354	34,946
Renewal	4,153	1,399	1,545	1,642	3,194	362	4,571	5,259	667	3,746
New/Upgrade	7,859	4,537	5,167	6,052	6,189	2,139	916	9,665	3,508	822
Maintenance	1,385	1,434	1,484	1,536	1,589	1,645	1,703	1,762	1,824	1,888

Service level expectations

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

⁶ Ku-ring-gai Council Annual Report 2022/2023 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2023.

Future directions

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

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

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

Buildings

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

Community Objective

The building asset class supports the long-term objectives of our Community Strategic Plan through the following themes:

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

Available data

The buildings data reported in Note C1-7 of Council's Financial Statements 2022/2023, is based on the annual fair value assessment completed in 2023.

A comprehensive revaluation of Council's building assets was performed by a registered valuer in 2023 in line with Council's revaluation cycle.

Infrastructure Backlog and Future funding allocation

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

Buildings \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Backlog - Cost to Satisfactory	34,430	36,885	34,114	31,108	27,855	24,336	20,536	16,439	12,026	7,278
Backlog - Cost to Agreed Level of Service	63,428	65,884	63,113	60,107	56,853	53,335	49,535	45,438	41,025	36,277
Renewal	2,411	1,818	7,166	7,525	7,901	8,296	8,711	9,146	9,604	10,083
New/Upgrade	4,051	1,061	736	755	773	739	758	777	796	816
Maintenance	4,716	4,881	5,051	5,228	5,411	5,601	5,797	5,999	6,209	6,427

Service level expectations

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

Future directions

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

Council has completed an internal condition assessment of all buildings at a component level. The current building asset register is a standalone NAMS Plus asset management system which does not integrate with Council's corporate asset management system. The transfer of the NAMS Plus asset management data into the corporate asset management system was completed in 2021/2022.

This allows for more accurate data collection with regards to works undertaken and planned within the building assets.

⁷ Ku-ring-gai Council Annual Report 2022/2023 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2023.

Stormwater Drainage

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

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

Community Objective

The Stormwater Drainage asset class supports the long-term objectives of our Community Strategic Plan through the following themes:

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

Available data

Council's stormwater drainage data reported in Note C1-7 of Council's Financial Statements 2022/2023, is based on the annual fair value assessment completed in 2023. A comprehensive revaluation of Council's drainage assets was performed in 2023 in line with Council revaluation cycle. The revaluation included a review of useful lives and unit rates.

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

During 2023/2024 Council further increased its CCTV inspection coverage of the drainage network to enhance the confidence level in condition assessment during the revaluation and optimisation project. This in turn assisted with the development of a relining program.

Infrastructure backlog and future funding Allocation

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

When using the revised valuation methodology of componentisation, the agreed level of service is assumed to be the same as the satisfactory level of service, i.e. CTA = CTS. Once a pipe is relined, its condition is improved from Condition 4 or 5 to Condition 1, not Condition 3.

⁸ Ku-ring-gai Council Annual Report 2022/2023 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2023.

Stormwater \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Backlog - Cost to Satisfactory	41,559	44,431	42,323	40,091	37,875	35,720	33,519	31,271	28,974	26,620
Backlog - Cost to Agreed Level of Service	41,559	44,431	42,323	40,091	37,875	35,720	33,519	31,271	28,974	26,620
Renewal	1,069	1,971	7,081	7,342	7,468	7,546	7,734	7,928	8,126	8,338
New/Upgrade	912	924	1,053	1,417	1,571	816	836	857	878	1,005
Maintenance	907	939	972	1,006	1,041	1,078	1,115	1,154	1,195	1,237

Service level expectations

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

Future directions

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

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

Recreational Facilities

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

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

Community Objective

The recreational facilities asset class supports the long-term objectives of our Community Strategic Plan through the following themes:

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

Available data

The recreational facilities asset data reported in Note C1-7 of Council's Financial Statements 2022/2023, is based on the annual fair value assessment completed in 2023.

A comprehensive revaluation of Council's roads assets was performed in 2021 in line with Council's revaluation cycle.

Future infrastructure backlog and Future funding allocations

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

Recreational facilities \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Backlog Cost to Satisfactory -	631	598	2,475	3,733	6,184	7,023	7,992	10,923	12,231	14,615
Backlog Cost to Agreed Level of Service -	2,691	2,658	4,535	5,793	8,244	9,083	10,052	12,983	14,291	16,675
Renewal	3,227	4,209	2,444	3,216	2,176	3,910	3,901	2,098	3,948	3,120
New/Upgrade	14,655	4,971	1,900	2,105	1,929	272	166	1,688	4,737	5,434
Maintenance	7,750	8,022	8,302	8,593	8,894	9,205	9,527	9,861	10,206	10,563

Service level expectations

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

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

Future directions

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

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

⁹ Ku-ring-gai Council Annual Report 2022/2023 – Financial Statements Special Schedule Report on Infrastructure Assets as at 30 June 2023.

How will we get there?

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

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

Asset Management Improvement Plan

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

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

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

Roads and Transport

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

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

Buildings				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Improved management processes	Implement and/or improve building asset management processes.	Ongoing	Director Operations Team Leader Risk Advisory
		Assets and procedures for cost and risk documented.	Ongoing	Manager Technical Services
		Continual maintenance of procedures.	Ongoing	Coordinator Building Assets
Data and Knowledge	Complete database of assets	Develop an asset register that captures all building components.	Phase 1 – completed. Phase 2 - completed. Phase 3 - ongoing	Coordinator Building Assets
Asset Management Plans	Better asset planning and management	Review and update asset management plans and associated processes.	All plans monitored and updated as needed	Manager Technical Services Building Assets Coordinator
Asset Information Systems	Asset register	Update all asset components and assign values, useful lives, and conditions.	Ongoing	Building Assets Coordinator
	Transfer data to works and assets	Include buildings data into corporate system EAM.	Phase 1 - 2022/2023 Phase 2 - 2023/2024 Phase 3 - 2024/2025	Manager Technical Services Building Assets Coordinator Coordinator Business Systems
People and Organisational Issues	Understanding of building asset management	Provide staff training for all facets of building asset management.	Ongoing	Director Operations Manager Technical Services
	Asset performance register	Review and measure asset performance.	Ongoing	Building Assets Coordinator

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

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

Drainage (Cont.)				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
People and Organisational Issues	Understanding of drainage asset management	Provide staff training for all facets of drainage asset management.	Ongoing	Director Operations Manager Technical Services
	Asset performance register	Review and measure asset performance.	Annually	Drainage Engineer
Implementation Tactics	Outline of required drainage asset management activities	Review core and non-core activities	Annually	Manager Technical Services
Strategy and Planning	Advanced maintenance and renewal plans	Update advanced asset renewal and maintenance plans to include relining and CCTV programs.	2024/2025	Manager Technical Services
	Life cycle cost analysis	Update required life cycle costs.	Annually	Manager Technical Services
	Service levels	Update service levels	Annually	Drainage Assets Engineer

Recreation Facilities				
Quality Element(s)	Objectives	Action Items	Timeframe	Responsible Officer/s
Processes and Practices	Improved management processes	Implement and/or improve recreational asset management processes.	Ongoing	Director Operations
		Continual maintenance of procedures.	Ongoing	Manager Technical Services
Asset Management Plans	Advanced Recreation Facilities Asset Management Plan	Update Asset Management Plan	Ongoing	Manager Technical Services Coordinator Parks and Recreational Assets
People and Organisational Issues	Asset performance register	Review and measure asset performance.	Annually	Manager Technical Services
	Training	Ongoing support and training for asset procedures.		
Implementation Tactics	Outline of required parks and recreation asset management activities	Review core and non-core activities.	Annually	Manager Infrastructure Services
Strategy and Planning	Advanced maintenance and renewal plans	Develop advanced asset renewal and maintenance plans.	2024/2025	Manager Technical Services
	Life cycle cost analysis	Improve life cycle costs.	Ongoing	Coordinator Parks and Recreational Assets
	Service levels	Update service levels.	Ongoing	Open Space Asset Supervisors

Reporting and Assessment - Measuring Our Performance

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

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

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

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

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

Conclusion

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

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

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

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

Appendix A - Asset Management Policy 2018

Policy currently under review

Ku-ring-gai Council

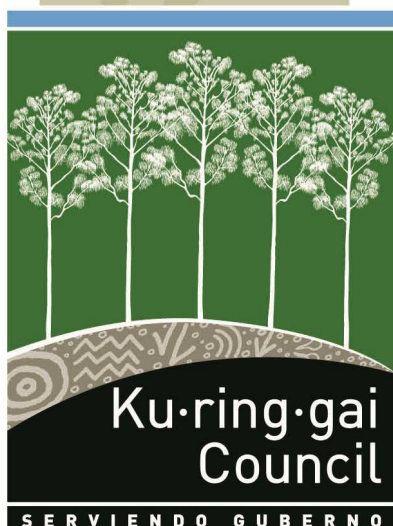
Policy

Asset Management Policy

Version Number 3

Adopted: 26/06/2018

Effective: 27/06/2018



Asset Management Policy

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Controlled Document Information

Authorisation Details

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

Related Document Information, Standards & References

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

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

Version History

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

Policy

Background

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

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

Purpose and Objectives

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

Objective

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

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

Scope

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

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

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

Responsibilities

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

Mayor and Councillors

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

Council

Council is responsible for:

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

Asset Management Steering Group

The Asset Management Steering Group is responsible for:

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

Directors/Managers

Directors and Managers are responsible for:

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

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

Asset Management Framework

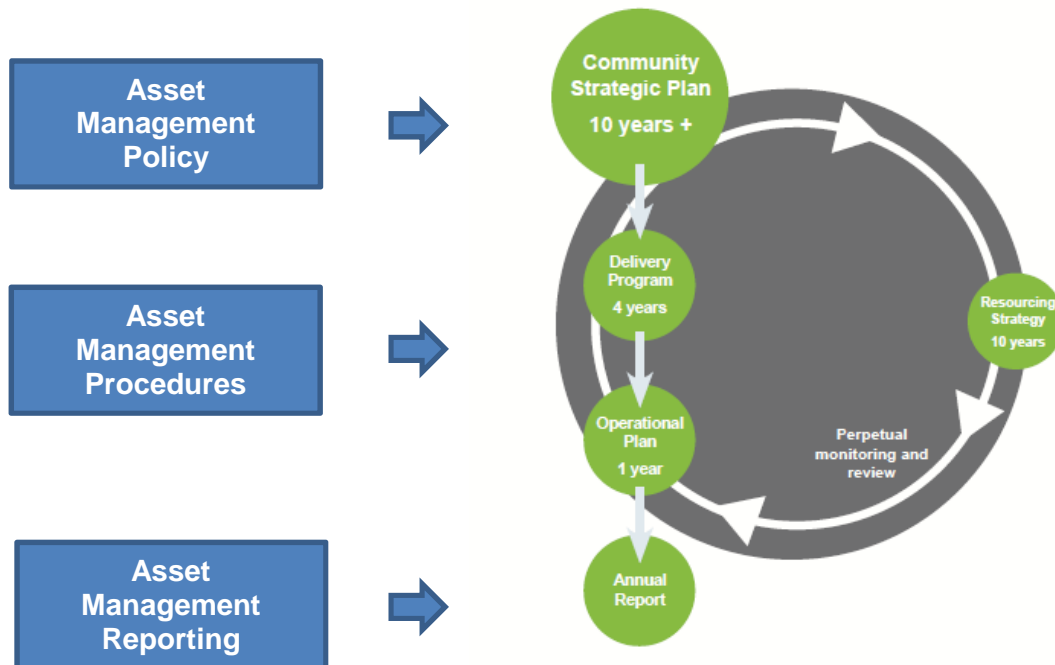


Figure 1 Councils Asset Management aligns with the Integrated Planning and Reporting Framework

Policy Statement

Asset Management Principles

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

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

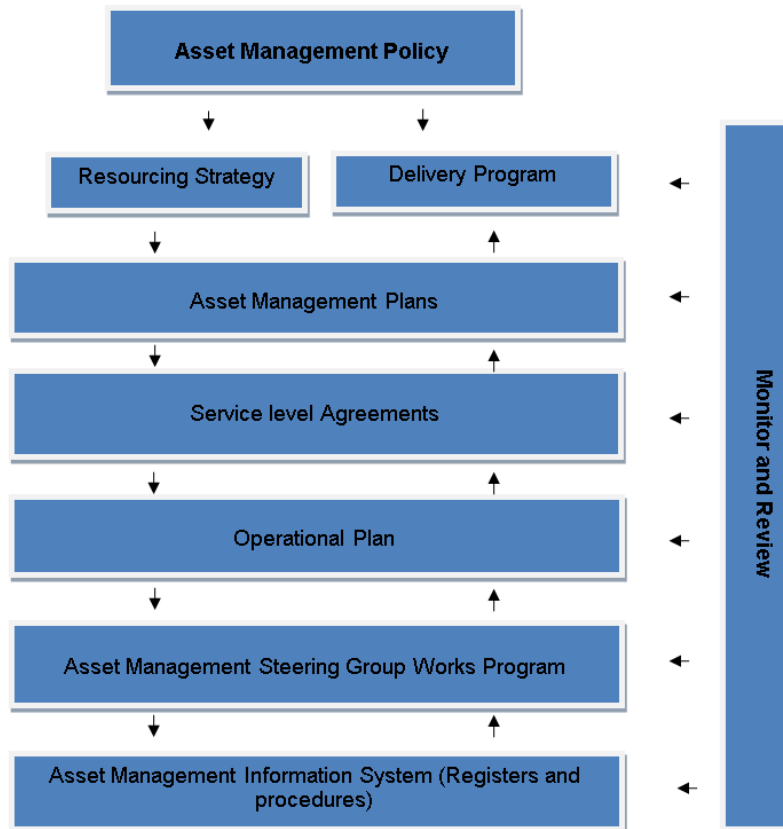
Policy implementation

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

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

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

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



Definitions

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



Workforce Management Strategy 2024-2028

Adopted April 2022. Revised June 2024.

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Introduction

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

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

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

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

Workforce Planning and Development

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

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

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

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



Organisational Context

The External Environment

NSW Labour Market & Economy

In October 2023, the unemployment rate for Australia was 3.7%, with NSW at 3.2%. The Sydney North and West region having an unemployment rate of 2.8%. Employment participation in the Sydney North and West region was sitting at 66.7% compared to the State at 64.7%.

Ku-ring-gai Local Government Area

The latest population estimate for the Ku-ring-gai Council area is as of the 30 June 2022 and is 124,172 (ERP)¹. Since the previous year, the population has declined by 0.43%. Population growth in Greater Sydney was 0.78%.

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

Our residents are generally employed in the professional, scientific and technical sectors as well as health care and social services, and financial and insurance services¹.

More than 40 per cent of residents were born overseas, mainly in China, United Kingdom, South Africa, Hong Kong and India. Aside from English, the most commonly spoken languages at home are Mandarin, Cantonese and Korean¹.

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

Australian Local Government Sector

Based on research² commissioned by the Australian Local Government Association which was conducted between December 2021 and March 2022 it has been found that;

- Local government is a major national employer with over 190,800 workers in almost 400 occupations. It plays an important role as an anchor organisation and in increasing productivity through utilising endogenous talent and innovation.
- Local governments continue to experience skills shortages in multiple occupations, exacerbated by the impacts of the COVID-19 pandemic, the impacts of climate change and the accelerated take-up of technology and digitisation of services.
- Local governments are grappling with significant challenges in relation to recruitment and retention of skilled staff and accessing training opportunities to enhance workforce skills and capability. Employee attrition and an ageing workforce are ongoing and an escalating difficulty.
- Local governments are having difficulties in securing the right quantum and mix of skills to support local service provision which is affecting not only local government's productivity, but also the productivity of host localities and regions.
- Barriers to effective workforce planning and management include a shortage of resources within local government, a lack of skilled workers and the loss of corporate knowledge as employees retire or resign.

Some of these findings are not unique to the local government sector and affect other sectors of the economy, especially in regional areas away from major capital cities.

¹ Australian Bureau of Statistics, Census of Population and Housing, 2021 (Usual residence data). Compiled and presented in profile.id.

² 2022 Local Government Workforce Skills & Capability Survey.

NSW Local Government Sector

As at 30 June 2020³ the NSW local government sector employed 48,828 FTE (full time equivalent) staff. The sector is dominated by mid-size local governments of between 100-500 FTEs, which account for 59% of all local governments.

NSW councils are diverse in geographical size, population and cultural mix, rates of growth and functions performed. Many are significant local employers, offering jobs in a wide range of occupations. Yet most councils face similar workforce challenges as they compete for labour drawn from within and outside their local areas.

Within the local government industry there continues to be strong competition for key professional appointments.

Since 2018, Engineers, Urban and Town Planners, Building Surveyors and Project Managers have remained the top four professional skill shortage occupations. Accountants have emerged as the fifth most common professional skill shortage, despite not being listed in the top ten in 2018. Labourers, Supervisors and Team Leaders, and Tradespersons are the most common shortages among trade occupations. Waste water and Sewerage Operators is an emerging skills shortage area.³

The current key drivers of skills shortages include; inability to compete with market remuneration particularly in the mining industry, a lack of suitably qualified applicants, regional or rural location, construction boom in the Sydney metropolitan area and real estate shortages.³

Research undertaken by NSW Local Government in 2015 indicates that the greatest future workforce challenges facing NSW Councils are as follows⁴:

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

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

National Local Government Workforce Strategy 2013-2020

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

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

³ 2022 Local Government Workforce Skills & Capability Survey

⁴ NSW Local Government Workforce Strategy 2016-2020

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

1. *Improving Workforce Planning and Development* - The first strategy explores workforce demands and skill shortages and identifies the extent to which planning for these exists in councils, and what barriers exist. Data gathered through the Australian Local Government Workforce and Employment Census informs where demands and shortages lie, as does information from the Environmental Scans of the various Industry Skills Councils. The identification of demands and skills shortages is an essential first step in developing an informed and appropriate workforce.
2. *Promoting Local Government as a Place-Based Employer of Choice* - Local government is uniquely placed as a local employer with national reach to position its employment offerings to retain and attract workers. This is explored in the second strategy. The focus is on place-based Employment Value Propositions (EVPs) and removing barriers to workforce mobility.
3. *Retaining and Attracting a Diverse Workforce* - The third strategy is about workplace diversity and equity. A flexible and multi-skilled workforce is informed by the multifaceted community which it serves. The diversity of the workforce encapsulates the tapping of underemployed talent, the reengagement of former employees, a focus on women in leadership, increasing the participation of Indigenous Australians and those from a culturally and linguistically diverse (CALD) background, and the recruitment of skilled migrants.
4. *Creating a Contemporary Workplace* - Flexibility and sustainability are the key issues of the fourth strategy. By being responsive to the needs and desires of the current and potential workforce, local government is better equipped to combat skill shortages and better retain and attract workers. New ways of working flexibly and sustainably can include job sharing, flexible working hours, compressed working weeks, part-time work, and working from home.
5. *Investing in Skills* - Combating skill shortages and ensuring the sector has the skills it requires to deal with current and future service needs is the focus of the fifth strategy. There are opportunities to increase skills by taking advantage of government training programs, and by using good people management to create and increase skills.
6. *Improving Productivity and Leveraging Technology* - Embracing and investing in technology to increase workplace productivity are the key themes of strategy six. Broadband rollout and the potential benefits it provides is a critical contributor to the National Productivity Agenda, along with other investments in technology to allow the sector to be more productive.
7. *Maximising Management and Leadership* - Strategy seven is focused on enabling staff to realise their potential through effective leadership and good people management. Retention is about cultivating staff to perform at their best through the maximisation of leadership and by building capacity for good management.
8. *Implementation and Collaboration* - The final strategy is about implementation and integration so that all of the strategies and their actions can be properly aligned and realised. It is about tailoring actions to particular circumstances in a changing political and operating environment at national, state and local levels.

NSW Local Government Workforce Strategy 2016–2020

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

Two key drivers underpin the Strategy:

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

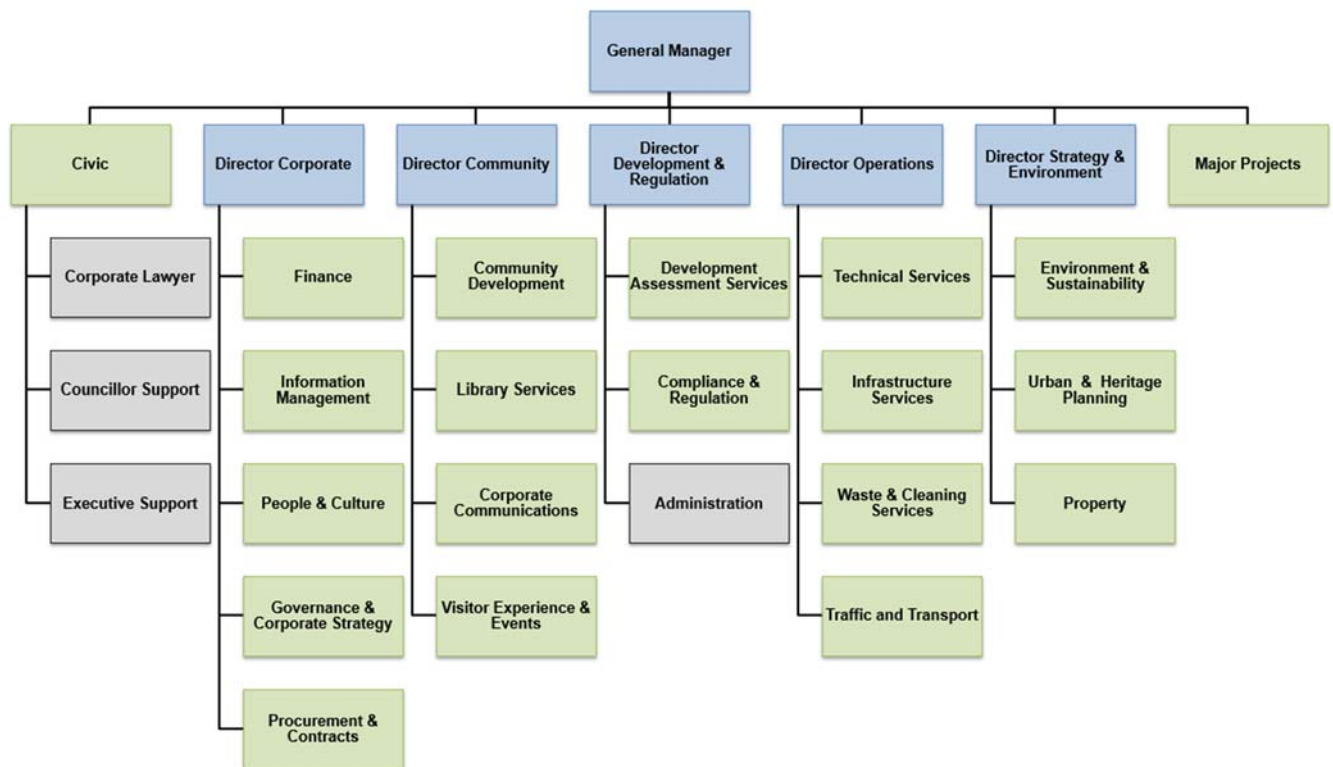
The Strategy adopts the eight strategic themes of the National Workforce Strategy 2013-2020 and sets direction for a range of initiatives to address the workforce challenges facing local government in NSW over its term.

The Internal Environment

Organisational structure

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

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



Corporate Values

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

Our values are Do What Is right, Show Respect, Own Our Actions and Strive for Excellence.

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

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

We continue to leverage our strong commitment to demonstrating these values across various organisational wide strategies and initiatives. In 2022, Council introduced the staff Excellence Awards, a pivotal platform identified in our Rewards and Recognition Program. One of these Award categories is Behavioural Excellence which promotes, encourages, and recognises outstanding demonstrating of our Corporate Values by staff.

Culture

Employee Engagement

Over the last few years, we have continued to demonstrate our resilience, tenacity, and adaptability particularly in the face of the challenges and uncertainty presented by the COVID-19 pandemic. Our combined efforts have undoubtedly helped drive the achievement of many key milestones and the continued delivery of high-quality services to our community.

As we continue to adjust to changing environments, there are more opportunities for us to work towards building a better and more robust workplace cultivated by strong performance and high staff engagement.

In late 2022 Council rolled out an Employee Opinion Survey with all staff invited to participate. The objective of the survey was to evaluate employee engagement, the component of our culture that determines our collective commitment to the organisation, and to measure how successful we have been in making improvements and responding to key focus areas such as leadership, teamwork, job satisfaction, communication, change and innovation, COVID-19 management, diversity and inclusion, service quality and growth and development. The insights gathered will form a crucial pillar in further solidifying and enhancing our position in these areas.

To progress our work in this space, a comprehensive organisation wide action plan which focuses on improving employee engagement and organisation performance has been developed and will be communicated to staff in the first half of 2024. The plan will deliver a range of initiatives associated with six (6) key focus areas: excellence, innovation, communication, leadership, reward and recognition, and facilities.

To further enhance our position with respect to employee engagement and attraction, Council will ask staff to provide feedback on the current suite of Reward and Recognition offerings and benefits in future Employee Opinion Surveys and invite staff to share ideas on how our Reward and Recognition Program can be further enhanced.

Council will also continue circulating key organisation wide topics via the monthly 360 View platform which has demonstrably improved communication and engagement with staff from the top down and encouraged them to share their thoughts with the leadership team.

Work/Life Balance

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

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

At the end of 2020 we introduced a new Working from Home Policy which builds upon the options for flexibility available to staff and increases access to these arrangements across the broader workforce. The underlying philosophy of this framework stems from the notion that work used to be somewhere you went; now it is something you do. This initiative aims at empowering and entrusting our staff and sets the foundation for an outcome driven organisation. The policy continues to remain a popular choice for maintaining work/life balance amongst staff as we see a consistent and steady uptake each year.

Equal Employment Opportunity (EEO)

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

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

A 2024-2027 plan and set of objectives has been developed to ensure Council continues to advance in proactively eliminating discrimination and promoting equal opportunity. Key strategies include:

- Building awareness of EEO Management Principles
- Ensure ongoing alignment of policies, procedures, plans and programs with EEO Management Principles
- Improved collection, review and reporting of EEO Data
- Promoting Gender Diversity in leadership.

The new plan also supports the Gender Diversity Strategy 2023-2030 with key actions including publishing news stories highlighting women in non-traditional and leadership roles, reviewing the current development opportunities and programs aimed at supporting the succession of women into leadership roles, and expanding the benefits available to staff to foster additional inclusive employment conditions through Council's Total Reward & Recognition Program.

Safe Working Environment

Council is dedicated to the ongoing improvement of our work, health and safety performance and is committed to providing a safe and healthy workplace for all staff. As part of the best practice, Council completes an annual Work Health and Safety (WHS) self-audit to validate its performance improvement and identify areas for continuous refinement.

Council continues to review the work, health and safety management system in line with the Work Health and Safety Act/Regulations, Australian Standards, codes of practice and best practice initiatives based on its Work

Health and Safety (WHS) Strategic Plan and tailored WHS indicators and dashboards. In 2023, Council continued working on a broad range of initiatives including:

- Maintaining and improving on tailored WHS reporting indicators and dashboards for ongoing assessment of WHS performance.
- Ongoing monitoring of the health and wellbeing of our workforce under the wellness program including flu vaccinations, skin cancer screening, audiometric tests, pre-employment assessments, and the Employee Assistant program (EAP) to ensure general health and wellbeing of our workforce. Throughout the year, Council continued to roll out EAP webinars to support staff and their family members through situations and challenges.
- Reviewing and developing WHS policies and procedures, such as the First Aid and First Aid Response Procedure which includes a risk-based Automated External Defibrillator (AED) program that proactively manage the risk associated with sudden cardiac arrests (SAC) on Council sites.
- Delivering various training programs, awareness workshops and e-newsletters to encourage employees to contribute to a healthy work health and safety culture.
- Developing a Volunteer Management Policy to guide the recruitment and management of volunteers undertaking a role on behalf of Council to support a best practice volunteer program in providing a collaborative, supportive and safe working environment for volunteers.
- Reviewing first aid arrangements and updating business unit risk assessments to assist Business Unit Managers to identify first aid requirements and designated First Aid Officers for work sites utilising the risk assessment process and, where necessary, to make industrial arrangements to ensure our First Aid arrangements are reflective of the business needs.
- Reviewing the Emergency Control Organisation and updating site-based Emergency Management Plans.

In 2024, we plan to deliver a range of WHS initiatives and strategies including:

- Conducting a further review of the WHS Committee consultation arrangements to ensure Council fulfills its ongoing commitment to WHS obligations and the WHS consultation arrangement adheres to WHS legislations and obligations.
- Reviewing and updating the WHS Strategic Plan which sets out the strategic focus of the WHS work activities going forward.
- Development of an integrated WHS system to automate reporting of WHS events that interact with other related functions such as enterprise risk management, worker's compensation, and public liability. This will provide greater transparency on WHS incident management processes and full integration in line with Council's overarching safety and risk management philosophy.
- Continuing to review and update our COVID-19 WHS Standards and Protocols and COVID-19 Safety Plans to ensure they are current and consistent with the restrictions, Public Health Orders, WHS legislation, and government guidance.
- Continuing to deliver on committed initiatives under the WHS program and overarching Enterprise Risk Management Framework.
- Continuing to increase mental health awareness and support through regular staff communications, ongoing support for managers and team leaders to enhance staff engagement and management of difficult situations/mental health concerns.
- Developing a Volunteer Management Procedure and related tools and templates to operationalise the Volunteer Management Policy.
- Drafting and implementing a WHS training program in conjunction with StateCover for senior staff managing employees to educate and raise awareness of their obligations under the WHS Act & Regulations.

Response to the COVID-19 Pandemic

Council has continued providing support to management and staff during the COVID-19 pandemic and updating the *COVID-19 WHS Standards and Protocols* to align with the current government advice.

In the backdrop of the ease of the pandemic Council has now transformed its COVID matters newsletter into a regular and indefinite WHS & Welling Matters e-newsletter, which always includes a *Reduce your COVID risk* section.

Other WHS initiatives that support Councils ongoing response to the pandemic include:

- Updating in house COVID-19 tools to assist with staff transition to workplace in early 2022.
- Implementing additional flexible working arrangements as required.
- Reviewing the site Emergency Management Plans and First Aiders to ensure adequate coverage.
- Facilitation of Employee Assistance Program (EAP) through AccessEAP.

Workforce Demographics

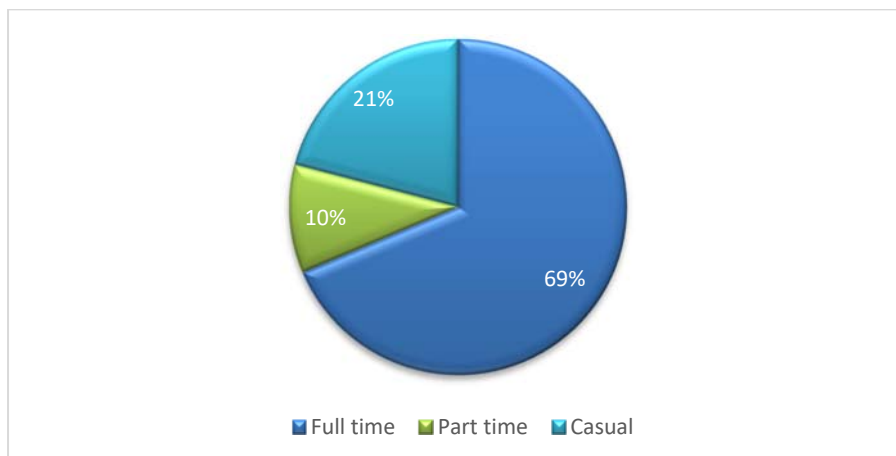
Council employees work across several locations within the Ku-ring-gai area and in a diverse range of occupations. Most staff (85.4%) commute from outside of the local government area (LGA) with only 14.6% of staff living locally.

The following workforce demographics are provided as at 30 June 2023.

Employment Type

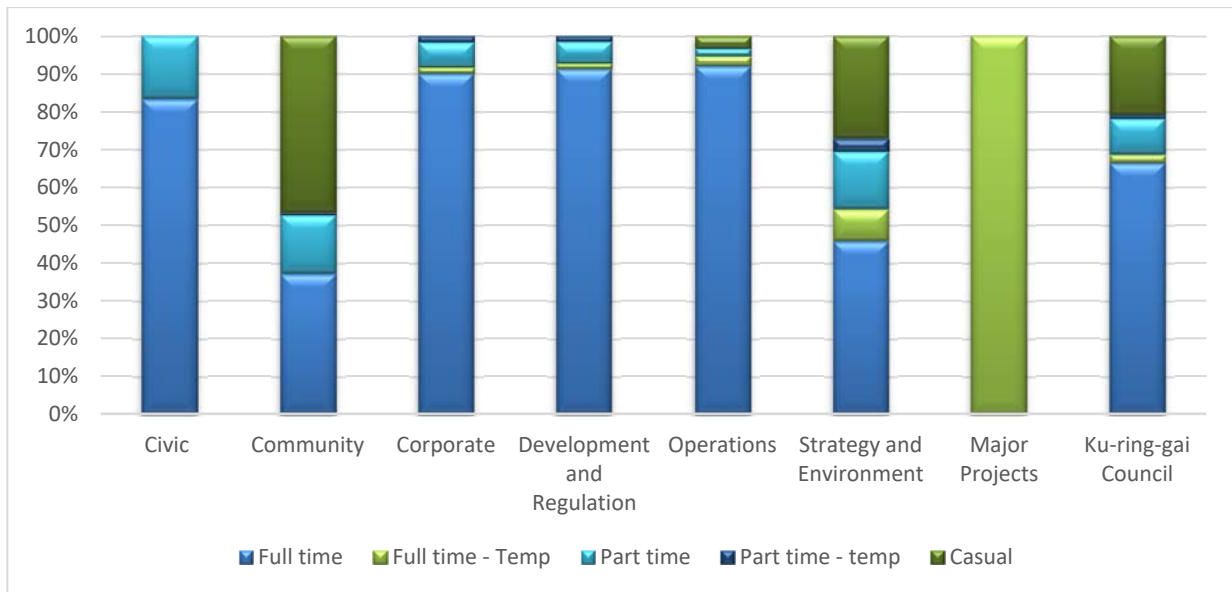
Council employed full and part time employees across 431 permanent and temporary full and part time positions with a total of 87% of these positions being full time and providing significant ongoing employment opportunities for local residents. In addition to this Council also utilised 114 casual positions representing 21% of the total workforce headcount (when including casuals) of 545.

Workforce Total Headcount by Employment Type



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

% Workforce by Employment Type and Department



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

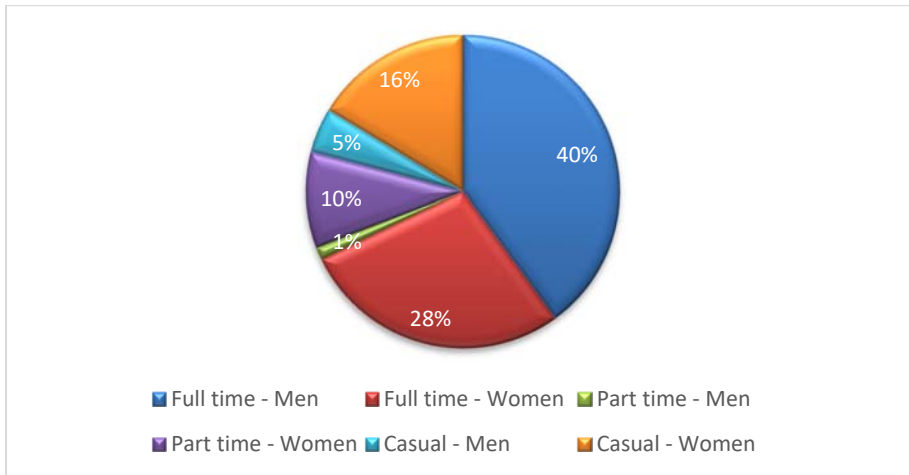
Gender

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

Employee profile – snapshot	
Number employees (FT and PT)	431
Median age range (years)	45 – 54 years
Turnover rate	19.4 %
Percentage of women (FT and PT)	47.8%
Percentage of men (FT and PT)	52.2%
% Women in Band 6 and above	43.2%
% Men in Band 6 and above	56.8%

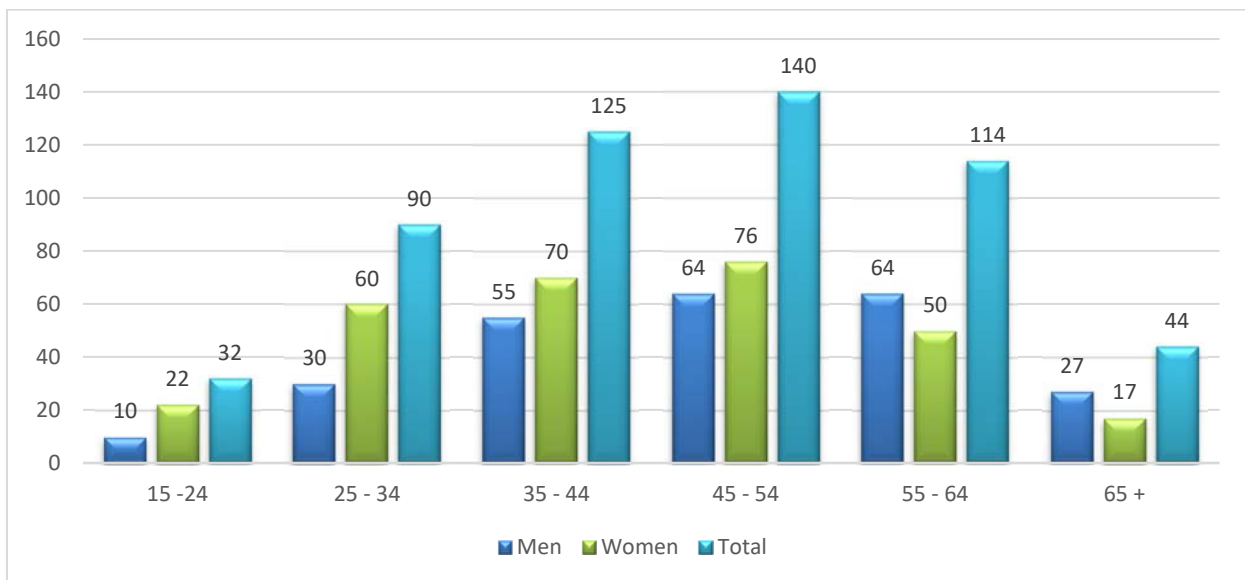
The current full time and part time workforce gender balance is split approximately 48:52 women to men, with the disparity appearing to result from the high percentage of outdoor operational roles (20% of the workforce) which are traditionally undertaken by men. When including the casual workforce, the gender balance becomes 54:46 women to men.

Workforce by Employment Type and Gender



Men and women are proportionally represented in all age demographics.

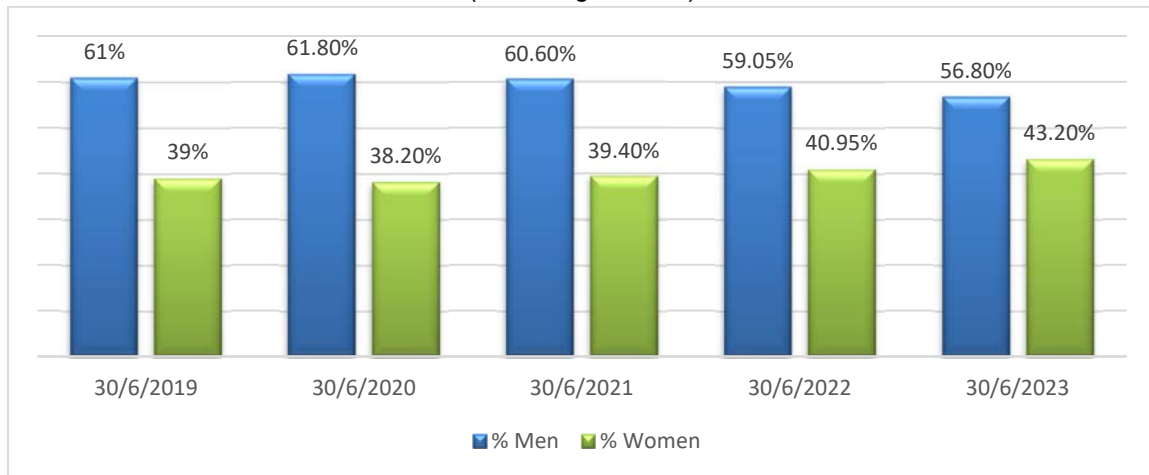
Workforce by Age and Gender
(including casuals)



Whilst women continue to be under-represented in higher level and senior roles (categorised as roles sized at band 6 or higher) there are various initiatives in place to address this deficiency.

During the period, there was a slight decrease in the percentage of men in senior roles (Technical Band 6 and above) at 56.80% (down from 59.05% in 2021/22) which was offset by a slight increase in the percentage of women in senior roles to 43.20% (up from 40.95% in 2021/22). This has been a steadily developing trend over the past 5 years.

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



Age

Overall, 60% of Council's non casual workforce is aged 45 years or over with an average age of 46 and a median age of 46. There are 16% of employees aged under 35 and 32% of employees aged over 55.

When the casual workforce is included in this analysis there are 55% of the total workforce aged 45 years and over and both the average and median age decrease to 45 and 45 respectively which is primarily influenced by employees in our Community department where the majority of casuals are employed. There are 22% of employees aged under 35 and 29% of employees aged over 55.

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

In comparison, the median age of NSW public sector non-casual employees reduced to 43 years in 2022 (the latest available figures), after remaining at 44 years since 2018. This was mainly due to the privatisation of the State Transit Authority, with a median age of 51 in 2021. The median age of women has been one year less than men since 2016 (44 for men and 43 for women in 2022). The median age of the NSW public sector non-casual workforce remained higher than the median age of the NSW working population.

In the NSW public sector workforce, 67.5% of employees were in the 35 to 64 age group in 2022, compared to 57.2% of the NSW working population. In addition, fewer NSW public sector employees were aged under 35 or over 65. Those aged under 35 accounted for 28% of public sector employees, compared to 37.9% of the entire NSW workforce. Those aged 65 and over accounted for 4.4% of public sector employees and 4.9% of the total workforce in NSW compared to 10.2% in Council.

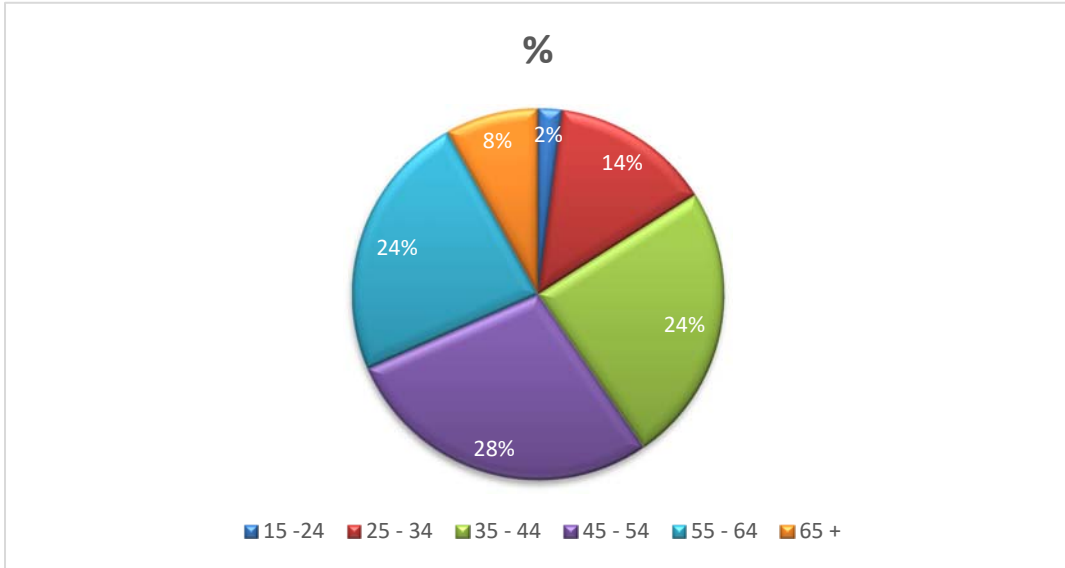
While Council was broadly comparable in employment percentages across the 35 to 54 year age brackets, Council employs significantly more people in the 55 to 64 year age group than both the NSW Public Sector and the wider NSW employed persons group.

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

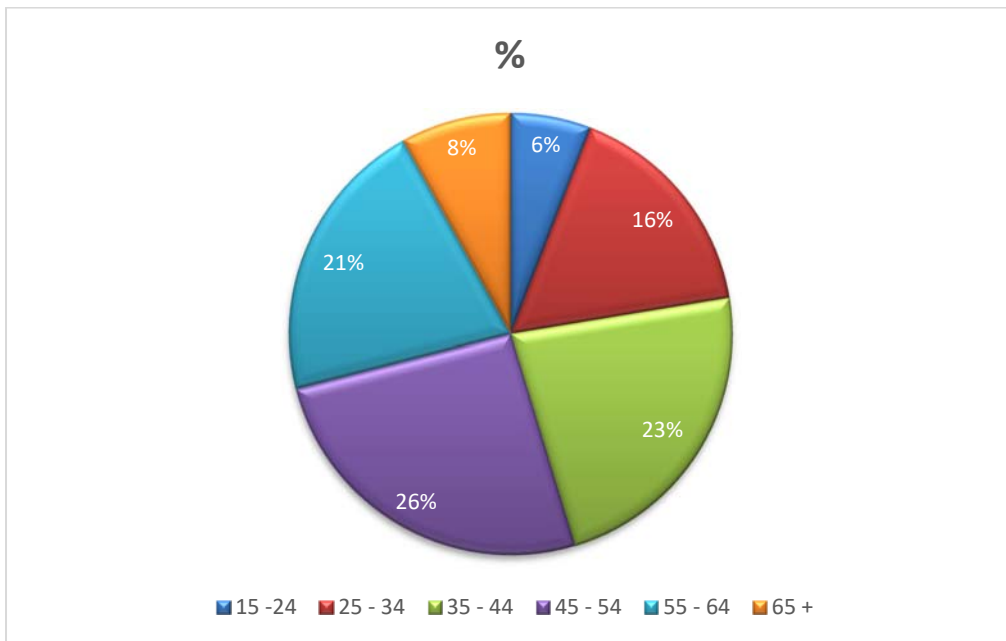
Council continues to monitor and devise strategies to meet the challenges of an ageing workforce.

Initial indications are that we remain an employer of choice for many staff and Council continues to offer opportunities for continued employment for all age groups.

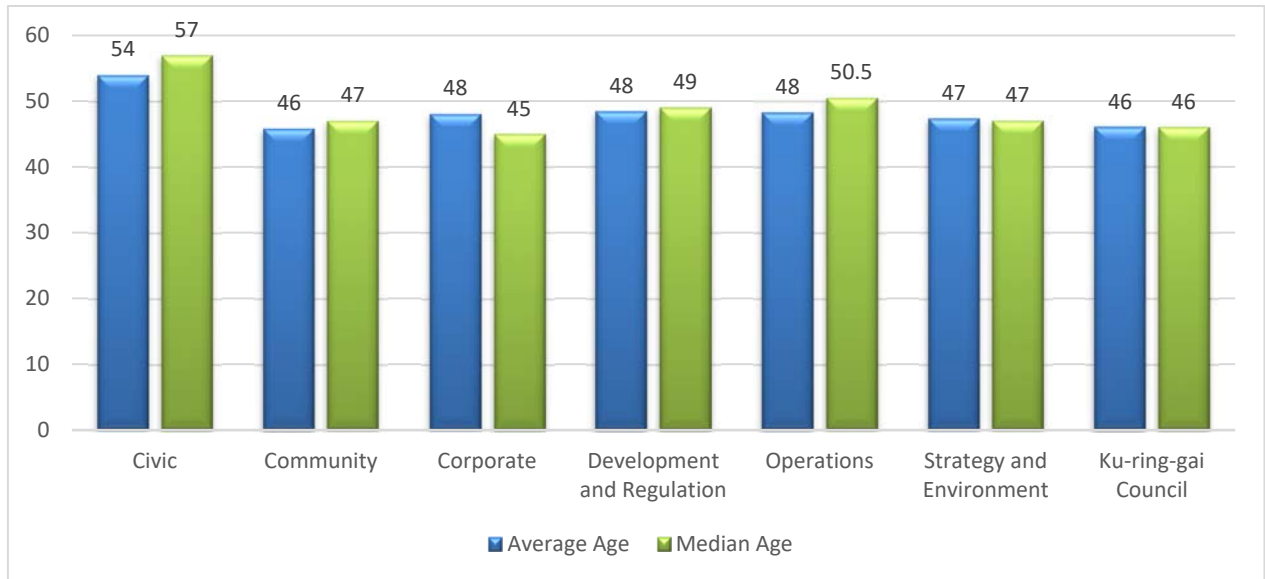
% Workforce by Age
(excluding casuals)



% Workforce by Age
(including casuals)



Average and Median Age by Department
(excluding casuals)



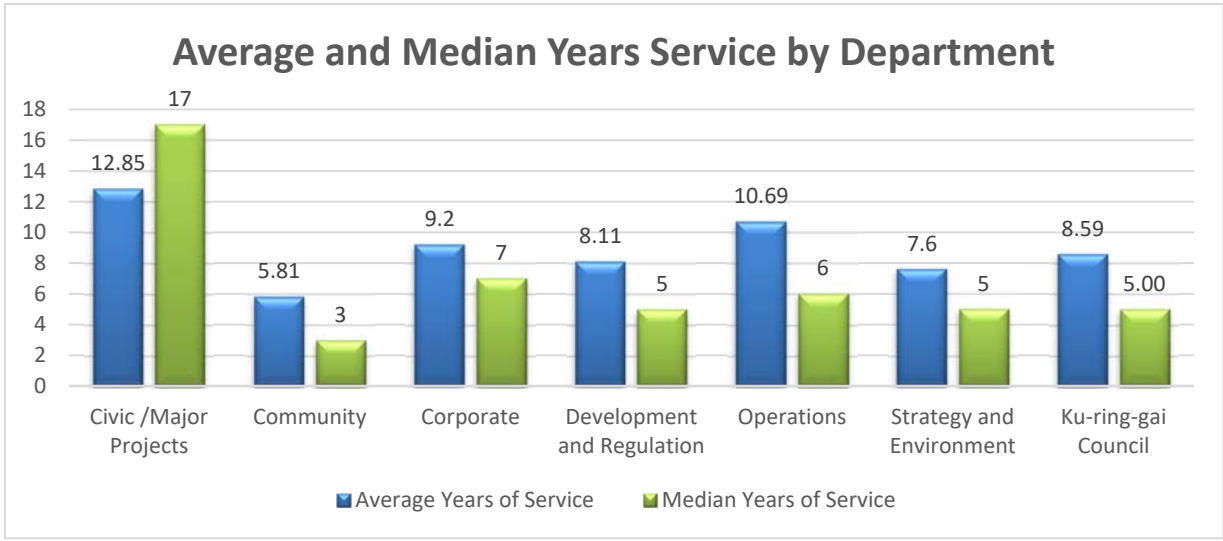
Length of Service

Council's turnover rate is 19.4% per annum which is reflective of the relatively high average years of service across all departments at 8.5 years. 51% of staff have tenure of between one and five years with 41% having from six to twenty-five years of service. Council is typically a stable employer and length of tenure can reflect the constant and ongoing requirement for employment in a particular area.

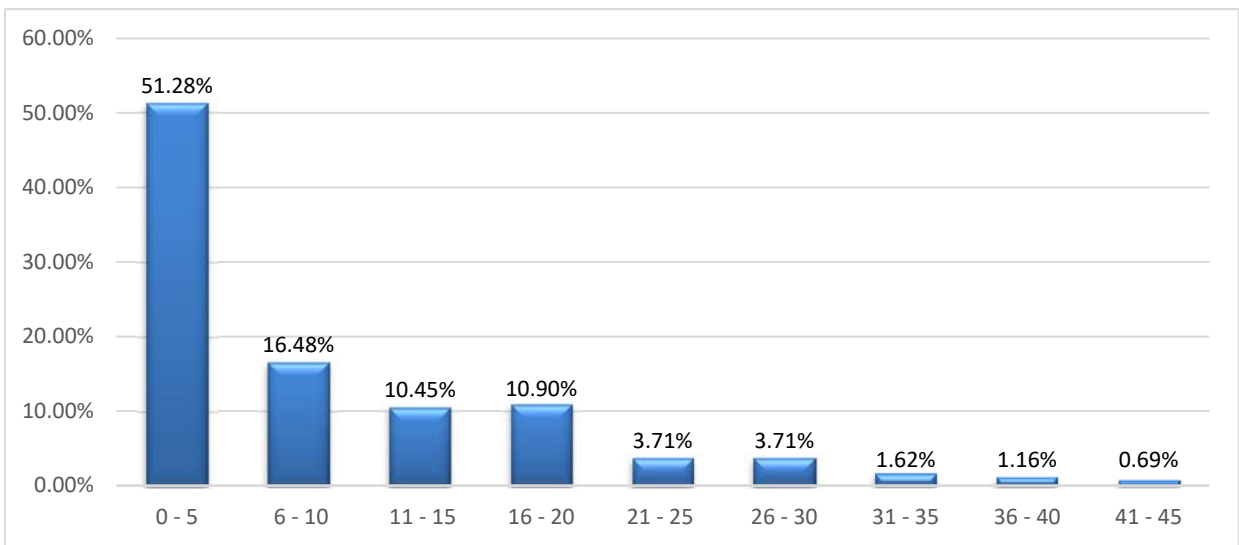
Turnover rates across the last five-year period are within Council's targets and reflect the ability of Council to renew and refresh its corporate skills and knowledge while retaining its historic skills and knowledge base. The higher turnover rate in 2020/21 reflects the continued impact of the pandemic. The continued higher turnover rate in 2022/23 reflects a correction and normalising of the turnover rate across the two-year period of the pandemic. With the uncertainty in the marketplace resignations significantly increased in financial year 2023 as the marketplace adapted and economic volatility increased.

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

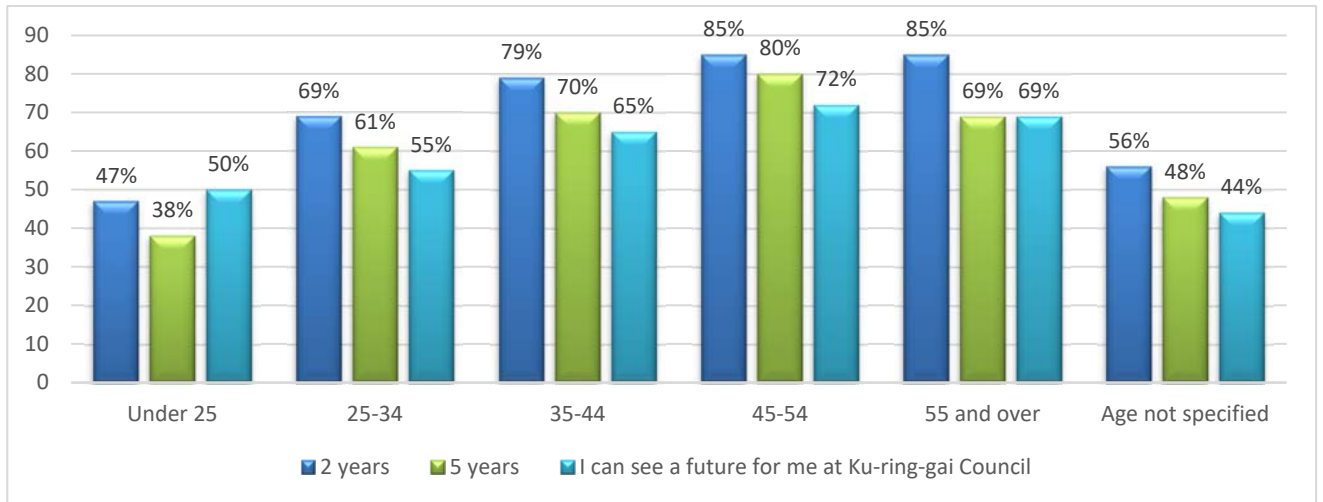
Average and Median Years of Service by Department
(excluding casuals)



% Employees by Years of Service
(excluding casuals)



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



Influences

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

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

External

- Local Government (State) Award
- COVID-19 pandemic
- Current and future labour market
- Current and future economic environment
- Operational and strategic workings of the Local Government environment
- Local Government reform
- The demographics within the Local Government Area
- Legislation and regulatory requirements
- 2022 Local Government Workforce Skills and Capability Survey
- Technological developments e.g. Artificial Intelligence, cyber security
- OLG Guidelines – Internal Audit & Risk Management
- National Local Government Workforce Strategy 2013-2020
- NSW Local Government Workforce Strategy 2016-2020
- Community expectations
- Special Rate Variation (SRV)
- NSW Housing Policy

Internal

- Community Strategic Plan, Delivery Program & Operational Plans
- Resourcing Strategy
- Budget
- Major Projects portfolio
- Equal Employment Opportunity Management Plan
- Ageing Workforce Strategy
- Gender Equality Strategy
- Succession Planning Strategy
- WHS Management System
- Enterprise Risk Management System
- Internal Audit Plan
- Corporate Sustainability Action Plan
- Employee Opinion Survey's
- Staff accommodation arrangements
- Workforce metrics
- Leave liability
- Service Improvement Program
- General strategy, policy, and process development

Key Challenges

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

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

1. COVID-19 Pandemic – The COVID-19 pandemic emerged in 2020 and presented an unexpected challenge to many aspects of what we consider to be ‘normal life’ across the world. From an organisational perspective Council has had to manage and mitigate the risks presented whilst adapting to new ways of working in order to ensure the continuity of our business operations and sustain the viability of our workforce.

2. Ageing workforce – As identified by an analysis of Council’s current workforce approximately one half of our staff are aged 45 years or over with more than 40% indicating their intention to leave Council within the next 5-year period. The biggest risk to Council of this ageing workforce is therefore associated with the underutilisation or loss of knowledge critical to organisational performance. Knowledge loss impairs performance and results, achievement of plans and objectives. It is therefore imperative that we are vigilant in addressing issues associated with our ageing workforce in order to minimise its impact on our business and operational imperatives.

3. Leadership – A previous Employee Opinion Survey identified, among other areas, leadership as an opportunity for improvement particularly regarding communication, consistency in decision making and accountability. Whether it be a matter of perception or reality, to achieve and maintain an engaged workforce it is imperative that appropriate strategies are implemented to further develop our leaders and alleviate these concerns.

4. Skill shortages – The ageing workforce continues to expand, especially in areas that are already significantly impacted. Existing areas of skills shortages and tight labour supply in jobs such as Engineering, Urban and Town Planners, Building Surveyors and Project Managers Labourers, Supervisors and Team Leaders, and Tradesperson are likely to become even more constricted. In addition, the international border closures, tightening of immigration and ongoing health concerns derived from the COVID-19 pandemic, has seen significant skill shortages, and slowing of labour growth across various industries. Talent has become increasingly challenging to attract and retain as its demand continues to stretch, and the opportunities available in the current market remaining high.

5. Multigenerational workforce – Council’s workforce is currently made up of five distinct and unique generations requiring a thorough understanding of intergenerational differences to ensure effective staff attraction, retention and management whilst being mindful that generational workgroup cohorts create the culture of an organisation.

6. Workforce sustainability – A highly skilled, sustainable, and diverse workforce is critical to the delivery of Council services. The current and future limitations on Councils financial resources together with issues surrounding ageing assets and infrastructure create a significant challenge with respect to the development and maintenance of our workforce to ensure that the needs of the community continue to be met. As recruitment and retention becomes more competitive in areas vital to our business, Council needs to ensure it is primarily positioned in the employment market. This requires innovating in key areas to bring the right people into the business and keep critical talent. As the labour market tightens, we need a greater focus on how we value, lead and develop the workforce.

7. Continuous improvement – Increasing community expectations and the complexity of community needs result in an added emphasis on strategy and management of resources. Council’s workforce faces increasing demands to deliver results and the need to make sound decisions based on guiding priorities.

8. Career development – Council needs to be considered as a career partner to attract a younger cohort of the marketplace who are looking to develop their career skills across a wider range of employers in order to develop their career skills portfolio across a wider range of organisations.

9. Location – While a large number of positions can work from home the majority of staff continue to attend the workplace on a daily basis. With Council’s major workplaces close to both public and private transport hubs and therefore being highly accessible to a majority of potential employees, the locations themselves often offer only adequate but basic amenities.

10. Employer of choice – In order to remain market competitive in aspects related to employment practices and benefits, Council must continue to monitor through research and leveraging existing business relations to raise awareness and ensure improvement in our position as an Employer of Choice.

Our Future Workforce

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

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

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

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

STRATEGY	ACTIONS	TIMEFRAME
OBJECTIVE 1: INCREASE OUR WORKFORCE PLANNING CAPABILITY		
<i>Link to NSW Workforce Strategy: Improving Workforce Planning and Development</i>		
Maximise workforce sustainability through effective workforce planning	Develop criteria in order to identify critical positions based on current and future needs	2024
	Create a register of critical positions, skills and qualifications	2024
	Monitor turnover of critical positions and create customised retention and attraction strategies as required	Ongoing
	Monitor turnover of critical positions to identify and address current/emerging skill gaps	Ongoing
Enable effective identification of key resourcing issues using workforce metrics	Continue to monitor, analyse and report workforce demographics to the Executive team on a quarterly basis	Ongoing
	Continue to review existing business processes to improve the capture and reporting of workforce metrics	Ongoing
	Continue to develop strategies to address workforce sustainability issues as required	Ongoing

STRATEGY	ACTIONS	TIMEFRAME
OBJECTIVE 2: ATTRACT AND RETAIN THE RIGHT PEOPLE		
<i>Link to NSW Workforce Strategy: Retaining and Attracting a Diverse Workforce, Promoting Local Government as a Place Based Employer of Choice</i>		
Appropriately respond to the impacts of an ageing workforce	Engage with the Leadership team and staff to review Councils' Ageing Workforce Strategy	Ongoing
	Continue to implement the Ageing Workforce Strategy action plan in accordance with planned timeframes	Ongoing
	Monitor and report progress on a quarterly basis	Ongoing
Address staff attraction issues	Identify 'hard to fill' positions based on occupational groups and job families	Ongoing
	Develop, implement, and monitor targeted staff attraction programs to address significant workforce issues (where required)	Ongoing
	Undertake a periodic industry-based review of remuneration and benefits and recommend adjustments where required	Ongoing
	Continue to subscribe to at least two Local Government Remuneration surveys	Ongoing
	Further improve our Employee Value Proposition-	Ongoing
	Participate in career related events with higher education institutions to build relationships and promote Council as an employer of choice	2024
	Continually review and streamline recruitment processes	Ongoing
	Continue to provide options for flexible work arrangements that enable mutually beneficial arrangements that meet business, team, employee and community service needs	Ongoing
Address staff retention issues	Continue to identify and monitor areas of high turnover	Ongoing
	Develop, implement and monitor targeted staff retention programs to address significant workforce issues (where required)	Ongoing
	Continue to implement and monitor the Rewards & Recognition program	Ongoing
	Develop, implement, and monitor a Talent Management Strategy	2025
	Implement and monitor a Succession Planning Strategy	2024
	Continue to engage with staff in undertaking the annual review of the Performance Appraisal System	Ongoing
	Develop, implement, and monitor an Employee Engagement Strategy	2026

	Continually review and evaluate-workplace policies to ensure Council is a fair workplace whose policies are modern, reasonable, and easy to understand	Ongoing
	Continue to provide flexible work arrangements that enable mutually beneficial arrangements that meet business, team, employee and community service needs	Ongoing

STRATEGY	ACTIONS	
OBJECTIVE 3: LEVERAGE THE CAPABILITY OF OUR WORKFORCE <i>Link to NSW Workforce Strategy: Investing in Skills, Maximising Management and Leadership</i>		
Quantify employee capabilities	Review the NSW Local Government Capability Framework and articulate a 'best fit' framework that aligns with Council's requirements	2026
	Integrate the capability framework with Councils Job Evaluation and Salary Systems	2026
	Undertake a gap analysis of staff capabilities against position requirements and develop individual training plans	2026
	Integrate capabilities into Councils Recruitment & Selection process	2027
	Integrate capabilities into Councils Performance Appraisal process	2027
Maximise leadership capabilities at all levels of the organisation	Continue to roll out the planned suite of leadership programs at all levels across the organisation	Ongoing
	Maintain internal accreditation to support ongoing delivery of the leadership development program to new staff, and refresher sessions for existing staff	Ongoing
	Identify and implement new mechanisms for measuring leadership effectiveness	2025
	Develop, implement, and monitor targeted leadership programs to support and promote women in leadership and aspiring leaders	2024 and ongoing
	Promote participation in and leadership of cross functional projects by emerging and developing leaders	Ongoing
Optimise the on-boarding of new starters	Continue to undertake an annual review of the current employee induction program and implement required changes	Ongoing
	Continue to undertake an annual review of the online induction program and implement required changes	Ongoing
	Continually review and develop on-boarding processes and programs	Ongoing
Promote consistent and effective staff supervision	Provide training for Managers and Supervisors in performance management and coaching	2024
	Provide training for Managers and Supervisors on intergenerational staff management	2024
	Engage with Managers and Supervisors to identify other areas of upskilling required and develop relevant training programs	Ongoing
Expand our capacity for e-learning	Continue to review and develop e-learning resources	Ongoing
	Continue to engage with Managers in relation to their e-learning requirements and develop programs as required	Ongoing

STRATEGY	ACTIONS	TIMEFRAME
OBJECTIVE 3: LEVERAGE THE CAPABILITY OF OUR WORKFORCE (continued) <i>Link to NSW Workforce Strategy: Investing in Skills, Maximising Management and Leadership</i>		
Expand our capacity for e-learning (continued)	Continue to regularly communicate with staff regarding e-learning resources and opportunities	Ongoing
Improve accessibility to and awareness of learning and development opportunities	Review the training application process and implement required changes	Ongoing
	Regularly communicate with staff regarding learning and development opportunities	Ongoing
Create succession pathways	Investigate opportunities to offer traineeships, apprenticeships, and graduate programs	2025
	Partner with local educational institutions to develop formal work experience programs	2025
	Implement and monitor a Succession Planning Strategy	2024
	Continue to investigate opportunities for resource sharing across departments to enhance career pathways for staff	Ongoing
	Investigate the viability of implementing Job Rotation programs in targeted workplaces	2025
	Investigate the development of a formal mentoring program to assist in the transfer of knowledge skills and behaviours across the organisation	2027
	Review the higher duties policy to account for situations where additional duties are performed within the same salary band	2024
Enhance our knowledge management capabilities	Create a process for identifying subject matter experts	2027
	Investigate the development of a formal mentoring program to assist in the transfer of knowledge skills and behaviours across the organisation	2027
Improve workplace facilities	Review staff accommodation arrangements and implement improvements as required	Ongoing
Improve staff awareness capability to enhance organisational risk maturity and resilience	Continue to develop best practice risk management foundations and methodologies that reflect business priorities and allow for ongoing development	Ongoing
	Continue to improve Council's resilience by increasing risk awareness via ongoing training and capability activities under a well-established risk management framework	Ongoing

	Develop an integrated risk management system so staff are equipped and empowered to manage business risks in line with organisational and departmental objectives	2023 - 2025
Continually improve health and safety performance in line with our commitment to providing a safe and healthy workplace	Continue to develop and maintain a WHS Strategic Plan	Ongoing
	Develop an integrated risk management system to automate reporting of WHS events that interact with Council's enterprise risk management framework, worker's compensation, and public liability portfolios	2023 - 2025
	Review and refine Council's WHS Committee structure and WHS consultation arrangements	2024

STRATEGY	ACTIONS	TIMEFRAME
OBJECTIVE 4: CONTINUE OUR FOCUS ON ORGANISATIONAL DEVELOPMENT		
<i>Link to NSW Workforce Strategy: Creating a contemporary Workplace, Improving Productivity and Leveraging Technology</i>		
Continually enhance our organisational culture	Undertake an Employee Opinion Survey on a biennial basis	Next Survey due in 2024
	Communicate the results of each survey to staff	2025
	Engage with the Leadership team to develop Organisational Action Plans to address the feedback received in each Employee Opinion Survey	2025
	Engage with Directors, Managers, and staff to develop Departmental Action Plans to address the feedback received in each Employee Opinion Survey	2025
	Engage with Managers and staff to develop Business Unit Action Plans to address the feedback received in each Employee Opinion Survey	2025
	Continue to integrate Councils' Vision and Values into the Recruitment & Selection process	Ongoing
	Continue to design, develop, and implement programs that reinforce Councils Values	Ongoing
Celebrate and support the growth of diversity within our workforce	Continue to implement Council's Gender Equality Strategy	Ongoing
	Continue to implement Councils EEO Management Plan	Ongoing
	Continue to design, develop, and implement programs and initiatives that promote diversity and inclusiveness	Ongoing
	Communicate with staff in relation to the generational differences	Ongoing
Promote staff wellbeing	Continually review the Wellbeing Program and implement changes as required	Ongoing
	Continually review flexible working arrangements policies and practices and implement changes as required	Ongoing
	Continually review the Employee Assistance Provider arrangements and implement changes as required	Ongoing
	Design and implement a Mental Health First Aid program	2024
	Continue to investigate cost effective options to provide additional services to staff that enhance their overall wellbeing	Ongoing
	Continue to review and improve the Work Health Safety Management System and injury management processes	Ongoing

Embrace appropriate technology to enhance efficiency, effectiveness, and productivity	Continue to utilise recruitment, onboarding, e-learning, and performance modules within our talent management systems.	Ongoing
	Transition our payroll system from CI to CIA and facilitate implementation of Employee Self Service	2024

Monitoring and review

The completion of action items contained in Workforce Management Strategy will be closely monitored and progress reports will be provided to the Executive Leadership Team via the quarterly IP&R reporting process.

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

Contact us

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