



Resourcing Strategy 2018 - 2028



northern
beaches
council



Contents

Introduction	3
Workforce Plan	WP1
Asset Management Strategy	AMS1
Long Term Financial Plan	LTFP1

Introduction

The Integrated Planning and Reporting framework¹ requires every NSW council to undertake long term planning that is based on community engagement and ensures activities are informed by long term plans for finances, assets and the workforce.

It provides a systemised, rigorous and centralised approach for our Council to move forward with the community and regional priorities.

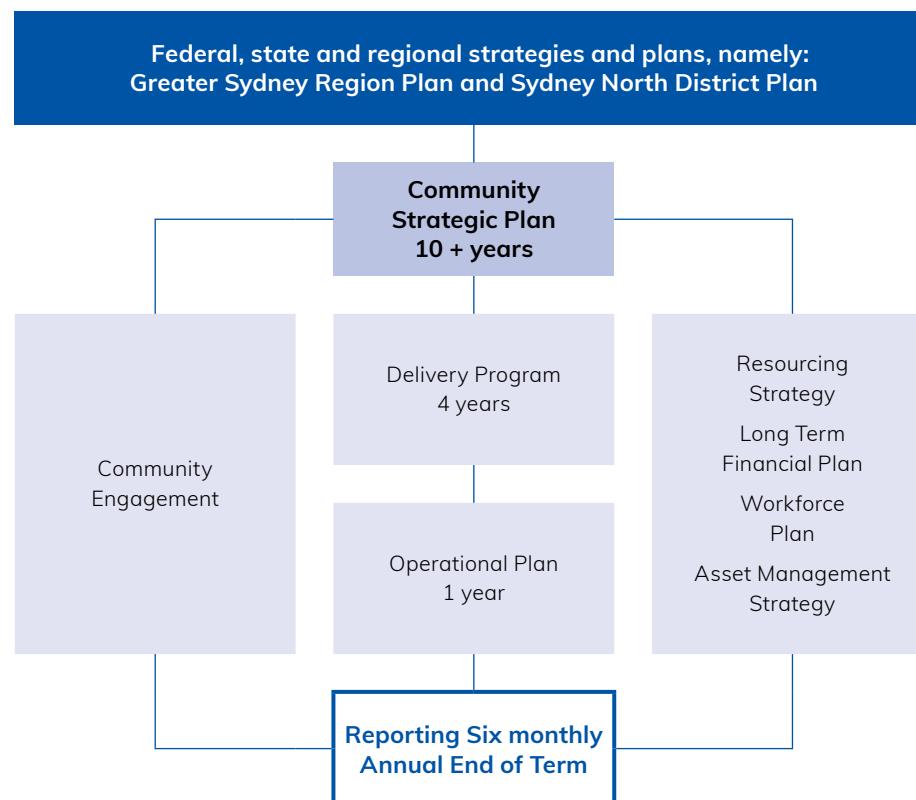
It also provides a framework, guidance and blueprint for where we would like to go in the next ten year, while building a new organisation, and culture of transparency and accountability.

The Integrated Planning and Reporting framework is designed so Council and community both have a clear picture of:

- Where we want to go (Community Strategic Plan)
- How we plan to get there (Delivery Program, Operational Plan, Resourcing Strategy)
- How we will measure our progress (quarterly, annual and the End of Term Report report).

This planning and reporting process ensures our planning is aligned with the community's vision for the future. We will ensure the planning process and implementation of the Delivery Program is transparent and those who are in charge of its delivery are held accountable.

The following diagram shows the relationship between the components of our Integrated Planning and Reporting framework.



¹ NSW Local Government Act Sections 402-407.

This document contains our Resourcing Strategy.
It identifies the money, assets and people required to
deliver on our commitments over the next 10 years.

The Resourcing Strategy consists of:

- Workforce Plan – covers a four year period and ensures we have the skills and resources available to achieve our goals.
- Asset Management Strategy - covers a 10-year period and demonstrates how we manage our assets using a lifecycle approach to support services provided to the community.
- Long Term Financial Plan - covers a 10-year period and ensures we are a financially viable, adequately funded and a sustainable organisation.

¹ NSW Local Government Act 1993 Sections 402-407.



Workforce Plan 2018 - 2022

Delivering the highest quality service, valued and trusted by our community





Workforce Plan

Contents

1. Our Vision and Values	4
2. About this plan	6
3. Our organisation	8
4. Our Workforce at a glance	10
5. Our Workforce – statistics and breakdown	12
6. Our challenges and strategic responses	18
7. Our strategic priorities and actions	22
8. Contact us	26
Annexure A - Comparative data	27

1. Our Corporate Vision



Our Corporate Vision

Delivering the highest quality service, valued and trusted by our community

Life on the Northern Beaches is welcoming and vibrant. We work together with our community to keep it this way. From beaches to bushland, the Northern Beaches is an altogether extraordinary place to live, work and visit. Ours is a community of people who love and are proud of where we live. At its heart is a collaborative spirit, where we pitch in and support each other.

Our Values

Our vision and values were developed by our staff in 2017.

They underpin and drive everything we do and every decision we make. Holding to an ideal of connectedness, inclusion and preservation, these underlying principles protect our futures and that of this unique and beautiful place we call home.

Teamwork because working together delivers	Respect because valuing everyone is how we make a difference	Trust because being open brings out our best
Integrity because we are proud of doing what we say	Service because we care as custodians for the community	Leadership because everyone has a leading role

2. About this Plan



What is Workforce Planning?

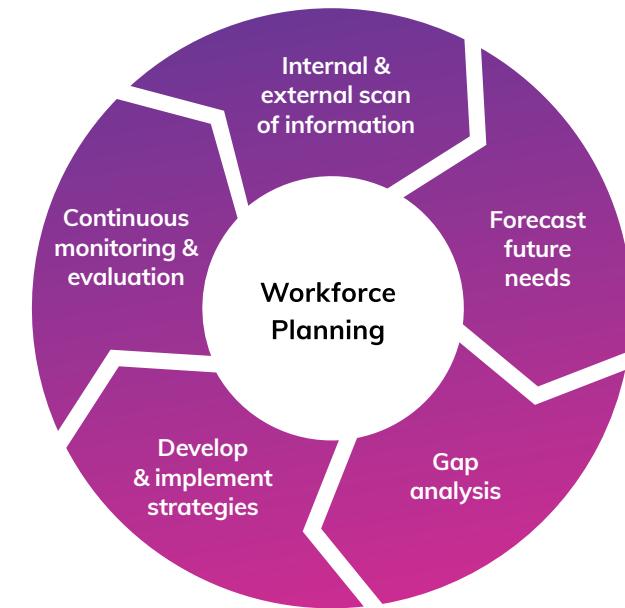
“Workforce planning is an integrated and systematic process of shaping the workforce to ensure it is capable of delivering current organisational objectives and future requirements”¹

Why do we need a Workforce Plan?

- To identify current and predicted workforce issues to enable us to set out how we are going to address the predicted workforce issues in order to achieve the Council’s Delivery Program
- To assist with shaping our workforce to ensure it is capable of delivering current organisational objectives and future requirements in alignment with our Community Strategic Plan
- To identify strategies or activities in the Workforce Plan that may have an impact on Council’s Long Term Financial Plan

What are the benefits of Workforce Planning?

- It strengthens our capacity to deliver strategic and operational plans
- It enables a better understanding of our workforce profile which improves current and future capability and performance
- It enables us to better respond to planned and unplanned change
- It enables us to consolidate career paths and set clear strategies for developing our people
- It creates the “right mix” – right skills, right time and right place – which in turn will create better efficiency, effectiveness and productivity within Council



¹ Source: Australian National Audit Office 2004

3. Our Organisation

On 12 May 2016 the Northern Beaches Council was proclaimed by the NSW government. It was formed by merging the three high-performing Councils of Manly, Warringah and Pittwater.



Council employs 1,788 people working in over 20 locations across a diverse range of services.

Northern Beaches Council remains committed to maintaining a high level of customer service to the local community. In order to create a solid foundation our organisation structure was established along with our values to guide the organisation into the future. Challenges we have encountered involve managing the many differences in business operations between the three former Councils in order to establish a common ground. Shared beliefs such as our dedication to the community and a passion for the extraordinary natural environment were reflected and reaffirmed in the development of our Corporate Vision.

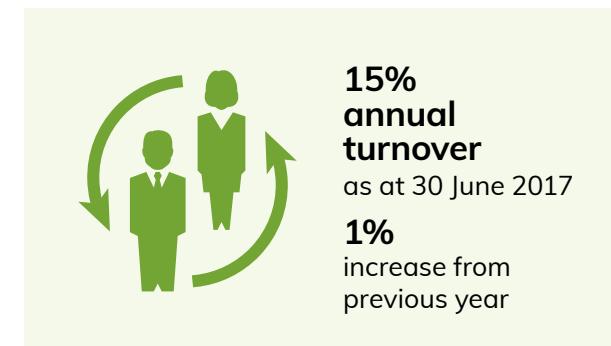
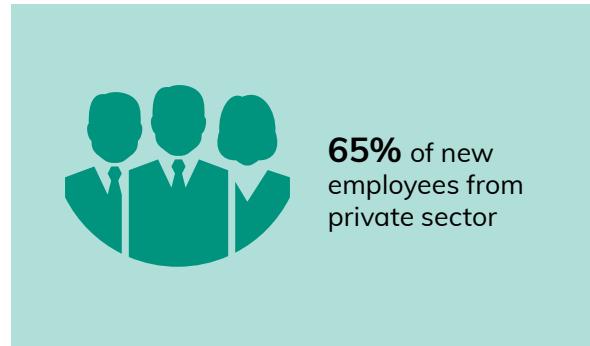
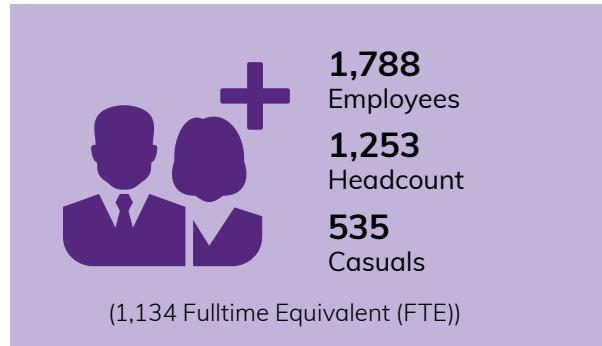
Our organisation is made up of four divisions:

- Office of the Chief Executive
- Planning Place and Community
- Customer and Corporate
- Environment and Infrastructure



4. Our Workforce at a glance





5. Our Workforce – statistics and breakdown

Here we analyse data relating to the current workforce. The analysis assists us to identify trends and areas for improvement.

We have also identified strategic priorities which are designed to address identified issues and areas for improvement. The strategic priorities are:

- Drive a culture of high performance and engagement;
- Enable our leaders to deliver and
- Build a capable, fit for purpose workforce.

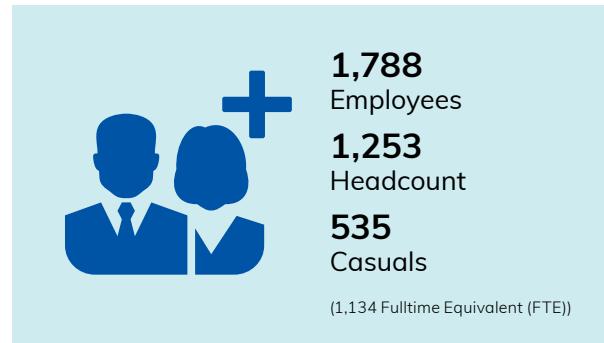
Full details of these strategic priorities can be found in sections 6 and 7.



Workforce composition

Our headcount is 1,253 with a full time equivalent of 1,134 (excluding casuals).

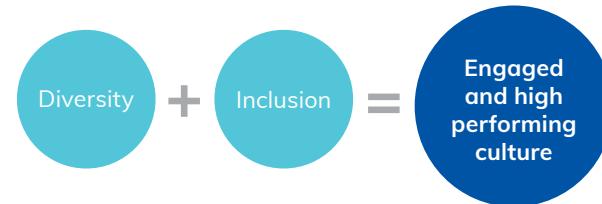
Our largest business unit is Parks and Recreation, followed by Transport and Civil Infrastructure, both have significant numbers of field staff. 59% of our workforce are in permanent roles, with the remaining employees split between casual, temporary, seasonal and contract positions.



Diversity and Inclusion

We are committed to building a diverse and inclusive workplace where the skills, perspectives and experiences of our people are valued and respected.

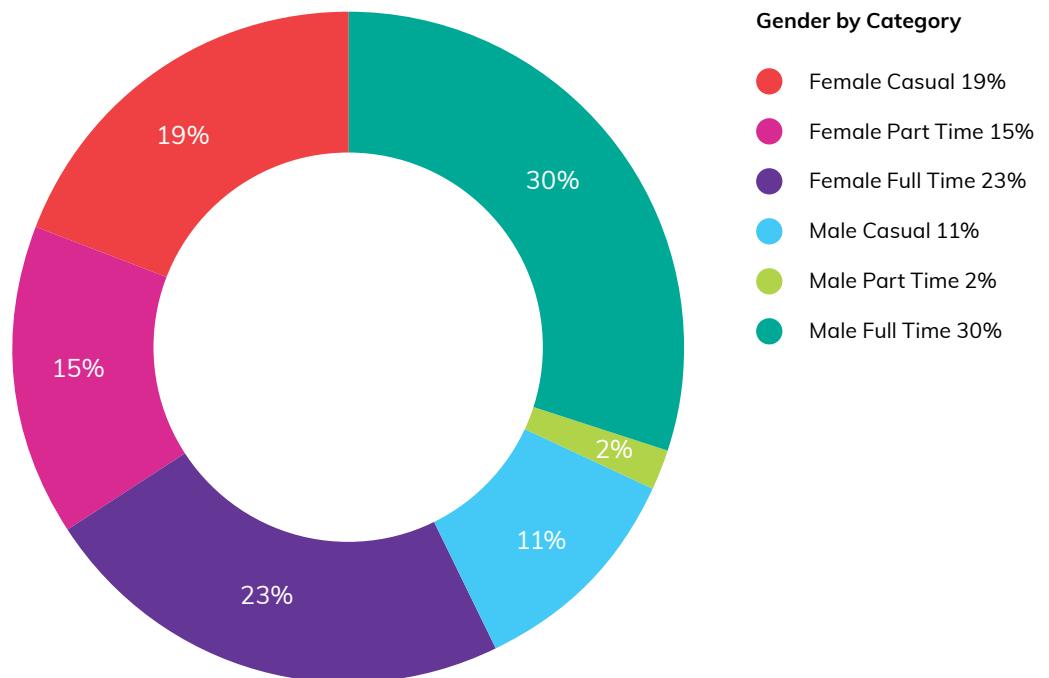
We recognise that diversity and inclusion fosters an engaged and high performance culture. Our aim is for Council to be a great place to work where our people feel included, are treated fairly and are supported to succeed. We believe our commitment to diversity and inclusion will continue to produce a more innovative, responsible and customer led organisation that delivers to our community.



Diversity and Inclusion - Gender

We have a reasonably even gender split with 57% of our workforce female and 43% male, including casual employees.

The percentage of females working in part time and casual roles is significantly higher than males. This is reflective of the female dominated carer role, along with the traditional gender preferences to certain roles which are often offered on a casual or part-time basis, for example with our Libraries and Children's Services.



Diversity and Inclusion - Age

The largest numbers of our employees fall within the 45-54 age group (27.6%), followed by the 35-44 age group (25%), 19% of our workforce is under the age of 34.

28.5% of our workforce are aged 55 and above. This group bring a wealth of experience and knowledge to the workplace. It is important that we continue to ensure that this is fostered and captured. Within this bracket, the largest business unit clusters are within our more physically demanding roles, such as the operational field, which would place employees in a higher risk category from a workplace injury perspective.

The majority of our workforce live on the Northern Beaches. The Northern Beaches community has a large proportion of children and seniors, and a relatively low proportion of young people compared to other areas. The ABS Census 2016 showed that 4.1% of the population were aged 70 and over, compared to 3.9% for NSW.

In terms of the younger population, people aged 20 to 24 made up 5% of the population, significantly lower than NSW at 6.5%. Similarly the 25 to 34 years was also very low at 11.7% compared to 14.2% for NSW.

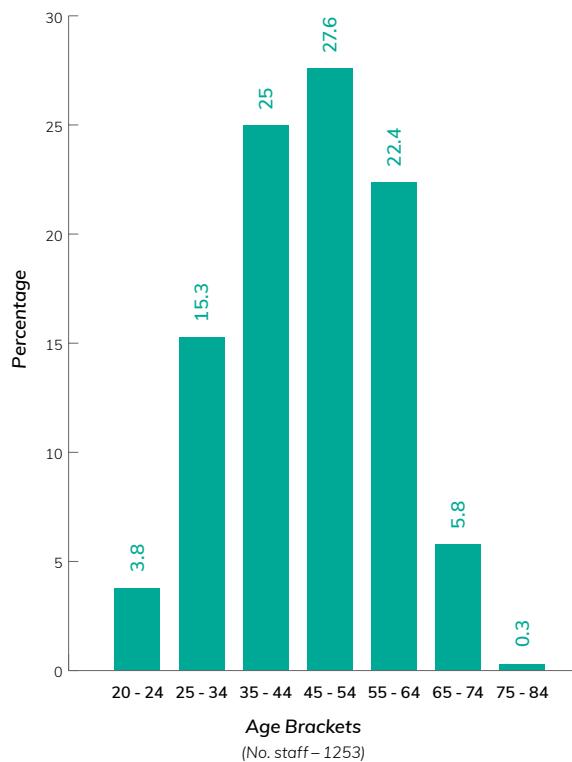
These statistics show that we have a smaller pool of younger people to draw from in the Northern Beaches, compared to other areas of NSW. Our Talent Management and Employee Value Propositions, part of our delivery initiatives, will be critical to attracting the younger generations to Council.

The strategic priorities we have identified that will address this are:

**Build a capable,
fit for purpose
workforce**

**Drive a culture of
high performance
and engagement**

Age Range



Tenure

A small percentage of our workforce has less than 1 year service (3%).

This is due to the volume of 'internal only' recruitment associated with the amalgamation protections in place. 25% of our workforce has between 1-3 years' service. We acknowledge it is important to keep this group engaged and retain their services.

Interestingly 20% of our workforce has over 15 years' service. It is important to recognise the expertise and corporate knowledge this group hold, which requires fostering, capturing and transferring to other employees. Experienced employees are a valuable asset, which will assist with the transformation of Council into a high performing organisation.

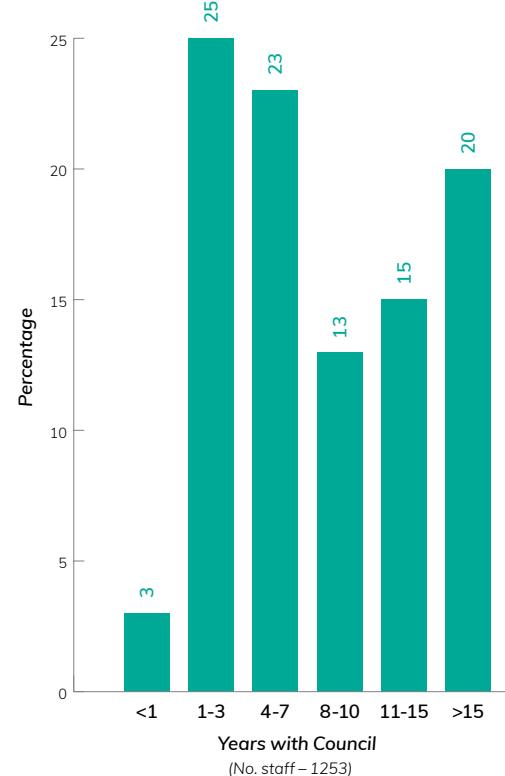
All of our strategic priorities impact this area:

Build a capable, fit for purpose workforce

Drive a culture of high performance and engagement

Enable our leaders to deliver

Tenure



Who are the people that work for Northern Beaches Council and why?

Between 12 May 2016 and 31 October 2017 we have welcomed 168 new employees

80 of which were male and 88 female. 78% of these new employees live on the Northern Beaches and 52% are between the ages of 19 and 35.

In a recent survey of these employees 65% of participants identified that their previous employment had been with the private sector. The top reasons for choosing Northern Beaches Council as their new employer were location (with a view to achieving a positive work/life balance) and good career opportunities.

Where do our employees live?

80% of our workforce lives on the Northern Beaches.

The ability to continue to attract employees from the local area is becoming more difficult. The increasing cost of housing means people on low incomes and younger people may be moving away to more affordable areas, shrinking the pool of local people available to Council.

Turnover

Our turnover was 15% for the period 1 July 2016 to 30 June 2017 (excluding casuals).

This represents a 1% increase in turnover (up from 14%) on the previous 12 months². This figure may be impacted by the protection of employment in place from the Local Government Act, which protects eligible employees up until 12 May 2019.

Note:

- Northern Beaches Statistics quoted are as at 31 October 2017
- Unless otherwise stated, all figures exclude casuals

² Consolidated turnover rate for 1 July 2015 to 30 June 2016 for Manly, Pittwater, Warringah and Northern Beaches Councils

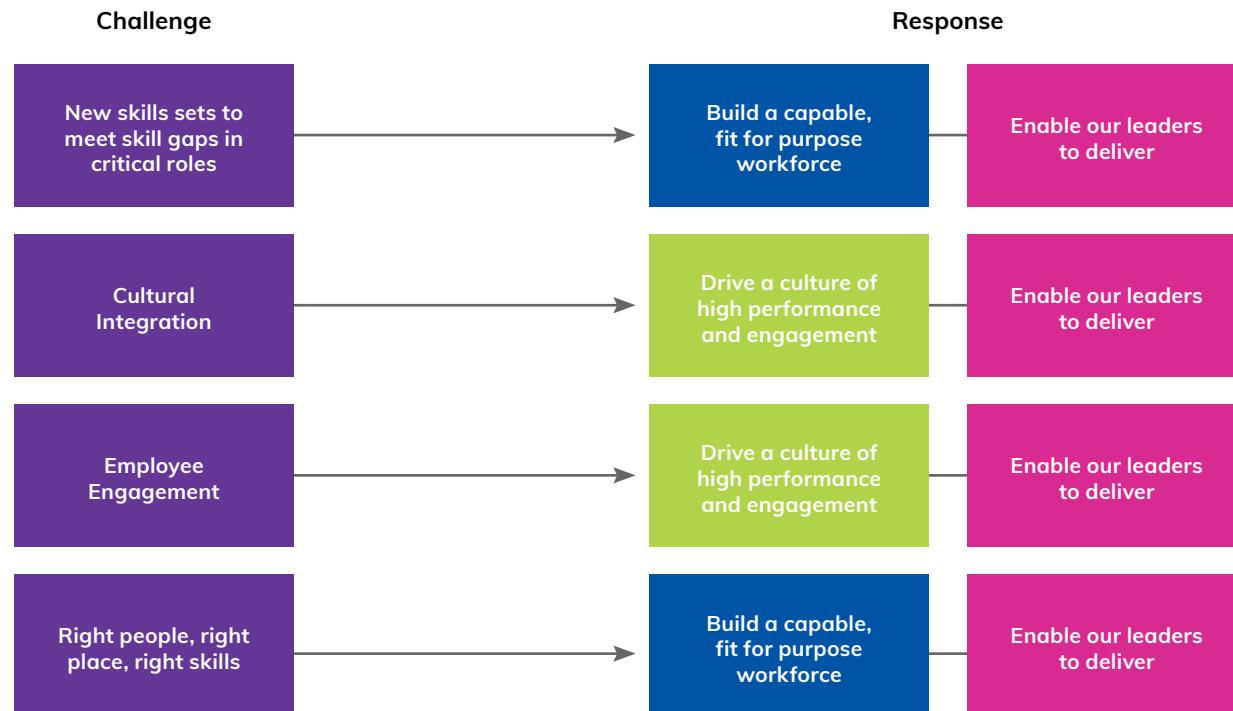
6. Our challenges and strategic responses

The challenges below have been identified through discussions with Business Units. The challenges have been split into three main areas: Council Alignment (post amalgamation), Technology and Resourcing. In response, each challenge has been linked to one of our strategic priorities.



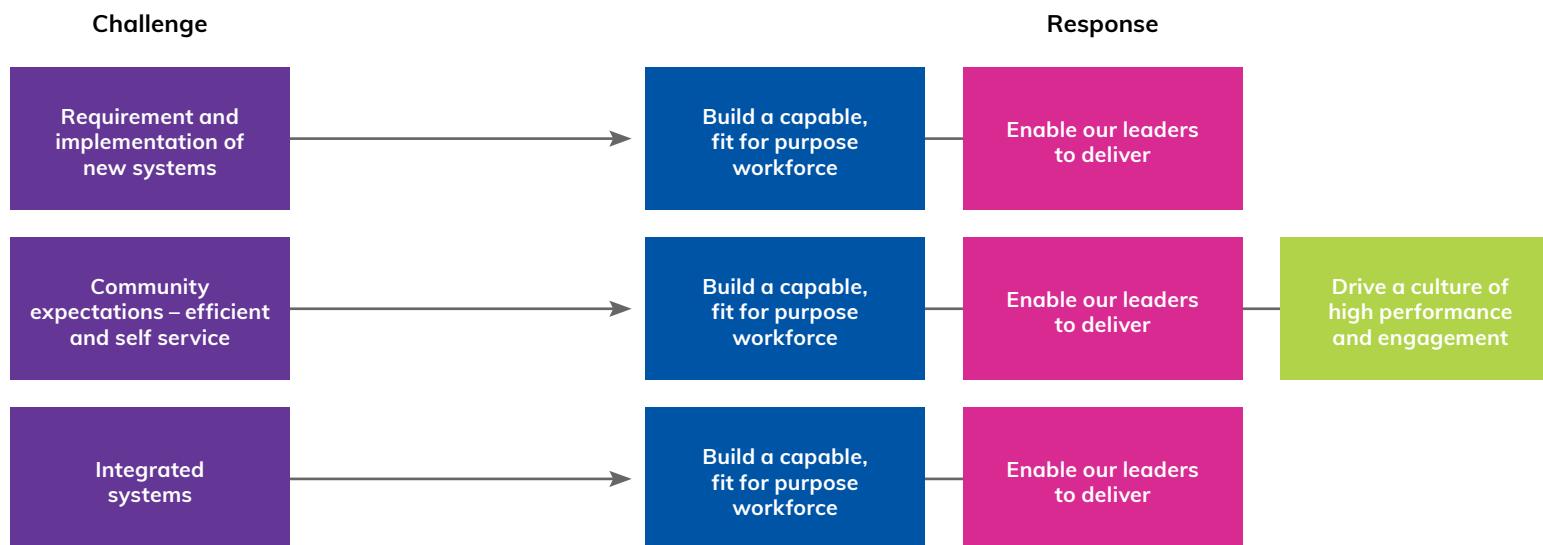
Council Alignment

A workforce operating as one will deliver the efficient quality service we strive for.



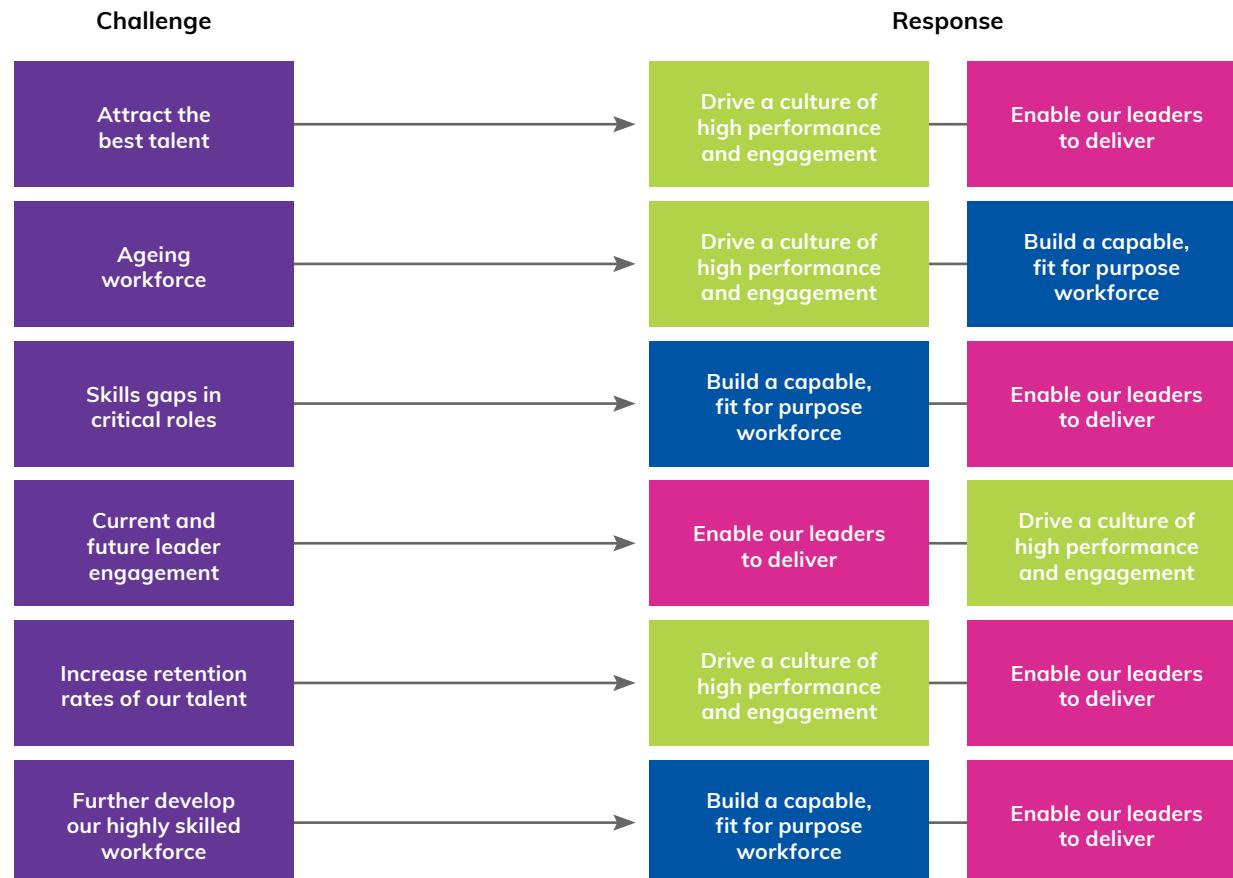
Technology

The development and implementation of intelligent and connected technology is critical to our success.



Resourcing

As the most important resource within Council we need to attract, develop and retain the best talent to deliver the highest quality service.



7. Our strategic priorities and actions



Drive a culture of high performance and engagement

Delivery Initiatives	Actions	2018/19	2019/20	2020/21	2021/22
Foster the development of attitudes and beliefs that support a "safety first" culture and enable our people to be work safe.	Implement and promote wellbeing, health and safety initiatives	✓	✓	✓	✓
Build on our Culture, Values and Behaviours Program directing efforts that encourage our people to think, act and behave in the proper way.	Identify work, health and safety (WHS) risk areas and address accordingly	✓	✓	✓	✓
Design a Northern Beaches Remuneration Framework focussing on "total reward" enhancing our employee value proposition.	Develop the Northern Beaches WHS system, policy and associated documentation	✓	✓	✓	✓
Deliver a performance management approach that promotes and encourages quality conversations between leaders and individuals.	Provide performance management approach to enable effective and efficient people management, which will include a focus on having critical conversations at all levels across the organisation	✓	✓	✓	✓
Implement an integrated Talent Management Framework to develop talent, increase diversity, engagement and retention.	Develop the Employee Value Proposition for Northern Beaches Council to attract and retain committed and skilled talent	✓			
Create an inclusive workforce which encourages and embraces diversity.	Develop a comprehensive Recruitment Strategy that covers all role types across the organisation and focuses on attracting the best talent	✓			
	Undertake extensive consultation and research to assist with the development and embedding of the Remuneration framework	✓	✓		
	Develop and implement an integrated Talent Management Framework, incorporating leadership development, performance, career and succession management	✓	✓	✓	✓
	Develop and implement initiatives that will support/promote workforce diversity, including delivering programs/support services to promote 'belonging', learning and development programs that contribute to our desired culture and promoting fair and equitable processes	✓	✓	✓	✓
	Review educational assistance – as an attracter, retainer and skill and knowledge builder	✓			

Enable our leaders to deliver

Delivery Initiatives	Actions	2018/19	2019/20	2020/21	2021/22
Expand the delivery of Leadership Development Programs for senior, middle and front line managers.	Consolidate, review and develop HR metrics	✓	✓		
Policy Harmonisation to influence and determine all major decisions and actions in relation to day-to-day operations of the organisation.	Critical role identification and development of succession plans	✓	✓	✓	✓
Simplify Human Resource (HR) and people processes including intelligent and connected technology solutions that accelerate HR, manager and individual success.	Further develop career pathways	✓	✓	✓	✓
Provide meaningful HR metrics, enabling leaders to determine the value and effectiveness of HR initiatives and inform decision making.	Harmonise and simplify processes, policies, procedures to align approaches	✓			
	Provide access to innovative leadership programs	✓	✓	✓	✓
	Develop and implement integrated HR systems which will improve and streamline key HR areas such as recruitment, performance management, learning and development and promote employee self service	✓			

Build a capable, fit for purpose workforce

Delivery Initiatives	Actions	2018/19	2019/20	2020/21	2021/22
Implement the Workforce Plan in partnership with the business to establish resource plans that incorporate key projects. Consider opportunities within the insourcing versus outsourcing reviews.	Undertake an annual review and update of the workforce plan, referring to both up to date statistical information available and gathering feedback from the organisation	✓	✓	✓	✓
	Identify skill and knowledge gaps in critical areas and put plans in place to address and manage	✓	✓	✓	✓
	Undertake a review of our 'high risk' roles to ensure incumbents are suitably qualified and educated	✓	✓		
	Ensure systems are in place to capture corporate and specific role knowledge from our long term and ageing workforce	✓	✓	✓	✓
	Continue to develop skills and knowledge base of the workforce to meet the needs of the business	✓	✓	✓	✓

Contact us

If you have any questions or comments
please contact us as follows:

t: 1300 434 434
e: council@northernbeaches.nsw.gov.au
www.northernbeaches.nsw.gov.au

Northern Beaches Council
PO Box 1336
Dee Why NSW 2099



Comparative Data

Statistic	Northern Beaches Council	Comparative Data ³
 Turnover	15%	13%
 55 years or over	27.5%	29%
 Female employees	54%	44%
 Staff living within LGA	80%	44%
 Tenure	7 yrs	10 yrs

Comparative data is not available for all statistics reported in this document. The most appropriate comparison source is LG NSW who run an annual benchmarking survey. The LG NSW 2017 survey involved 47 councils, of these five sit in the same category (Urban Large) as Northern Beaches

Council and only one of these is a recently amalgamated Council. Northern Beaches Council did not participate in the 2017 survey as the data from the three former Councils was still being collated.

³ LG NSW 2017

northernbeaches.nsw.gov.au



northern
beaches
council



Asset Management Strategy **2018 - 2028**



northern
beaches
council

Asset Management Strategy 2018 - 2028

Contents

Introduction To Our Strategy	3
The Current Status Of Asset Management	4
Community Engagement	12
Population Growth and Demographic Trends	16
Strategic Asset Management Objectives 2018-2028	22
Action Plan	23
Conclusion	24
Appendices	
Appendix A: Northern Beaches Council's Asset Management Policy	25
Appendix B: Action Plan	28

Introduction to Our Strategy

Northern Beaches Council was proclaimed on 12 May 2016 through the amalgamation of the former Manly, Pittwater and Warringah Councils. Council now manages over \$2.6 billion worth of infrastructure assets (roads, stormwater, parks and buildings) across the local government area.

Asset management is a "whole of life" approach that includes planning, purchase, construction, operation, maintenance and renewal/disposal of assets.

This Asset Management Strategy (the Strategy) defines objectives that will improve our management practices and knowledge of all assets. It will provide a road map to support the achievement of the community's vision of:

Northern Beaches - a safe, inclusive and connected community that lives in balance with our extraordinary coastal and bushland environment.

1.1 Purpose of the Strategy

This Strategy provides a framework for consistent and effective asset management across all assets. It shows the link between the outcomes and goals in the Community Strategic Plan and the day-to-day management of our assets.

This Strategy intends to:

- provide a basis for the management of current assets;
- identify future assets that will be required to meet the needs of the community in future years;
- provide strategic objectives to allow us to fulfil our Asset Management Policy, and
- identify actions to achieve the objectives of the Strategy.

1.2 Northern Beaches Council's Asset Management Policy

This Strategy has been prepared to support the implementation of our Asset Management Policy which was adopted on 27 February 2018 (refer to Appendix A). The purpose of the Asset Management Policy is:

"This Policy supports Council's vision and strategic objectives, and sets guidelines for implementing consistent asset management processes to existing and new assets throughout the Northern Beaches Council. The application of these principles will ensure our assets continue to provide the appropriate level of service to meet the community's needs and expectations in a sustainable manner."

This Strategy provides a high level and long-term (10-year) action plan for how we will manage assets to achieve the objectives of the Asset Management Policy. The Asset Management Policy and Strategy are supplemented by detailed Asset Management Plans for the four asset portfolios (roads, stormwater, buildings and parks).

The Current Status of Asset Management

2.1 Current State

At the time this Strategy was prepared, we had a single consolidated asset listing located in our asset management system. The information in this register was migrated from the former Councils' asset registers and databases. Verifying the accuracy and completeness of the data has been identified as a key future focus area to ensure sound asset management decisions are made.

The adoption of the Asset Management Policy on 27 February 2018 was the first step in consolidating the practices and processes from the former councils. Although this will take some time, the Asset Management Policy provides guiding principles for all asset management decisions.

2.2 Asset Management Governance

We have established a senior level steering committee to deliver a coordinated and consistent approach to asset management across the organisation. Membership of the Strategic Asset Management Steering Committee (SAMSC) comprises senior executives from across Council, representing each of the asset owners as well as Finance.

The role of the SAMSC is to:

1. implement an integrated Asset Strategy Framework;
2. implement a Council-wide Integrated Total Asset Management (ITAM) approach supported by systems and processes that deliver cost effective, sustainable, and strategic management of its infrastructure assets across all asset classes;
3. ensure that the responsibility for all asset management activities is appropriately assigned within the organisation, and that skill levels are sufficient to achieve the required results;
4. ensure the implementation of our Asset Management Strategy and Asset Management Plans (AMPs); and
5. provide leadership to set the direction and priorities for the development of our asset management capabilities.

2.3 Asset Management Framework

Asset management requires a "Whole of Council" approach and applies to all assets we manage for delivering sustainable services to the community. The Asset Management Framework enables alignment of asset planning and management practices with service delivery priorities and strategies, within the limits of the resources available.

The Framework provides linkages between the various strategic and policy documents. The framework ensures that staff are equipped with the resources to effectively manage our assets and deliver services to the community.

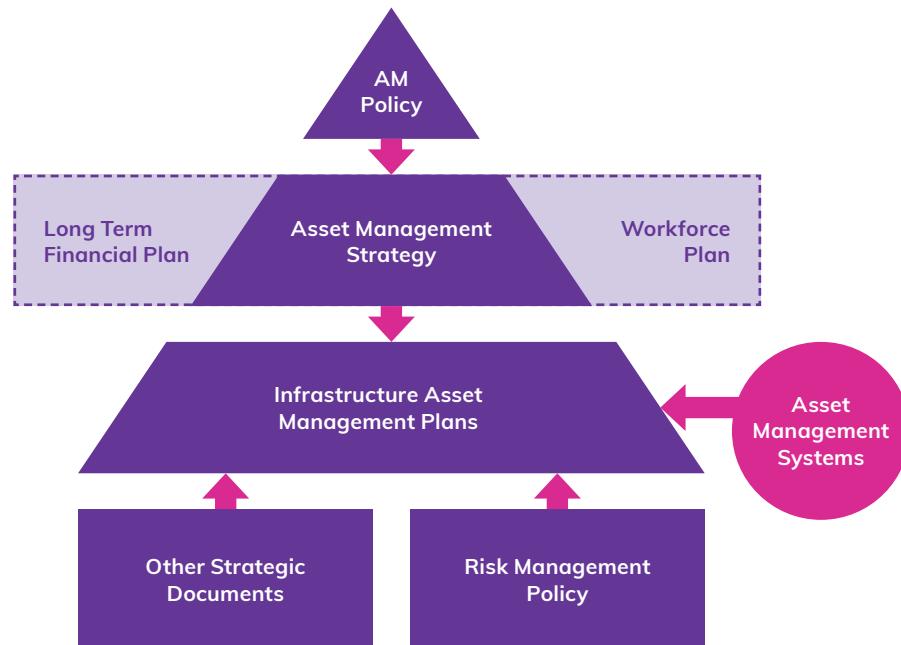


Figure 1: Council's Asset Management Framework

Our Asset Management Framework consists of eight key components:

- **Asset Management Policy:** provides guidelines and a framework for implementing coordinated and consistent asset management across Council, as well as defining key principles in which we will review and manage our assets.
- **Asset Management Strategy:** provides a 10-year action plan to deliver the Asset Management Policy. It specifies asset management objectives and articulates how we will achieve these objectives. As we review the Community Strategic Plan every four years, the Asset Management Strategy will be reviewed and updated to ensure consistency with the Community Strategic Plan.
- **Asset Management Plans:** outlines the practices and procedures implemented to manage and operate our assets to the agreed level of service. Our Asset Management Plans provide details on current assets, future asset requirements, agreed levels of service, and costs to deliver services now and in the future. The Asset Management Plans will be developed for major asset categories, namely roads, stormwater, buildings and parks.
- **Other Strategic Plans:** we will continue to prepare other strategy documents specific to asset classes, such as the Northern Beaches Sportsground Strategy, Walking Plan and the Transport Strategy. These strategy documents provide insight into current and future trends and assist in determining priorities across the assets.
- **Enterprise Risk Management Policy:** encourages a coordinated approach across Council to manage risks, which lead to well-defined strategic, operational, and project related risk actions. We are proactive in identifying events that have the potential to compromise achieving our objectives. All of our major Asset Management Plans will include risk management strategies.
- **Workforce Plan:** comprises a workforce strategy that addresses the human resourcing to ensure we can deliver our asset management responsibilities. All of our major Asset Management Plans will provide information to determine the forward workforce planning requirements.
- **Long Term Financial Plan:** outlines the future funding of our asset management practices, including maintenance, renewal and the provision of new infrastructure. All of our major Asset Management Plans will provide information to inform the Long Term Financial Plan.
- **Asset Management System:** has been implemented to support asset management activities. The system records details of the physical attributes and financial transactions of all assets. It enables the production of required reports in accordance with legislative requirements.

2.4 Assets

Existing asset information has been migrated and consolidated into our corporate system, including attributes, financial data, condition data, and mapping information.

A number of improvements have been identified for us to reach core asset maturity across the organisation. The actions identified in this Strategy and improvement programs will aid in realising core maturity, and will take a number of years to complete.

The following assets information is from our consolidated asset register. Not all data has been validated at the time this Strategy was prepared.

2.4.1 Inventory and Replacement Costs

Our major built/infrastructure assets are divided into four main asset portfolios.

The current replacement value of the assets² is \$2.6 billion. Further detailed information and breakdowns of these assets will be contained in the relevant Asset Management Plans.

Asset Class: Stormwater	Current Replacement Cost \$
Culverts	70,285,465
Pipes	686,810,358
Lined and unlined drainage channels	8,385,800
Pits and headwalls	159,692,744
Water quality improvement devices	13,140,097
Total	938,314,464

Asset Class: Buildings	Current Replacement Cost \$
Administration and depots	74,801,305
Amenities	17,393,794
Beach (including surf clubs, viewing towers etc.)	62,006,293
Community (community centres, libraries, scout halls, senior citizen centres etc.)	186,010,331
Council rented - commercial	38,351,216
Council rented - residential	2,968,794
Emergency Services	12,250,625
Multi-storey carparks	23,536,366
Sporting facility	131,604,472
Total	548,923,196

¹ Four major built/infrastructure asset classes are: Roads, Stormwater, Parks and Recreation, and Building assets

Asset Class: Roads	Current Replacement Cost \$	Asset Class: Roads cont.	Current Replacement Cost \$
Public roads		Lighting System	13,965,437
Road component - wearing course	158,808,905	Skate Facility	3,110,359
Road component - pavement	252,999,286	Feature Walls	69,735
Road component - formation	93,362,263	Retaining Walls in reserve	8,902,607
Sub-total roads	505,170,454	Seawalls	42,705,605
Kerb and gutter	152,232,002	Shelters	744,078
Guard rails	2,972,626	Shade Structures	2,097,327
Footpath	78,709,918	Playgrounds	18,466,051
Vehicular bridges	7,095,428	Exercise Equipment	322,513
Pedestrian bridges in road reserve	899,027	Tennis Courts	6,859,493
Bus shelters	3,831,067	Hardcourts	3,093,049
Carparks	28,538,915	Sportsgrounds	38,117,625
Ticket meters	1,015,458	Synthetic Sportsgrounds	4,787,271
Retaining walls in road reserve	12,042,627	Cricket Wickets	496,640
Pedestrian crossings	2,242,319	Irrigation Systems	4,437,930
Roundabouts	2,607,222	Water Tanks	1,005,563
Traffic control devices	9,696,131	Dinghy Storage	53,014
General infrastructure - roads	3,382,969	Wharves and Jetties	15,384,068
Total	810,436,163	Boat ramps	1,277,148
		Pools	6,973,688
Asset Class: Parks	Current Replacement Cost \$	Rockpools	19,646,603
Pedestrian Bridges	13,839,394	Tidal Pools	2,153,329
Barbeques	2,280,933	Pumps	300,217
Pathways	17,254,148	Water Feature	54,834
Paved Areas	15,015,955	General Infrastructure	44,294,627
Stairs	11,458,205	Total	308,358,619
Barriers	1,920,889		
Boardwalks	6,594,912	We also own, control, manage and maintain other financial assets, including plant and equipment, office equipment, library books, and furniture/fittings in community and Council buildings. The current replacement cost of these assets is \$73.7 million.	
Viewing Platforms	675,371		

2.4.2 Condition

We undertake regular condition assessments and will continue to do so over the next four years. This key information informs our renewal programs, valuation processes, and assists us in meeting legislative reporting requirements.

The current condition information within the asset system has come from past condition assessments and inspection reports from the former Councils. For those assets that did not have any related condition data, these assets were assigned an average condition rating, based on the overall condition of that asset class.

2.4.3 Valuations

Valuations of our assets are in accordance with the requirements of Australian Accounting Standard AASB 13 - Fair Value Measurement, AASB 116 - Property, Plant and Equipment, AASB 1051 - Land Under Roads.

The NSW Office of Local Government (OLG) requires councils to undertake revaluations of their assets to ensure the financial value of the assets reflect current valuation rates.

Asset Category	Revaluation Required ¹	Revaluation Schedule
Operational Land	Every three years or whenever material changes to the asset class has occurred.	June 2018
Community Land		June 2019
Community Buildings		June 2018
Investment Properties		June 2018
Land Under Roads	Every five years or whenever material changes to the asset class has occurred.	June 2019
Road Assets		June 2020
Land Improvements		June 2019
Other Structures		June 2019
Stormwater Assets		June 2020

The revaluation of Road Assets, Land Improvements and Other Structures will be undertaken in 2018/19, given the large asset classes and significant material changes to the asset registers post amalgamation.

The revaluation process reviews and updates the replacement costs, accumulated depreciation, depreciation expenses, and remaining useful asset life. Between revaluations, we have the option to index asset values each year as well as the option of desktop revaluations.

2.4.4 Operations and Maintenance Costs

The levels of service, maintenance and operational practices were different across the former Councils. Standardisation of levels of service, maintenance and operational practices is an important focus of this Strategy. This standardisation will undergo continued fine-tuning as asset ownership and responsibilities are properly defined between the various infrastructure units.

Defining the services and levels of services of our various asset portfolios has a direct relationship on operational and maintenance costs. Levels of Service are yet to be fully developed and defined.

We have invested in software that has highly accurate budget tracking capabilities and cost capture against assets. This allows staff to be confident when undertaking budget planning, project planning and forward planning activities such as cost-benefit analysis.

Analysis of maintenance and operation costs will be reviewed and consolidated during the preparation of the Asset Management Plans.

² OLG Code Update 24, June 2016

2.4.5 Utilisation and Smart Technologies

We need to keep pace with technology and the opportunities for enhancing asset management practices and efficiencies within the organisation. This may deliver efficiencies and cost saving opportunities. Areas of asset management practices that stand to benefit from improving technology include:

- Data collection and mapping via - aerial 3d data capture, car-mounted video data capture and drones
- Field staff mobile solutions - improved mobile technologies

2.4.6 Financial Sustainability

We have adopted a sustainable approach to the management of our assets. Our focus is on ensuring infrastructure backlogs are identified, budgeted for and ultimately minimised. This is aided by practicing accountable financial management of our assets, which includes the following actions:

- Creation and maintenance of assets and asset data in the asset management software
- Correctly attributing assets to the capital works expenditure
- Realistic componentised depreciation of assets, which informs required annual renewal requirements
- Undertaking life-cycle cost analyses of proposed new assets/gifted assets
- Major revaluations every three or five years, depending on the asset category, to ensure asset values are reflective of the current market.

Improvements will be made to our financial management, and will be developed in detail in the asset management plans. Broadly they relate to:

- Developing clear, measurable levels of service
- Improved processes around field staff time and cost data collection
- Minor annual desktop revaluations to ensure quality of asset data

2.5 Risk Management Practices

In 2017, we adopted an Enterprise Risk Management Policy to guide the formation of a risk management framework. This framework which is currently being developed will formalise the principles and practices for effective risk management across Council.

Our enterprise risk practices are aligned with AS/NZS ISO31000:2009 and seek to achieve the principles set by the standard. The following principles form a systematic process that guides us in addressing and controlling risk:

- Establishing the context of risks
- Identifying risks
- Analysing risks
- Addressing risks
- Monitoring and reviewing risks
- Communication and consultation

As owner of a \$2.6 billion infrastructure asset portfolio, we are exposed to a multitude of asset related risks which have the potential to adversely affect community safety, our finances and reputation, the environment and our staff.

The four Asset Management Plans (AMPs) will have a section on the risks specific to the asset portfolios. In these sections, critical assets and risks are identified. Upon completion of the new risk management framework, the critical assets and risks will require review to ensure that the rationale and decision making is in line with the framework.

Critical assets are defined as assets that in failure mode are likely to result in more significant financial, environmental and social cost in terms of impact on organisational objectives. These assets cannot reach failure, and have lower thresholds of intervention than the rest of our asset stock. Examples of these assets include:

- Seawalls that protect our high value assets such as buildings
- Culverts on major roads
- Retaining walls that support major roads
- Bridges that service high volumes of vehicle and pedestrian movements
- Significant built structures such as grandstands

Assets we have identified as critical are inspected at a higher frequency than other assets (in most cases annually), commensurate with the level of risk associated with them.

Critical Risks are asset related risks we have assessed and deemed as 'high risk'. Risk treatments are identified, developed and implemented for these assets. Examples of Critical Risks include playground equipment failure, slips and trips on pathways and entrapment issues in rockpool pump wells.

2.6 Best Practice Guidelines

We subscribe to the Institute of Public Works Engineering Australasia (IPWEA), which provides a number of resources for councils in asset management including:

- NAMS.PLUS asset management platform includes templates, tools and training to staff to assist with their asset management planning.
- Various Practice Notes applicable to and relevant to our assets.

The NAMS.PLUS platform is an organisation-based subscription program available to all staff in the organisation and provides up-to-date knowledge and skills on best practice asset management. In addition to IPWEA training modules, staff are encouraged to attend IPWEA asset management related training sessions, workshops and seminars.

The International Infrastructure Management Manual (IIMM) and the Australian Infrastructure Financial Management Guidelines (AIFMG) are also referenced in our asset management practices. The IIMM is widely recognised by practitioners as a best practice manual for providing guidance to those responsible or involved in managing assets, including asset managers, asset planners, operators and developers. The content of the IIMM is strongly aligned to international standards, including the ISO55000 suite of standards for asset management. The AIFMG links the technical and financial aspects of infrastructure management.

The Office of Local Government's Integrated Planning & Reporting Manual provides guidelines to councils to ensure our reporting documents are integrated and meaningful to the community.

We are also implementing an improvement program to advance our current asset management maturity and improve practices, which has been reflected in this Strategy.



Community Engagement

3.1 Annual Community Survey

We recognise the importance of community engagement to gain a better understanding of how the community views our performance in managing its assets. We believe effective engagement is crucial in ensuring a fair and unbiased snapshot of the community's views of our management. In June 2017, we undertook our first Annual Community Survey (ACS) as an amalgamated Council. The survey provides information on those asset related services that the community values the most, those that the community is satisfied with, and those that may need further attention.

3.2 Community Responses on Assets and Services

The survey found the community valued assets such as beaches, headlands and rock pools, followed by parks and recreation areas, waterways, creeks and lagoons, local roads and footpaths.

3.2.1 Importance

Importance is measured on a scale of 1 being not important and 5 being very important to the community.

Table 1: Highly Important Assets/Services

	Mean Rating (out of 5)
Maintenance of beaches, headlands and rock pools	4.67
Parks and recreation areas (including playgrounds)	4.62
Managing and protecting creeks, lagoons and waterways	4.57
Condition of local roads	4.52
Footpaths	4.49

These assets were rated of lower importance as they may not be used regularly by all members of the community:

Table 2: Assets/Services with lower importance rating

	Mean Rating (out of 5)
Wharves and boat ramps	3.27
Arts and cultural facilities	3.75
Warringah and Manly Aquatic Centres	3.79
Bike paths	3.86
Bus shelters	3.97
Community centres	3.99

3.2.2 Satisfaction

The community also rated their satisfaction of various assets and services on a scale of 1 being not satisfied and 5 being very satisfied.

Library services, beaches and rock pools, parks and recreation areas, trails and tracks, and village and town centres were rated by the community as the top five assets and services they were most satisfied with.

Table 3: Highly Satisfied Assets/Services

	Mean Rating (out of 5)
Library Services	4.06
Maintenance of beaches, headlands and rock pools	3.96
Parks and recreation areas (including playgrounds)	3.87
Trails and tracks	3.69
Cleaning of villages and town centres	3.63

At the other end of the scale, parking, traffic management, condition of public toilets, bike paths, local road conditions and footpaths were the assets and services the community had a moderate level of satisfaction with.

Table 4: Moderately Satisfied Assets/Services

	Mean Rating (out of 5)
Parking	2.77
Traffic Management	2.87
Condition of public toilets	2.90
Bike paths	3.03
Condition of local roads	3.04
Footpath	3.16

3.2.3 Performance Gap Analysis

In comparing the importance rating of each asset and service with the satisfaction rating, we can gain an understanding of what the community feels can be improved. This is achieved by undertaking a gap analysis which identified the gap between the importance and satisfaction ratings. Identifying areas for improvements can inform our current and future plans, such as our asset management plans, capital allocations, annual budgets, Delivery Program and annual Operational Plan.

The gap analysis indicates the community is extremely satisfied with library services, lifeguards on our beaches, and domestic waste collection services.

The assets and services that are most important to the community with the greatest 'performance gap' are shown in Table 5.

Table 5: Summary of Performance Gap Analysis (PGA)³

Ranking	Service/ Facility	Importance Mean	Satisfaction Mean	Performance Gap
1	Parking	4.47	2.77	1.70
2	Traffic management	4.54	2.87	1.67
4	Condition of public toilets	4.39	2.90	1.49
5	Condition of local roads	4.52	3.04	1.48
6	Footpaths	4.49	3.16	1.33
7	Managing and protecting creeks, lagoons and waterways	4.57	3.33	1.24

Other assets that were rated highly important (rated above 4) and with a moderate to high satisfaction rating, were:

- Facilities and services for youth (4.20 importance mean; and 3.21 satisfaction mean)
- Facilities for older people (4.26 importance mean; and 3.36 satisfaction mean)
- Parks and Recreation areas (4.62 importance mean; and 3.87 satisfaction mean)
- Maintenance of beaches, headlands and rock pools (4.67 importance mean; and 3.96 satisfaction mean)
- Sportsfields and amenities (4.32 importance mean; and 3.58 satisfaction mean)
- Trails and Tracks (4.09 Importance Mean and 3.69 Satisfaction Mean)

³ PGA establishes the gap between importance and satisfaction. This is calculated by subtracting the mean satisfaction score from the mean importance score. The higher the differential between importance and satisfaction, the greater the difference is between the provision of that service by Council and the expectation of the community for that service/facility

3.3 Community Strategic Plan Engagement

We completed a comprehensive engagement process as part of the preparation of the 10 year Community Strategic Plan. This engagement occurred in three phases from October 2016 to November 2017.

Community members were generally concerned about the implications of sustainable population growth and wanted to minimise impacts on the natural and built environment, including infrastructure. Further qualitative discussions revealed the challenges with higher housing costs were often seen in the context of infrastructure limitations on traffic, transport, community facilities, parking accessibility, open space usage, water, stormwater, sewerage, waste, local roads and footpaths.

The community also identified opportunities for improvement including:

- protecting and maintaining the natural environment assets and open spaces
- safe and friendly neighbourhoods and inclusive community spaces and services, that can change and meets the needs of youth, seniors and aged, as well as other community members
- sustainable business growth, innovative business infrastructure and diverse business opportunities

3.4 Community Levels of Service

The current levels of service reflect those established by the three former Councils'.

The community needs to be involved in developing and defining new levels of service. An action, under this Strategy is to consult the community on expectations and priorities for assets to assist with defining new sustainable levels of service.



Population Growth and Demographic Trends

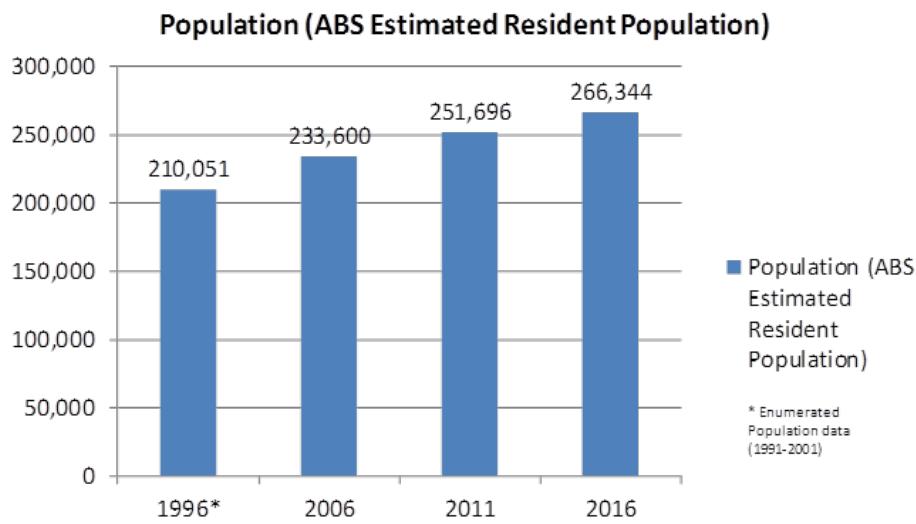
The expected demand for local infrastructure associated with population growth will require the allocation and provision of additional services throughout the life of this Strategy.

While capacity may exist to accommodate the anticipated population growth, there are some asset classes, particularly the building assets, for which we will need to plan for increased demand and adopt innovative solutions. This will allow us to manage the expectations of the community whilst retaining acceptable levels of service.

4.1 Population Growth of the Northern Beaches

For the 10 years to 2016 our population increased by 32,744 people to 266,344, an average increase of 3,274 people per year⁴. Looking over a longer period of 20 years, the average increase is 2,814 people per year⁵.

This steady growth is shown in the Figure 1 below.



⁴ Estimated Resident Population 2016, at Profile ID, <https://profile.id.com.au/northern-beaches>

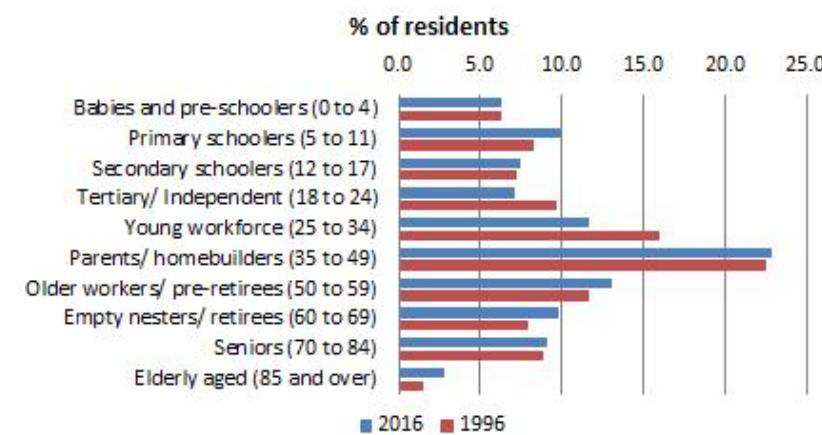
⁵ Using Enumerated Resident Population 1996, at Profile ID, <https://profile.id.com.au/northern-beaches>

4.2 Service Age Group Trends

Service age groups divide the population into age categories that reflect typical life-stages. Between 1996 and 2016, proportionally the largest growth is in the service age groups:

- empty nesters and retirees aged 60 to 69 (up 1.9%);
- primary schoolers aged 5-11 (up 1.6%);
- older workers and pre-retirees aged 50 to 59 (up 1.4%); and,
- elderly aged 85 and over (up 1.2%).

Change in Age Structure & Groups, 1996 to 2016



This shows an increasing demand over time on services for older people in our area such as pre-retirees and retirees, as well as primary school children. Sometimes, these demands can be competing and this poses challenges for future plans.

In terms of actual numbers, the largest growth has been in the parents and homebuilders age group (35-49 years). Parents and homebuilders increased by 9,513 people between 1996 and 2016 and make up 23% of the population. This increases demand for services and assets that cater for families.

By contrast the young workforce aged 25-34 has decreased by 4,340 people between 1996 and 2016. The loss in this group is a concern for the young workforce, local productivity, creativity and generational change.

By understanding the changes to the demographics of our community, we can better understand the current level of demand for assets on the Northern Beaches and plan for the future.

4.3 Five-year age group analysis

Further analysis of the five year age groups provides additional insight into the level of demand for age based services and facilities (e.g. child care versus older workers and pre-retirees⁶). As each age group covers exactly five years this enables direct comparison between each group.

The result indicate we have a higher proportion of people in the younger age groups (under 15) as well as a higher proportion of people in the older age groups (65+) compared to Greater Sydney. Overall, 19.9% of the population was aged 15 or under, and 16.6% were aged 65 years and over, compared with 18.7% and 13.8% respectively for Greater Sydney.

Other differences between the age structure of the Northern Beaches' community and Greater Sydney were a:

- larger percentage of persons aged 45 to 49 (7.7% compared to 6.7%);
- smaller percentage of persons aged 25 to 29 (5.3% compared to 7.9%);
- smaller percentage of persons aged 20 to 24 (5.0% compared to 7.1%); and,
- smaller percentage of persons aged 30 to 34 (6.4% compared to 8.2%)

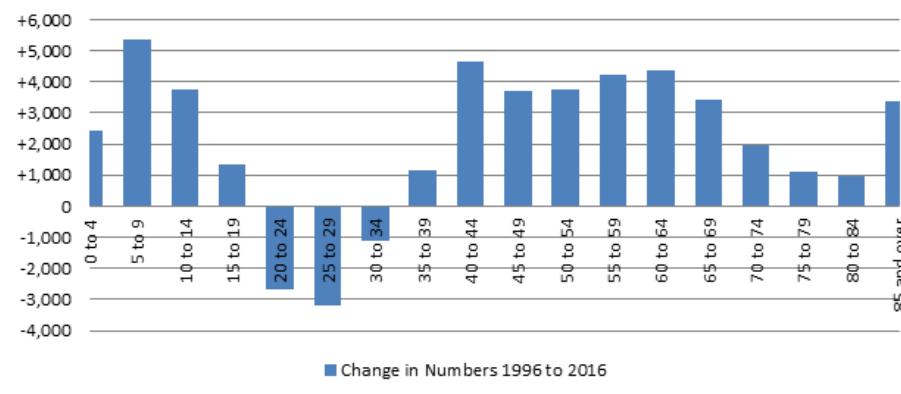
This means the area is enticing to pre-retirees and less attractive to younger more mobile workers and residents (aged 20-34 years). This may reflect some of the constraints of the area's transport, worker and jobs access to Greater Sydney, as well as the high cost of housing and affordability issues facing the Northern Beaches.

⁶ Profile ID, <http://profile.id.com.au/northern-beaches/five-year-age-groups>

4.4 Age Group Changes

By examining the changes in these five year age groups we can further understand the provision of assets and related services in the Northern Beaches area. The graph below shows the changes in age groups (five year groups) across the area during the period 1996 to 2016.

**Change in Age Structure - five year age groups,
1996 to 2016**



The age groups with the greatest growth are:

- 5-9 years (up 5,347);
- 40-44 years (up 4,655);
- 60-64 years (up 4,361); and,
- 55-59 years (up 4,246).

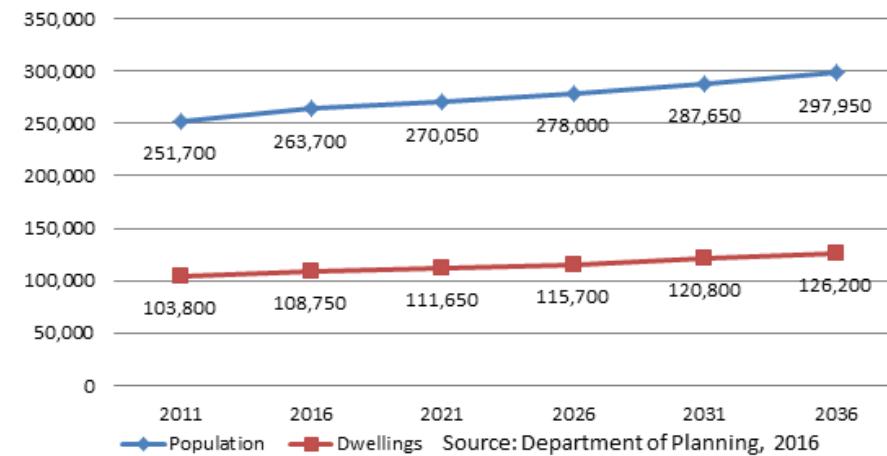
At the same time the age group 20 to 34 declined by 7,003 or 6.4%.

4.5 Growing Population Forecasts

Our community is forecast to continue growing and provide a residential role in the Sydney metropolitan region.

The Department of Planning projects our population will increase by 18% (46,250 people) and new dwellings by 22% (22,400 dwellings) between 2011 and 2036⁷.

**Northern Beaches Population and
Dwellings, 2011-2036**



Household size is expected to decline over this period. The Department of Planning forecasts show households shrinking from 2.62 persons per household in 2016 to 2.54 persons by 2036.

⁷ Department of Planning, New South Wales State and Local Government Area Population and Household Projections, and Implied Dwelling Requirements, October 2016

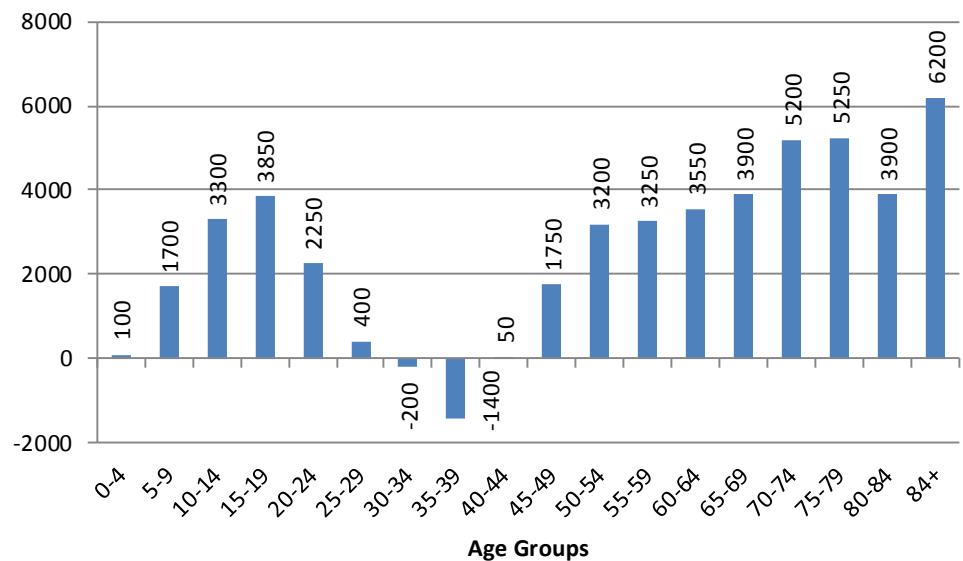
Northern Beaches, Households Size Forecasts



Our community will also have more people aged over 45 years with a significant increase in the 70 plus group across the Northern Beaches. The forecasts also show minimal increases in young children (0-4 years), and some growth in those between 5 to 20 years.

The forecast indicates there will be fewer people aged between 25 - 29 and 40-44 years. There will also be decreases in young home makers between 30 - 39 years.

Population Forecast 2011-2036



Source: Department of Planning 2016

4.6 Trends by Suburb

When planning for the current and future provision and maintenance of assets, it is important for us to consider growth suburbs within the LGA to ensure that assets and services are distributed equitably and residents can access these services without the need to travel long distances.



4.6.1 Highest growing suburbs

Brookvale and Dee Why are growing suburbs and designated as a strategic centre by the NSW Department of Planning. Dee Why has experienced a high growth rate in terms of population (up 1,728 people) and dwellings (up 558) between 2011 and 2016⁸. However, Brookvale experienced a smaller level of actual numbers (up 604) of people, and dwellings growth (up 296)⁹. This growth is important for us to monitor for asset planning especially in the provision of footpaths, local road infrastructure (parking, stormwater, kerb and guttering, etc.), as well as the availability of community centres and open spaces.

Other areas demonstrating population and housing growth during the last five years to 2016 include:

- Bayview (up 736 people and 324 dwellings),
- Frenchs Forest (up 662 people and 77 dwellings),
- Narrabeen (up 665 people and 303 dwellings),
- Mona Vale (up 720 people and 421 dwellings), and
- Warriewood (up 712 people and 226 dwellings).

The associated planning of infrastructure and assets to accompany these growing areas is not only important now but in the next 10 years.

4.6.2 Suburbs/Localities with the highest forecast populations in 2016-2026

The suburbs/localities that are forecast by the Council's Profile ID demographers to have the largest population growth in the period 2016 to 2026 are:

- Dee Why (up 3,394)
- Ingleside (up 3,309)
- Frenchs Forest (up 2,898)
- Narrabeen (up 1,240)
- Manly Town Centre and Pittwater Road (up 1,158)
- Belrose/Oxford Falls (up 1,082)
- Balgowlah (up 1,040)

Each of these suburbs/localities will require both assets that cater to demographics, as well as those that serve the general population. As these suburbs/localities continue to develop, we will continue to plan for and assess the needs of these communities.

⁸ Enumerated Population estimates for Dee Why the Census counts is for people where they are on the night of the Census; and is different to the Estimated Resident Population which is by where they usually live (usual residence). Profile ID, <http://profile.id.com.au/northern-beaches/population>

⁹ As above.

Strategic Asset Management Objectives 2018-2028

We have identified Strategic Asset Management Objectives we are committed to achieving in the 10 year period to 2028 to enable the Asset Management Policy to be achieved.

These Objectives have been developed through internal workshops and considered the priorities identified from the results of the community satisfaction survey. The Objectives reflect the Community's Vision for the "Northern Beaches: a safe, inclusive and connected community that lives in balance with our extraordinary coastal and bushland environment".

The Objectives also reflect the importance of efficient asset management processes, continual improvement and sustainable practices.

One of the Objectives is to undertake community engagement to define levels of service across our assets. This piece of work will ensure the communities' priorities are reflected in our day-to-day management of our assets.

The other objectives aim to strengthen our knowledge and reporting framework, ensuring we continue to manage assets in accordance with best practice, and promote a positive and effective asset management culture within Council and the community.

The Objectives directly support key principles from our Asset Management Policy at Attachment A

Action Plan

The actions to achieve our organisational asset management objectives are at Appendix B. These actions follow the same framework as the objectives and therefore directly support the key principles of our Asset Management Policy.

We have committed to establishing a reporting and monitoring system across Council. The progress will be reviewed regularly by the SAMSC, as well as reported to the Executive Leadership Team.

There are a number of priorities to achieve within the first year of the action plan to improve the knowledge, management practices and reporting across Council.

Conclusion

This Strategy supports the Communities vision and provides a clear link between the outcomes and goals in the Community Strategic Plan and the day-to-day management of our assets.

The Strategy articulates how the principles contained within the Asset Management Policy will be achieved. The Strategy defines 12 strategic objectives for asset management across the organisation and community. The preparation of this Strategy reinforces our commitment to asset management, continuous improvement and becoming a leader in this space.

8.1 Appendix A: Asset Management Policy



Council Policy - Asset Management

Policy Statement

This Policy supports Council's vision and strategic objectives, and sets guidelines for implementing consistent asset management processes to existing and new assets throughout the Northern Beaches Council. The application of these principles will ensure our assets continue to provide the appropriate level of service to meet the community's needs and expectations in a sustainable manner.

Asset Management Principles

- Council will apply nine (9) key principles in managing its assets.
- Best Practice: Council's asset management procedures will be developed to ensure asset management best practice is implemented throughout Council.
- Sustainability: Council will implement asset management in a sustainable manner balancing economic, social and community impacts while demonstrating civic and environmental leadership.
- Levels of Service: Agreed service levels will be determined in consultation with the community and defined in Council's Asset Management Plans.
- Accountability & Responsibility: Asset management accountabilities and responsibilities will be defined, understood and accepted by all involved.
- Environment: Council will develop and implement best value environmentally sustainable asset management practices.
- Finances: Council will integrate asset management, long term financial and strategic resource planning to ensure Council's long term financial sustainability.

- Risk Management: Council will apply risk management practices to ensure asset performance and community safety, including risks associated with climate change.
- Life Cycle Approach: Asset planning decisions will be based on full life cycle costs of an asset through acquisition, operation, maintenance, renewal and disposal.
- Statutory Compliance: Council will meet all relevant legislative requirements for asset management.

Scope and application

This policy applies to all employees, agents, officers and councillors of Northern Beaches Council. The Strategic Asset Management Steering Committee is responsible for ensuring the application of this Policy.

References and related documents

- Local Government Act 1993, Office of Local Government, NSW Government
- Local Government (General) Regulation 2005, Office of Local Government, NSW Government
- Integrated Planning & Reporting Manual for Local Government in NSW (2013), Division of Local Government, NSW Government
- International Infrastructure Management Manual (2011), IPWEA
- Australian Accounting Standards

Definitions

Council's "assets" include roads, bridges, footpaths and recreational trails, car parks, furniture, stormwater network, parks and reserves, sportsgrounds, playgrounds, ocean pools, aquatic centres, buildings, and public amenities.

The members of the "Strategic Asset Management Steering Committee" are defined in the Strategic Asset Management Steering Committee Terms of Reference.

Responsible Officer

General Manager Environment & Infrastructure

Review Date

27 February 2022

Revision History

Revision	Date	Change	TRIM Ref
1	28/11/2017	First draft Northern Beaches Council policy for exhibition	2017/355120
2	27/2/2018	Policy adopted by Council with amendment to definitions section following public exhibition and minor amendments to format as approved by the Acting Chief Executive Officer on 5/4/2017 (TRIM 2018/200581).	2018/200557

8.2 Appendix B: Action Plan



Policy Principle	Objective	Action	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Best Practice	Continue to integrate all knowledge and management systems for infrastructure assets into our corporate systems and asset registers so informed decisions can be made regarding maintenance, renewal and replacement.	Establish best practice benchmarks, and monitor performance against Local Government and external organisations.	X	X	X	X	X	X	X	X	X	X
Sustainability	Develop a framework that assesses the pillars of sustainability (economic, social, environmental, and governance) to include in all aspects of Asset Management and assets' life cycles.	Develop an assessment tool to optimise capital asset programs against the quadruple bottom line.	X	X								
		Develop a 10 year strategic capital works program, which integrates into our 10 year Long Term Financial Plan, recognising both funding sources and expenditure.		X	X							
		Develop the procurement strategy that includes sustainability criteria, cost efficient work packages, and supports staff.	X									
		Review existing asset disposal policies and incorporate policies for asset disposal into all Asset Management Plans.			X	X						
		Establish a forum that allows staff to share knowledge and build internal capacity on sustainable practices.	X									
Levels of Service	Engage with the community to define levels of service across the Northern Beaches that are sustainable and measurable and monitor and report our performance on providing the agreed levels of service to the community.	Capture, collate, review, and analyse the current levels of service, and service standard, We deliver to the community across the Northern Beaches.	X									
		Prepare an engagement plan and consult the community to determine the agreed Community Levels of Service across the Northern Beaches, and educate the community on levels of service and expenditure.		X	X							
		Prepare financial models for delivering the agreed levels of service to the community and integrate these in the Long Term Financial Plan.			X							

Policy Principle	Objective	Action	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Environment	Align asset management practices with the community's expectations on the management of our environment.	Establish performance measures and a platform to monitor and report on the environmental performance and outcomes whilst delivering the agreed levels of service.		X								
Finances	Improve the financial reporting capability of our corporate systems.	Establish the level of financial reporting for all asset classes and prepare a financial register to deliver the required reporting levels.	X	X	X							
		Establish a balanced level of expenditure across the asset to ensure our assets are in good, or above, condition.				X	X	X				
	Ensure there is appropriate integration between the asset register for engineering purposes and the financial register to identify the costs of our assets.	Review asset related information systems, registers, processes, and hierarchies to ensure the information required to financially assess the assets is available.	X	X	X	X	X	X	X	X	X	X
		Establish the remaining useful lives of our assets by undertaking a full condition assessment of all infrastructure assets.	X	X	X							
		Carry out revaluations in accordance with the Asset Management Strategy.	X	X			X	X	X			X
Risk Management	Assess and prioritise risks and opportunities across the portfolio of infrastructure assets, rather than in isolation, and promote risk awareness across the organisation.	Define criticality across the organisation and identify critical assets and risks.	X									
		Integrate critical risks across the organisation.		X	X	X	X	X	X	X	X	X
		Prepare a framework for identifying, assessing, monitoring and prioritising asset risks and opportunities to the organisation.	X	X								
		Develop risk management plans for all infrastructure asset groups and integrate with our Enterprise Risk Management.			X	X						

Policy Principle	Objective	Action	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Life Cycle Approach	Promote proactive and sustainable asset management practices and responses, and include these practices in the Asset Management Plans.	Investigate innovative practices and approaches for the provision of, maintenance and renewal of assets.	X	X	X	X	X	X	X	X	X	X
		Undertake an annual review of scheduled maintenance to identify failures and unscheduled maintenance to inform future decision making and identify improvements in maintenance practices.	X	X	X	X	X	X	X	X	X	X
		Roll out mobile technologies to all areas to improve data collection for asset management planning.	X	X	X	X	X	X	X	X	X	X
		Review service standards and develop agreed intervention levels, documented in the asset management plans, and prepare financial modelling of these standards and levels.		X		X		X		X		X
Asset Management	Adopt a life cycle approach whereby all decisions and actions consider the anticipated life of an asset.	Develop a framework to apply to new assets and upgrades to be considered in the decision making process.				X	X					
		Continue the asset management forums across the infrastructure groups to discuss asset management decisions, including planning of new assets, operations and maintenance.	X	X	X	X	X	X	X	X	X	X
		Review, consolidate and update Council's design standards, specifications, and guidelines, including costs, to ensure informed decisions are made about products.	X	X	X	X	X	X	X	X	X	X
		Develop sustainable design technical guidelines to provide guidance for renewal and creation of new assets.		X	X							
		Review and determine appropriate depreciation for each of our assets, and direct this funding source to asset renewals.	X	X	X	X	X	X	X	X	X	X
		Develop a database of life cycle assessments to be utilised by staff to make informed decisions.			X	X						

northernbeaches.nsw.gov.au



northern
beaches
council



Long Term Financial Plan 2018 - 2028



Long Term Financial Plan 2018 - 2028

Contents

Introduction	3
Forecasting Future Budgets	4
Financial Planning Assumptions	6
Sensitivity Analysis (Rates; Employee Costs; Materials; Combined Impact)	16
Financial Forecast 2018-2028	22
Income Statement	23
Balance Sheet	24
Cash Flow Statement	25
Cash and Investments Statement	26
Capital Budget Statement	27
Statement of Borrowings	28
Supporting Information	29
Commercial Activities	29

Introduction

The Long Term Financial Plan forms part of a Resourcing Strategy that provides the link between the Community Strategic Plan outcomes and Council's Delivery Program and Operational Plan (three and one year budgets).

It explains how the organisation will meet its obligations now and in the future, taking into account our workforce, our finances and our assets. The Resourcing Strategy enables us to deliver our services to the community in the most sustainable way.

In forecasting to 2028, we take into account a range of economic factors likely to affect our performance and finances and also make assumptions about how levels of service delivery to the community may change over time.

The Long Term Financial Plan is important because it:

- Reflects our future financial position based on delivering service levels defined in the Delivery Program
- Allows the costs of long term strategic decisions to be quantified and debated
- Assesses the financial sustainability of service levels
- Determines the risk of future strategic directions
- Allows scenario testing of different policies and service levels
- Enables testing of sensitivity and robustness of key assumptions

The Long Term Financial Plan has been developed based on:

- Fully funding the infrastructure renewal program
- Additional maintenance costs and depreciation as a result of major facilities upgrades

Forecasting Future Budgets

In planning for the financial year 2018/19 and beyond, we have made assumptions on factors outside of our control such as inflation, wage increases and rate capping.

In other words, our current budget and long term outlook is based on the most likely scenarios.

To illustrate how further negative movements in these factors could affect our budgets in coming years, we have included a separate sensitivity analysis.

Revenue Forecasts

In determining the likely revenue that will be available to meet the community's long-term objectives, we have considered the following:

Capacity for Rating

As this is a major component of Council's revenue base, the planning process will continue to include an assessment of the community's capacity and willingness to pay rates and whether there is potential for changes to the rate path. In making that judgement, Council will review the potential to reduce the reliance on rates through:

- increased revenues from other sources
- the projected impact of the rate cap
- changes in rating revenues from changing demographics and industry makeup
- opportunities for a special variation to general income
- any need to increase the reliance on rating due to a reduction of revenues from other sources such as a decline in grants and subsidies

Fees and Charges

A number of the services we provide are offered on a user pays basis.

In preparing the Long Term Financial Plan, possible future income from fees and charges, including opportunities to reduce reliance on other forms of income, has been considered.

Grants and Subsidies

We receive an annual Financial Assistance Grant allocation from the Commonwealth as well as grants for specific programs. In preparing the Long Term Financial Plan we have assumed we will continue to receive grants. Should these grants and subsidies be reduced, our ability to provide the same level of service will be impacted.

Borrowings

There are no anticipated new borrowings over the ten year period of the Long Term Financial Plan

Expenditure Forecasts

In developing expenditure forecasts, new expenditure items and ongoing commitments have been considered. This has included costs for capital and recurrent expenditures such as maintenance costs and capital renewals for infrastructure assets. Consideration has also been given to appropriate phasing of when the costs are expected to be incurred including expenditure for planning, construction, implementation and ongoing maintenance.

Financial Modelling

The development process for the Long Term Financial Plan has included financial modelling taking account of different scenarios. This has been presented in the sensitivity analysis.

Performance Monitoring

Council not only monitors its performance against the Long Term Financial Plan and the annual budget, but has also developed measures to assess its long term financial sustainability. We use financial health check performance indicators including the unrestricted current ratio, operating result, debt service ratio and capital renewal ratio. The statement of performance measures is in accordance with Local Government Code of Accounting Practice and Financial Reporting.



Financial Planning Assumptions

In preparing the budget, consideration was given to a range of economic and political factors that affect our finances. This impacts our capability to maintain existing levels of service and long term financial sustainability.

Based on reputable sources such as Deloitte Access Economics, we have made assumptions in putting together this year's budget and long term financial outlook. The assumptions are detailed below:

1. Market Driven Planning Assumptions

As part of undertaking financial modelling, key assumptions that underpin the estimates must be made. The following assumptions have been used in the modelling contained in the Long Term Financial Plan.

Growth

In assessing future growth we have referred to NSW Planning and Environment's Final 2016 Local Government Area Population, Household and Dwelling Projections for the Northern Beaches. The Northern Beaches population is projected to increase from 263,714 in 2016 to 297,500 in 2036 at an average of 0.67% per annum, or approximately 1,747 extra persons per year.

Implied dwelling projections establish detailed information on how Sydney's population might change over the next 20 years, and the expected impact of these changes on households and the demand for dwellings.

Actual delivery of new dwellings to meet the target will require up-zoning of land with associated supporting infrastructure.

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Implied Dwellings	587	590	593	811	817	823	829	835	1022	1031
Household Projection	523	525	528	728	733	738	744	749	905	913
Population Projection	0.48%	0.48%	0.48%	0.58%	0.58%	0.58%	0.58%	0.58%	0.69%	0.69%

Inflation (Consumer Price Index (CPI))

In determining the inflationary increase assumption for 2018-2028 Long Term Financial Plan we have used Deloitte Access Economics Data which indicates that inflation projections will be as follows:

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Underlying Inflation	1.90%	2.11%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

2. Revenue and Expenditure Assumptions

The following table outlines the financial planning assumptions by revenue and expenditure types. This includes a brief description as to how we have determined the assumption and impact of external influences.

Revenue

Rates

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Rates	2.30%	2.21%	2.34%	2.39%	2.38%	2.28%	2.33%	2.48%	2.53%	2.39%

The Rate Cap in 2018/19 is based on IPART's advice on 28 November 2017. Subsequent years have been calculated based on an estimate of the Local Government Cost Index. This estimation is based on 40% of costs being Employee Costs and 60% being Other Expenses.

Annual Charges - Domestic Waste Management Charge

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Domestic Waste Management - former Manly	(15.0)%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%
Domestic Waste Management - former Pittwater	(15.0)%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%
Domestic Waste Management - former Warringah	No Increase	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

We calculate the Domestic Waste Management Charges (DWMC) to ensure total income of DWMC can fund the operating and maintenance costs associated with providing the service including provisions for major plant replacement. We have identified savings in administration and other operational costs as a result of economies of scale during 2017/18 and have now collected sufficient funds to facilitate a full bin replacement program in 2018/19. This has enabled us to reduce cost and move toward a consistent charge for 2019/20. This also includes an allowance for the significant changes associated with the market for recyclables as a result of China's proposed ban on importation of 24 categories of solid waste to protect the environment and public health.

For the former Manly and Pittwater Council areas this has resulted in a decrease in the DWMC for 2018/19. In addition Council is due to commence a new waste collection contract and align services for the former council areas from 2019/20. While saving are anticipated via the new collection contract(s) no allowance has been made in the projections. It has been assumed that costs and therefore the DWMC will increase in line with underlying inflation from 2019/20.

User Fees and Charges

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Fees and charges (non-statutory)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

User Fees and Charges are based on Statutory Charges. These are determined under relevant legislation. While Non-Statutory Charges such as Childcare Fees and Venue Hire, are determined by applying our Pricing Policy which incorporates the Local Government Competitive Neutrality Guidelines. CPI has been used to project our revenue for future years from User Fees and Charges.

Interest and Investment Revenues

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Return on Investment Portfolio	2.80%	3.40%	3.65%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%

We have used information provided by our Investment Advisors and Deloitte Access Economics to determine forecast projections for interest on investments based on forecast cash balances over the 10 year period.

Other Revenues

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Other Revenue principally comprises Lease Income, Recycling Revenue, Fine Income and revenue from other activities including Special Events, merchandising, food and beverage sales at the Aquatic Centres and Glen Street Theatre. CPI detailed above has been used to project our revenue for future years.

Grants and Contributions - Operating Purposes

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

We receive a number of operational grants from various Government agencies. The largest of these being the Financial Assistance Grant and we have assumed that this will continue. We have also assumed we will continue to receive other operating grants in relation to ongoing operations e.g. salary grants and that these will increase annually in line with CPI. Other operating grants received for specific project related purposes have been included in the year we anticipate they will be received.

Grants and Contributions - Capital Purposes

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Local infrastructure contributions are a significant source of capital revenue. Predicting the amount of revenues received from this source is extremely difficult as it is essentially market driven and depends on the timing of developments. We have assumed \$9.4 million in contributions in the 2018/19 financial year and these will increase annually in line with CPI.

We have also assumed we will continue to receive other capital grants in relation to ongoing programs and that these will increase annually in line with CPI. Other capital grants received for specific project related purposes have been included in the year we anticipate they will be received.

Gain on Disposal of Assets

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Gains on Disposal of Assets is predominantly received from the sale of plant and fleet. Future years are based on the assumption that these sales will continue at their current level and will increase annually in line with CPI

Expenditure**Employee Benefits and On Costs**

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Industry Award Base Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Industry Award Step Increase	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Superannuation Guarantee Levy	9.50%	9.50%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	12.00%	12.00%
Productivity Savings	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%

The current Local Government State Award which expires on 30 June 2020 provides for an annual increase as well as salary band step increases of 2.5% in 2018/19 and 2.5% in 2019/20. We have assumed that the new Local Government State Award increases will remain at 2.5% per annum over the remainder of the term of the Long Term Financial Plan. Other assumptions relating to employee costs in the Long Term Financial Plan include:

- No change in existing employee working hours.
- A 6.5% vacancy in establishment permanent positions in each financial year.
- Average increase as a result of Award based Salary Band step increases will be 0.2% per annum.
- Superannuation expenditure based on the freezing of the statutory contribution rate at 9.5% until 2021/22. The contribution will then incrementally increase to 12.0% by 2025/26.
- Achieving productivity improvements through continuous improvement programs will average 0.2% per annum.

Borrowing Costs

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Interest Rate - New Borrowings	4.10%	4.70%	4.95%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%
Tip Remediation Discount	\$1.540m	\$1.606m	\$1.674m	\$1.746m	\$1.820m	\$1.890m	\$1.756m	\$1.831m	\$1.909m	\$1.988m

Council's borrowing costs over the ten year period comprise a number of components:

Interest incurred on borrowings for major infrastructure works. Where borrowings have already been undertaken the interest rate identified in the Loan Agreement has been used. Where new borrowings are proposed the interest rate has been calculated based on the assumed Interest Rate on Investments and an additional margin of 1.3%.

Finance Lease Interest Charges - rates on these borrowings are forecast in accordance with the rates outlined above. These have been calculated based on the assumed Interest Rate on Investments plus 2.5%.

Tip Remediation Discount - this relates to the remediation of the waste landfill site at Kimbriki and has been updated in June 2018.

Materials & Contracts

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Materials and contracts including Domestic Waste Management costs and other expenses which represent the principal costs used to deliver services to the community are forecast to increase in line with the CPI. While the rate of growth projected is uneven it is forecast to average 2.3% per annum.

Depreciation and Amortisation

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Projected Depreciation Cost	\$35.4m	\$37.9m	\$39.3m	\$40.6m	\$41.9m	\$43.1m	\$44.3m	\$45.6m	\$47.0m	\$48.4m

The depreciation methodology can be found in the Notes to the General Purpose Financial Statements. The depreciation expense assumed in the Long Term Financial Plan has been calculated in accordance with this methodology. Estimates have also been included for the projected depreciation cost of new assets which have been identified within the proposed Capital Works Program.

Other Expenses

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Other Expenses primarily relate to Utility Costs, Insurances, Statutory Charges (including Election Costs, Emergency Services Levy and Waste Disposal Levy) and Other Program Expenditure. These are generally forecast to increase in line with CPI.

Anticipated Savings

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Employee Costs	-	\$2.5m	\$2.5m	\$2.5m	-	-	-	-	-	-
Materials and Contracts	\$1.25m	\$0.25m	\$0.25m	\$0.25m	-	-	-	-	-	-

The following are the key areas in which anticipated savings are likely to be generated:

- savings or other benefits associated with workforce efficiency and reduced salary expenditure
- reduced cost of materials and contracts based on the expectation of scale benefits associated with Council expenditure.

In addition to the savings areas identified above, it is recognised that operational assets such as those utilised for staff accommodation may be subject to rationalisation as a direct result of the amalgamation and that funds may therefore be available from such rationalisation. As these changes are yet to be identified no changes have been made to the Long Term Financial Plan.

As existing contracts for materials and other expenses expire and new arrangements are negotiated by Northern Beaches Council, significant savings will be generated as a result of scale benefits. It must be noted that while significant savings are likely to be generated in the area of domestic waste management. However, Section 504(3) of the Local Government Act 1993 provides for income from charges for domestic waste management being calculated so as not to exceed the reasonable cost to the Council of providing those services. Accordingly, savings generated in this area would need to be utilised for reducing domestic waste management charges.

Sensitivity Analysis (Rates; Employee Costs; Materials; Combined Impact)

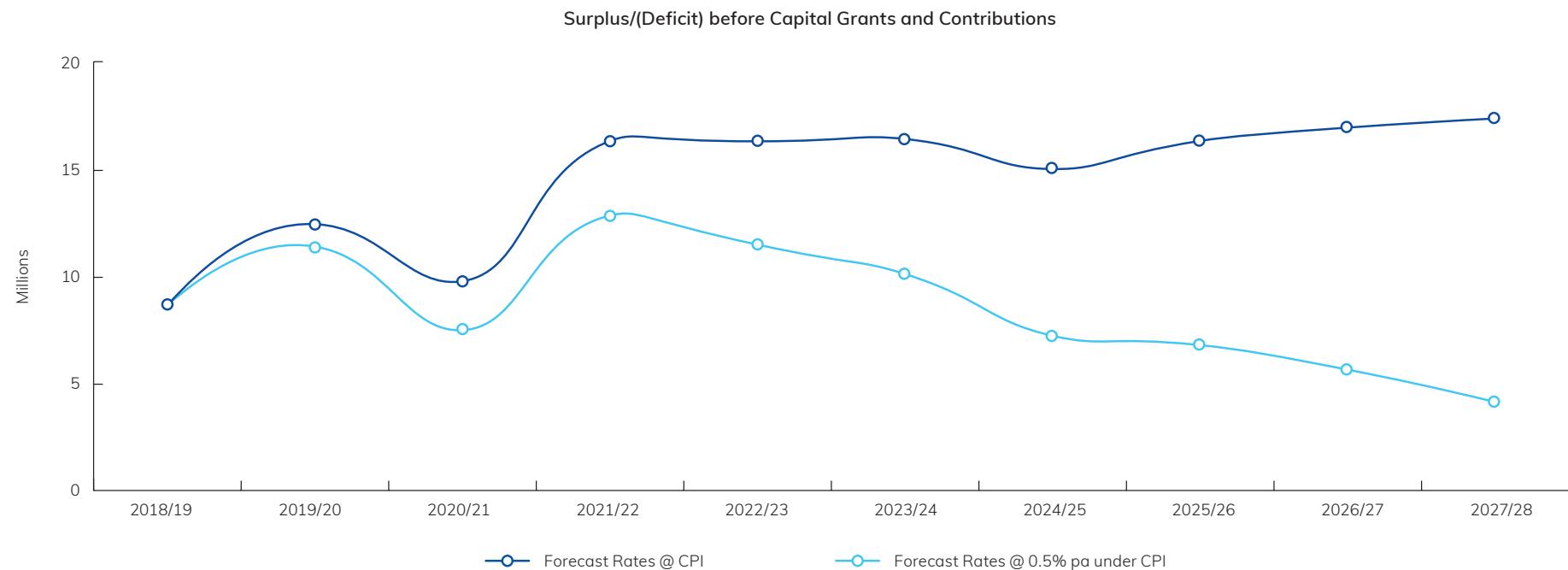
Although the assumptions listed in the previous section are our current informed estimate based on a range of reliable sources, long term financial plans are inherently uncertain.

They contain a wide range of assumptions about interest rates and the potential effect of inflation on revenues and expenditures which are largely outside our control.

Developing our Long Term Financial Plan has included financial modelling taking into account the impact on our finances if trends worsen.

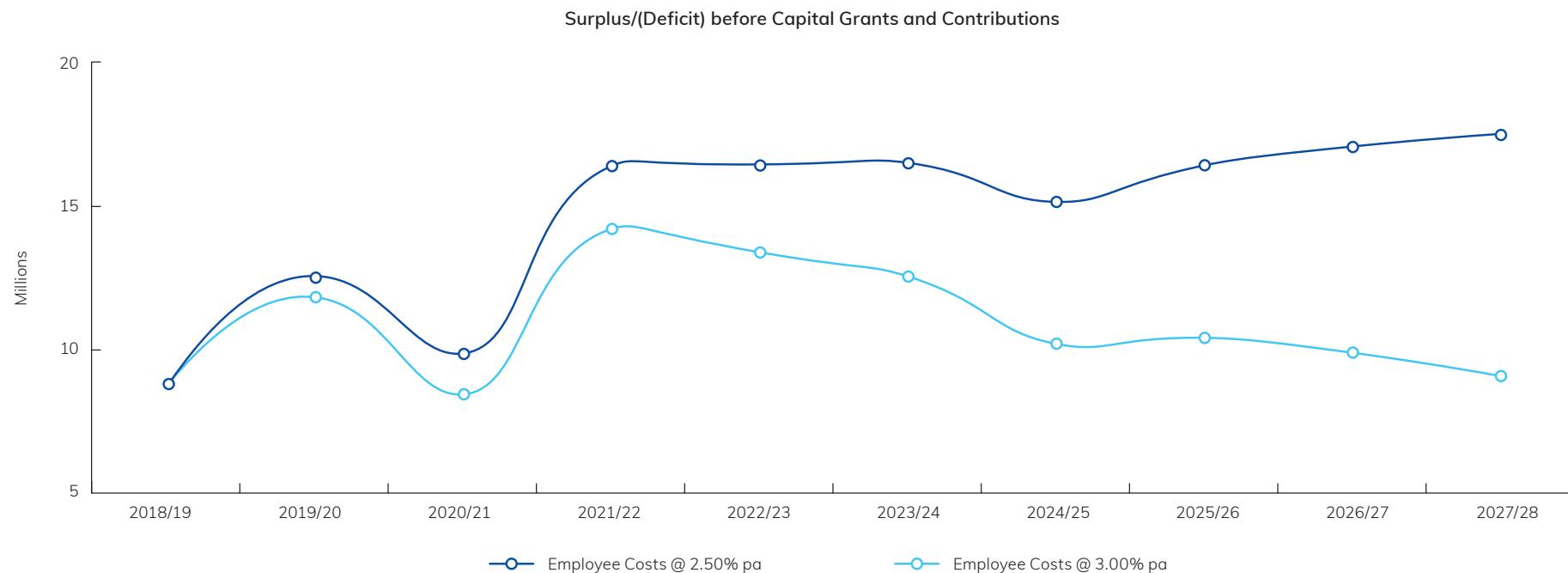
Rates

Rates comprise 61% of our total income. Rates are capped by the State Government and we can only increase rates if we apply for a special increase. If rates are held 0.5% pa below the CPI the budget will still remain in surplus for each year of the Long Term Financial Plan.



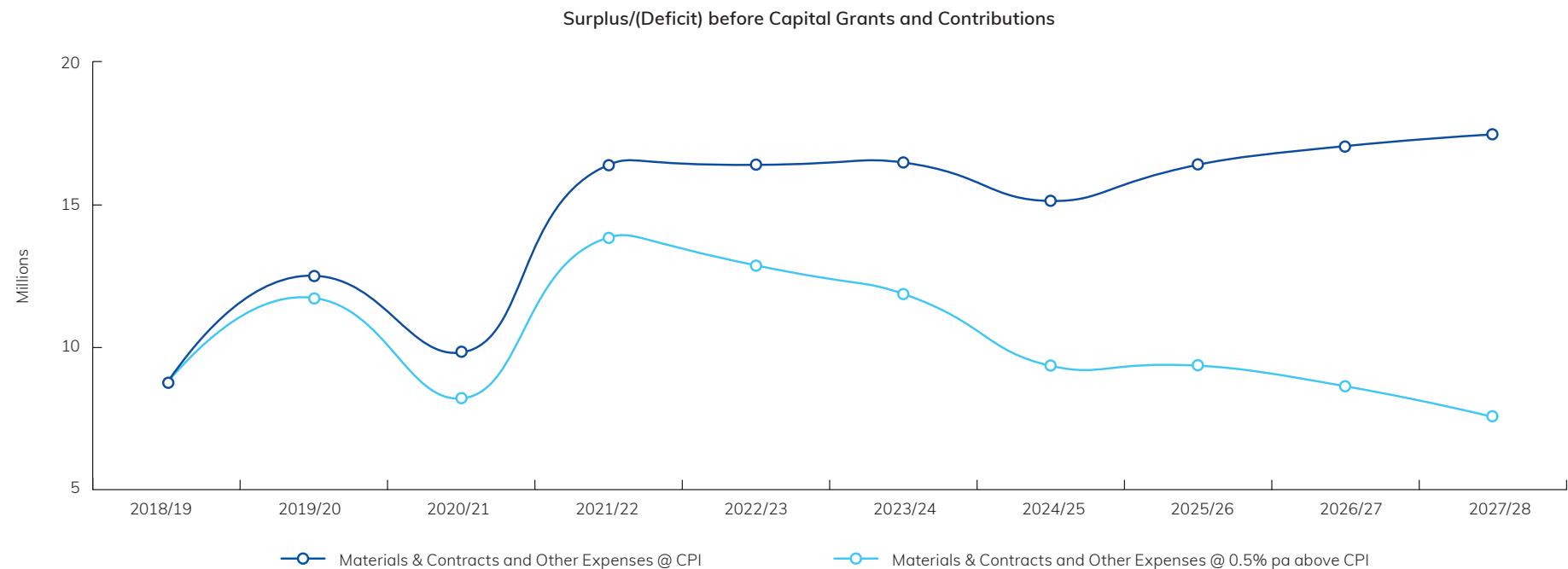
Employee Costs

Salary growth is largely subject to the NSW Local Government Award. The current Award expires on 30 June 2020 and we have assumed an annual increase of 2.5% for each year of the Plan before step increases. If the Award increase was 0.5% pa higher the budget would still remain in surplus for each year of the Long Term Financial Plan.



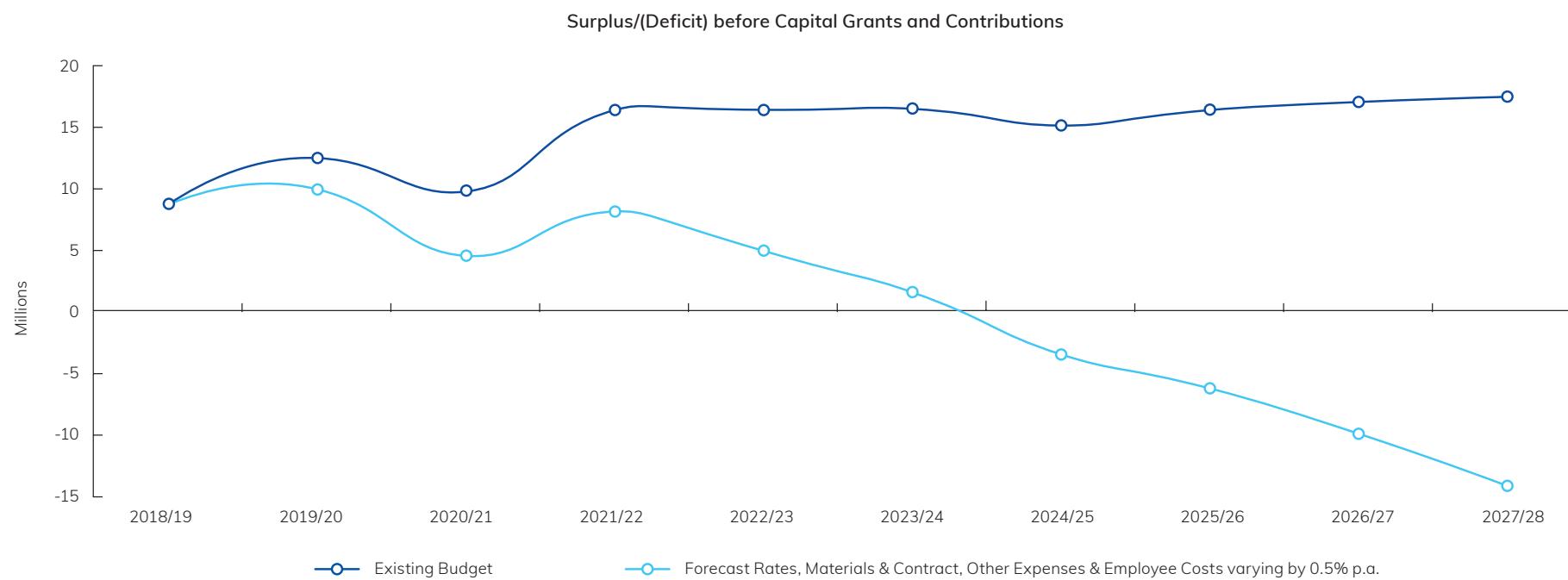
Materials, Contracts and Other Expenses

Our budget shows we are in a good financial position; however, fluctuating market conditions could affect the price of certain Materials and Contracts. The chart shows the impact of a 0.5% pa increase in Material, Contracts and Other Expenses above the CPI. Significant increases are possible, for example electricity costs. The budget would still remain in surplus for each year of the Long Term Financial Plan.



Combined Impact

The chart shows the combined impact rates, materials and contracts, other expenses and employee costs varying by 0.5% per annum. and would see the budget fall into deficit from 2024/25. It is highly unlikely that each of the factors would impact at the same time.





Financial Forecast 2018-2028



Income Statement

Year	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Income from Continuing Operations										
Rates & Annual Charges	210,460	215,111	220,144	225,406	230,770	236,032	241,532	247,449	253,462	259,571
User Charges & Fees	79,538	81,168	83,019	85,011	87,043	88,949	90,933	93,188	95,546	97,829
Interest & Investment Revenues	5,748	5,688	4,980	4,502	4,360	4,518	4,678	4,864	5,106	5,379
Other Revenues	25,279	25,797	26,385	27,018	27,664	28,270	28,900	29,617	30,366	31,092
Grants & Contributions - Operating Purposes	14,744	14,961	14,987	16,295	16,135	16,353	16,454	17,811	17,711	17,999
Grants & Contributions - Capital Purposes	11,985	12,155	12,433	12,731	13,035	13,321	13,618	13,955	14,309	14,651
Gains on Disposal of Assets	765	781	798	818	837	856	875	896	919	941
Total Income from Continuing Operations	348,518	355,661	362,746	371,782	379,845	388,298	396,989	407,780	417,419	427,462
Expenses from Continuing Operations										
Employee Benefits & On-Costs	(134,415)	(134,724)	(135,323)	(136,270)	(139,747)	(143,311)	(146,965)	(150,712)	(154,178)	(157,724)
Borrowing Costs	(3,572)	(3,387)	(3,160)	(2,936)	(2,729)	(2,577)	(2,307)	(2,263)	(2,247)	(2,326)
Materials & Contracts	(119,019)	(118,848)	(125,754)	(124,946)	(127,207)	(129,892)	(134,174)	(137,307)	(140,060)	(143,328)
Depreciation & Amortisation	(35,386)	(37,951)	(39,318)	(40,697)	(42,000)	(43,146)	(44,338)	(45,672)	(47,067)	(48,437)
Other Expenses	(35,401)	(36,127)	(36,950)	(37,837)	(38,741)	(39,590)	(40,473)	(41,476)	(42,526)	(43,542)
Total Expenses from Continuing Operations	(327,793)	(331,037)	(340,506)	(342,686)	(350,424)	(358,515)	(368,257)	(377,431)	(386,078)	(395,357)
Surplus/(Deficit) from Continuing Operations	20,724	24,624	22,240	29,096	29,421	29,783	28,732	30,350	31,341	32,104
Minority Interests	(93)	(95)	(97)	(99)	(102)	(104)	(106)	(109)	(112)	(114)
Surplus/(Deficit) attributable to Council	20,631	24,529	22,143	28,996	29,319	29,679	28,626	30,241	31,230	31,990
Surplus/(Deficit) before Capital Grants & Contributions	8,739	12,468	9,808	16,365	16,385	16,462	15,114	16,394	17,033	17,454

Balance Sheet

Year	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Assets										
Current Assets										
Cash & Cash Equivalents	7,847	6,432	4,765	4,362	4,473	4,661	4,832	5,073	5,390	5,716
Investments	149,096	122,205	90,531	82,869	84,986	88,558	91,801	96,385	102,413	108,597
Receivables	19,387	19,784	20,235	20,721	21,216	21,681	22,164	22,714	23,289	23,846
Inventories	82	82	82	82	82	82	82	82	82	82
Other	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510
Non-Current Assets Classified As "Held For Resale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	177,922	150,013	117,123	109,544	112,267	116,492	120,389	125,764	132,684	139,751
Non-Current Assets										
Investments	954	954	954	954	954	954	954	954	954	954
Receivables	1,751	1,787	1,828	1,872	1,917	1,959	2,003	2,053	2,105	2,155
Infrastructure, Property, Plant & Equipment	4,836,508	4,884,987	4,929,471	4,962,207	4,985,217	5,008,722	5,032,744	5,057,350	5,082,566	5,108,373
Investments Accounted For Using The Equity Method	23	23	23	23	23	23	23	23	23	23
Investment Property	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080
Intangible										
Total Non-Current Assets	4,841,316	4,889,831	4,934,356	4,967,136	4,990,191	5,013,738	5,037,804	5,062,460	5,087,728	5,113,585
Total Assets	5,019,238	5,039,844	5,051,479	5,076,680	5,102,458	5,130,230	5,158,193	5,188,224	5,220,412	5,253,336
Liabilities										
Current Liabilities										
Payables	42,858	42,858	36,358	36,358	36,358	36,358	36,358	36,358	36,358	36,358
Borrowings	6,384	6,304	5,928	5,530	3,798	2,555	2,128	1,015	1,017	1,016
Provisions	29,240	28,992	28,763	28,553	28,362	28,187	28,031	27,894	27,775	27,675
Total Current Liabilities	78,482	78,154	71,049	70,441	68,518	67,100	66,517	65,267	65,150	65,049
Non-Current Liabilities										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	26,177	21,317	16,575	11,973	8,859	6,791	5,041	4,313	3,518	2,682
Provisions	39,387	40,557	41,799	43,115	44,509	45,984	47,548	49,207	50,965	52,722
Total Non-Current Liabilities	65,564	61,874	58,374	55,088	53,368	52,775	52,589	53,520	54,483	55,404
Total Liabilities	144,046	140,028	129,423	125,529	121,886	119,875	119,106	118,787	119,633	120,453
Net Assets	4,875,192	4,899,816	4,922,056	4,951,151	4,980,572	5,010,355	5,039,087	5,069,437	5,100,779	5,132,883
Equity										
Retained Earnings	4,874,353	4,898,882	4,921,025	4,950,021	4,979,340	5,009,019	5,037,645	5,067,886	5,099,116	5,131,106
Council Equity Interest	4,874,353	4,898,882	4,921,025	4,950,021	4,979,340	5,009,019	5,037,645	5,067,886	5,099,116	5,131,106
Minority Equity Interest	839	934	1,031	1,130	1,232	1,336	1,442	1,551	1,663	1,777
Total Equity	4,875,192	4,899,816	4,922,056	4,951,151	4,980,572	5,010,355	5,039,087	5,069,437	5,100,779	5,132,883

Cash Flow Statement

Year	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	210,460	215,111	220,144	225,406	230,770	236,032	241,532	247,449	253,462	259,571
User Charges & Fees	79,144	80,735	82,527	84,481	86,503	88,442	90,406	92,588	94,919	97,222
Interest & Investment Revenues	5,748	5,688	4,980	4,502	4,360	4,518	4,678	4,864	5,106	5,379
Grants & Contributions	26,729	27,116	27,420	29,026	29,170	29,674	30,072	31,767	32,020	32,650
Other	25,279	25,797	26,385	27,018	27,664	28,270	28,900	29,617	30,366	31,092
Payments:										
Employee Benefits & On-Costs	(134,690)	(134,978)	(135,559)	(136,488)	(139,946)	(143,493)	(147,129)	(150,858)	(154,306)	(157,833)
Materials & Contracts	(121,019)	(118,848)	(132,254)	(124,946)	(127,207)	(129,892)	(134,174)	(137,307)	(140,060)	(143,328)
Borrowing Costs	-	-	-	-	-	-	-	-	-	-
Other	(36,206)	(36,894)	(37,676)	(38,521)	(39,383)	(40,198)	(40,832)	(41,786)	(42,784)	(43,924)
Net Cash provided by (or used in) Operating Activities	55,445	63,727	55,967	70,478	71,931	73,353	73,453	76,334	78,723	80,829
Cash Flows from Investing Activities										
Receipts:										
Sale of Infrastructure, Property, Plant & Equipment	2,415	2,431	2,448	2,468	2,487	2,506	2,525	2,546	2,569	2,591
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(111,283)	(88,080)	(85,452)	(75,083)	(66,660)	(68,301)	(70,009)	(71,927)	(73,932)	(75,893)
Inventory	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used in) Investing Activities	(108,868)	(85,649)	(83,004)	(72,615)	(64,173)	(65,795)	(67,484)	(69,381)	(71,363)	(73,302)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(6,965)	(6,384)	(6,304)	(5,928)	(5,530)	(3,798)	(2,555)	(2,128)	(1,015)	(1,017)
Net cash provided by (or used in) Financing Activities	(6,965)	(6,384)	(6,304)	(5,928)	(5,530)	(3,798)	(2,555)	(2,128)	(1,015)	(1,017)
Net Increase/(Decrease) in Cash & Investments	(60,388)	(28,306)	(33,341)	(8,065)	2,228	3,760	3,414	4,825	6,345	6,510
Plus: Cash & Investments - beginning of year	218,285	157,897	129,591	96,250	88,185	90,413	94,173	97,587	102,412	108,757
Cash & Investments - end of year	157,897	129,591	96,250	88,185	90,413	94,173	97,587	102,412	108,757	115,267

Cash and Investments Statement

Year	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000	2023/24 \$ '000	2024/25 \$ '000	2025/26 \$ '000	2026/27 \$ '000	2027/28 \$ '000
Total Cash and Investments	157,897	129,591	96,250	88,185	90,413	94,173	97,587	102,412	108,757	115,267
Represented by:										
Externally Restricted										
Developer Contributions	27,844	14,165	4,395	570	309	607	1,704	3,090	4,254	5,195
Specific Purpose Unexpected Grants	7,914	2,914	414	414	414	414	414	414	414	414
Domestic Waste Management	244	244	244	244	244	244	244	244	244	244
Total Externally Restricted	36,002	17,324	5,053	1,228	967	1,265	2,363	3,748	4,912	5,854
Internally Restricted										
Deposits, Retentions & Bonds	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944
Employee Leave Entitlement	6,202	6,345	6,491	6,640	6,793	6,949	7,109	7,272	7,439	7,610
Other	13,004	7,802	6,242	4,994	3,995	3,196	2,557	2,046	1,637	1,310
Total Internally Restricted	29,150	24,091	22,677	21,578	20,732	20,089	19,610	19,262	19,020	18,864
Total Restricted Cash	65,152	41,414	27,729	22,806	21,698	21,354	21,972	23,011	23,933	24,718
Total Unrestricted / Available Cash	92,745	88,177	68,521	65,379	68,715	72,819	75,615	79,401	84,824	90,549

Capital Budget Statement

Year	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital Funding										
Working Capital	13,205	18,653	22,175	15,285	10,060	10,225	10,396	10,589	10,791	10,986
Depreciation	38,515	33,019	36,939	37,133	41,613	42,797	44,030	45,409	46,851	48,268
Capital Grants Contributions	6,480	9,677	2,156	2,166	-	-	-	-	-	-
External Restrictions										
- S94	5,277	11,091	14,204	13,470	10,000	10,219	10,447	10,706	10,977	11,239
- S94A	7,525	8,290	6,200	3,750	2,500	2,555	2,612	2,676	2,744	2,810
- DWM	19,500	-	-	-	-	-	-	-	-	-
Internal Restrictions										
- Loan	-	-	-	-	-	-	-	-	-	-
- Other	14,585	2,777	1,131	611	-	-	-	-	-	-
- Underlying Saving	3,781	2,143	200	200	-	-	-	-	-	-
Income from Sales of Assets										
- Plant and Equipment	2,415	2,431	2,448	2,468	2,487	2,506	2,525	2,546	2,569	2,591
Total Capital Funding	111,283	88,080	85,452	75,083	66,660	68,301	70,009	71,927	73,932	75,893
Capital Expenditure										
Plant & Equipment	29,304	5,634	9,666	4,616	5,513	5,663	5,819	5,994	6,178	6,357
Office Equipment	2,369	1,762	1,072	1,667	4,410	4,530	4,655	4,796	4,942	5,086
Furniture & Fittings	310	50	50	50	-	-	-	-	-	-
Land Improvements	2,472	4,698	3,800	300	221	227	233	240	247	254
Buildings	21,227	18,566	17,691	24,826	32,262	32,965	33,696	34,522	35,384	36,223
Other Structures	2,260	6,110	210	140	1,103	1,133	1,164	1,199	1,236	1,271
Roads, Bridges & Footpaths	24,928	23,758	25,094	20,414	11,466	11,779	12,104	12,468	12,849	13,223
Stormwater Drainage	7,068	12,424	12,559	8,276	10,143	10,420	10,708	11,030	11,367	11,698
Library Books	1,035	1,046	1,067	1,089	1,544	1,586	1,629	1,678	1,730	1,780
Other Assets	540	620	740	40	-	-	-	-	-	-
Art Collection	31	31	31	31	-	-	-	-	-	-
Swimming Pools	750	375	725	725	-	-	-	-	-	-
Open Space/ Recreational	18,988	13,006	12,747	12,910	-	-	-	-	-	-
Total Capital Expenditure	111,283	88,080	85,452	75,083	66,660	68,301	70,009	71,927	73,932	75,893

Statement Of Performance Measures

Key Performance Measures are prepared in accordance with Office of Local Government methodologies as detailed below. They demonstrate performance trends on the basis of forward projections and assumptions contained in the Long Term Financial Plan and indicate that Council will meet the required benchmarks in each of ten years covered by the plan.

Year	Benchmark	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1. Operating Performance											
Total continuing operating revenue excluding capital grants and contributions less operating expenses	>0	2.37%	3.41%	2.58%	4.34%	4.25%	4.17%	3.72%	3.94%	4.01%	4.01%
Total continuing operating revenue excluding capital grants and contributions											
2. Unrestricted Current Ratio											
Current asset less all external restrictions	>1.5x	2.08	2.10	2.04	2.07	2.22	2.13	2.22	2.36	2.52	2.68
Current liabilities less specific purpose liabilities											
3. Own Source Operating Revenue											
Total continuing operating revenue excluding all grants and contributions	>60%	92.31%	92.36%	92.42%	92.18%	92.30%	92.34%	92.41%	92.19%	92.31%	92.35%
Total continuing operating revenue inclusive of capital grants and contributions											
4. Debt Service Cover Ratio											
Operating results before capital excluding interest and depreciation/impairment/amortisation	>2x	3.07	5.12	5.39	6.40	6.96	7.57	9.97	13.17	14.95	20.14
Principal repayments (from the statement of cash flow) plus borrowing interest costs (from the income statement)											
5. Rates and Annual Charges Outstanding											
Rates and annual charges outstanding	<5%	2.98%	2.92%	2.85%	2.78%	2.72%	2.66%	2.60%	2.53%	2.47%	2.42%
Rates and annual charges collectable											
6. Cash Expense Cover Ratio											
Current period's cash and cash equivalents + term deposits	>3 months	6.87	5.20	3.89	3.39	3.55	3.62	3.69	3.78	3.93	4.09
Payments from cash flow of operating and financial activities											
7. Building and Infrastructure renewals ratio											
Asset renewals (renewals only for Infrastructure Assets)	>100%	256.88%	230.23%	215.24%	184.19%	158.71%	158.30%	157.89%	157.48%	157.07%	156.68%

Statement of Borrowings

The Long Term Financial Strategy recognises debt as an important source of funds for large capital projects.

There are no anticipated new borrowings over the 10 year period of the Long Term Financial Plan, however Council will continue to review the need to borrow for

major infrastructure projects. Spreading these costs over a number of years facilitates inter-generational equity and smooths out long term expenditure peaks and troughs.

Supporting Information

Commercial Activities

A number of activities we provide are defined as businesses for the purpose of National Competition Policy. We are required to report on and adopt principles of competitive neutrality in respect to these activities.

Competitive neutrality is the principle of creating a level playing field so there is no advantage over other businesses because of public ownership.

Category 1 Businesses are activities with operating revenue greater than \$2 million. We are required to determine the full costs of carrying out the business activity as far as possible including tax equivalent regime payments and return on capital.

Businesses with operating revenue of less than \$2 million are Category 2 Businesses and while reporting requirements are less rigorous, for consistency, we apply the same accounting treatment. The following activities have been identified as commercial activities.

Business Activity	NCP Category
Children's Services	1
Glen Street Theatre	1
Kimbriki Environmental Enterprises Pty Ltd	1
Parking Stations	1
Sydney Lakeside Caravan Park	1
Aquatic Centres	1
Certification Services	2

northernbeaches.nsw.gov.au



northern
beaches
council