

City of Wollongong, from the mountains to the sea

Our Resourcing STRATEGY 2018 - 2021

ADOPTED 25 JUNE 2018

Supporting the Community Strategic Plan – Our Wollongong 2028



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Long Term Financial Plan 2018 - 2028

Strategic Asset Management Plan 2018 - 2028

Workforce Strategy 2018 - 2022

Information Management & Technology (IMT) Strategy 2018 - 2020

Acknowledgement of Country

Wollongong City Council would like to show their respect and acknowledge the Traditional Custodians of the Land, Elders past and present, and to extend that respect to other Aboriginal and Torres Strait Islander people.

Our Resourcing Strategy

Our Resourcing Strategy outlines how Council will allocate resources to achieve the vision and goals set out in Our Wollongong 2028. This Strategy identifies how we best plan, develop and utilise our resources to enhance performance of our business to deliver better outcomes for our community.

Our Resourcing Strategy consists of four components: Long Term Financial Plan (10 year plan), Strategic Asset Management Plan (10 year plan), Workforce Strategy (4 year plan) and the Information Management and Technology Strategy (2 year plan).

This Strategy is a supporting document to the Our Wollongong 2028 Community Strategic Plan, and focuses on those matters that are the responsibility of Council. It focuses specifically on finances, assets and people, and an additional focus on technology as an identified resource focus.



Our Wollongong 2028 Community Strategic Plan

Six years ago we worked with the community to develop our first Community Strategic Plan, Wollongong 2022 which included our 10-year vision and goals.

Council went out to the community last year to refresh the Plan and ensure the goals are still relevant and taking us in the right direction. We heard from community members of all ages, government agencies, businesses and our numerous networks. Results of the engagement revealed the majority agree the six interconnecting goals driving this plan are still relevant.



Our community have identified the following areas for consideration:

- Traffic, reducing congestion and improving public transport;
- Parking, including cost and availability in the city centre;
- Protecting our local environment and planning for and managing impacts of climate change;
- Ensuring appropriate levels of development in the city centre and near beaches;
- Urban greening;
- Increasing employment opportunities for local residents with an emphasis on youth employment; and
- Housing affordability.

Our Wollongong 2028 Goals

- 1** We value and protect our environment.
- 2** We have an innovative and sustainable economy.
- 3** We have a creative, vibrant city.

- 4** We are a connected and engaged community.
- 5** We have a healthy community in a liveable city.
- 6** We have affordable and accessible transport.

Preparing Our Resourcing Strategy

For the last ten years, Council has maintained a strong focus on working toward financial sustainability. Following an extensive community engagement process, the 'Securing Our Future' program was developed and implemented.

During this time Council focused on building our financial sustainability and ensuring our roads, pools, playgrounds and other community infrastructure were being renewed or replaced in a timely fashion. This was undertaken working with our community to identify their priorities. A sustained focus on Securing our Future has contributed to an overall Council spend of

\$162.7 million on renewal projects as part of the capital works program over the last 4 years, with revenue made available to capital from operational funds of \$164.0 million. This equates to a performance of 113% relative to the target of 85%.

These achievements have led to Council being found 'financially fit' - in a strong financial position - by the NSW State Government. This position provides an opportunity for Council to change focus for the Delivery Program and Operational Plan 2018 - 2021.



Our Shift in Focus

While the rigour and focus of financial sustainability will remain, the key focus can now shift to deliver our services more effectively, efficiently and innovatively.

In 2017 Council embarked on an internal program to optimise our performance in achieving our community goals. This program, referred to as 'Leading the Way', provides a framework for the workforce in planning and delivery of services.



There are a number of programs which are underway or in the planning phase aimed at improving our performance to support the provision of high quality community and customer services.

Some of these programs include:

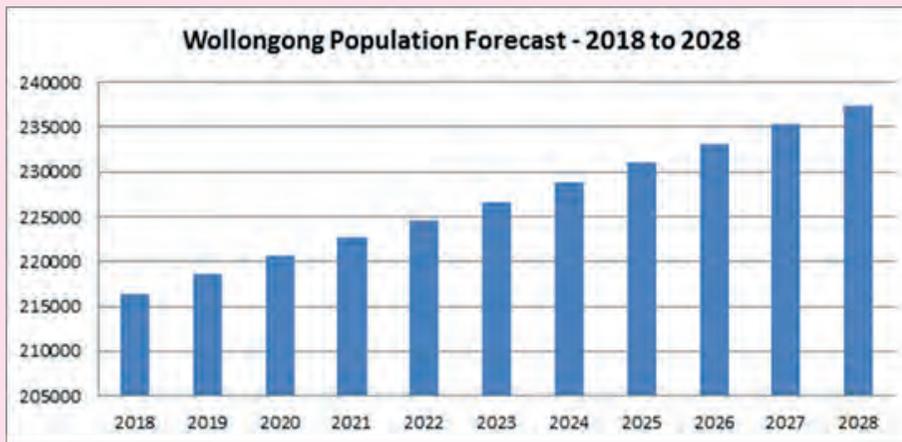
- Information Management & Technology Strategy
- Safety Behavioural program - 'Our Safety'
- SEED Innovation Collaboration
- Workforce Strategy 2018 - 2022
- Reward Strategy Review
- Internal Communication Strategy

Future Challenges

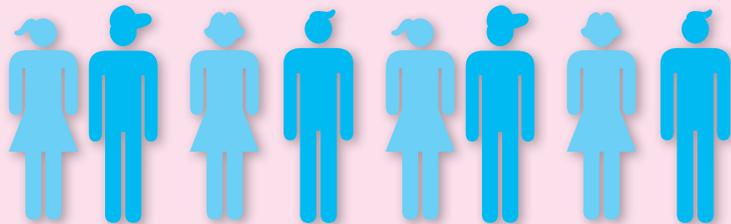
Over the next ten years, there are a number of changes forecast within the Local Government Area (LGA). This Strategy identifies these changes and considers how they will affect the way Council plans for and delivers services.

Population Growth

The current forecast population of Wollongong is 216,375 (2018) and is forecast to increase by 0.97% per annum to 237,453 in 2028 (idProfile).

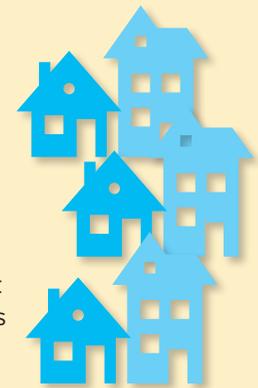


Source: id Profile



New Dwellings

The number of dwellings is expected to increase by 1.11% per annum over the next ten years. This increase in dwellings creates a necessary increase in infrastructure assets and will have significant implications for Council's responsibilities including resource management for a growing range of assets across the LGA from both greenfield as well as infill development. Wollongong is forecast for the greatest increase in projected growth, followed by the suburbs within the West Dapto development area.



Climate Change

The effects climate change has on assets is being monitored and mitigated where possible. Any changes to assets are planned for and implemented.



Technology

Technology is rapidly changing and is predicted to affect the way services are delivered.



Council's Ageing Workforce

Like the majority of Council's across NSW, Wollongong City Council's workforce is ageing. Our Workforce Strategy sets actions to prepare the organisation for this challenge and effectively support our people.

Long Term Financial Plan 2018 - 2028

The first section of the Resourcing Strategy is Council's Long Term Financial Plan (LTFP). The LTFP provides an outline of financial forecasts based on the information available and decisions made through the planning process. The Plans and corresponding financial forecasts are built within the parameters of Council's Financial Strategy.

The Financial Strategy provides direction and context for decision making in the allocation, management and use of Council's limited financial resources. It sets the parameters within which Council plans to operate to provide financial sustainability, affordability, focus and efficiency or value for money, over the short, medium and longer terms.

The LTFP contains financial projections for the next ten years and outlines the assumptions that underlie these projections.

The LTFP has been used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program.

A full copy of the Long Term Financial Plan 2018 - 2028 is available on Council's website.



Strategic Asset Management Plan Summary 2018 - 2028

Council is the custodian of community assets with a replacement value of \$4.1 billion. These assets include roads, drains, footpaths, community facilities, recreational facilities, parks and gardens.

The Strategic Asset Management Plan (SAMP) is a component of the Resourcing Strategy and sets the strategic direction for Council's management of its assets to support service delivery needs of the community into the future, balanced with the available financial resources and workforce to ensure long term sustainable service provision. Fundamentally, this Plan sets out our strategy and programs to provide assets to agreed levels of service, continually improve the way we deliver our services and the way we manage our assets.

A full copy of the Strategic Asset Management Plan 2018 - 2028 is available on Council's website.



Workforce Strategy 2018 - 2022

Also forming part of the Resourcing Strategy is the Workforce Strategy. This plan defines how Council intends to manage its workforce resources to achieve the services and goals identified through the Delivery Program. It is flexible and allows for management of the workforce to meet changing service delivery needs while focusing on the optimisation of Council's ability to deliver excellent customer and community services.

An effective workforce strategy aims to provide Council with the people best able to inform its strategic direction, develop innovative approaches to complex issues and deliver appropriate services effectively and efficiently. To deliver our key objectives we need our workforce to be enabled, responsive, capable, engaged, inclusive, safe and well.

A full copy of the Workforce Strategy 2018 - 2022 is available on Council's website.



Information Management & Technology (IMT) Strategy 2018 - 2020

As a core enabling function, Council relies on effective information management and technology to support the delivery of services and infrastructure to our community. Council makes a significant investment in information management and technology, including infrastructure, corporate applications, websites, data and voice network, and end point devices.

The IMT Strategy will assist Council in achieving the Delivery Program objectives and community outcomes expressed in Our Wollongong 2028. Successful deployment of the IMT Strategy will support Council in becoming a sustainable organisation ensuring our workforce, systems and processes support high performance and optimal service delivery for our community.

A full copy of the Information Management & Technology (IMT) Strategy 2018 - 2020 is available on Council's website.



Conclusion

Our Resourcing Strategy is Council's commitment to delivering quality services and infrastructure to our community.

The Strategy will help guide the community's long-term goals and objectives, expressed in the Our Wollongong 2028 Community Strategic Plan. Effective resource planning enables Council to focus on both the short-term opportunities indicated in the Operational Plans, as well as the medium and longer term challenges.

Long Term Financial Plan

2018 - 2028

ADOPTED 25 JUNE 2018





FINANCIAL PLANNING

INTRODUCTION

Wollongong City Council is committed to the principles of financial sustainability and good financial management. Council will use ratepayers' money, together with other funding available, wisely to provide prioritised services and improve financial sustainability and asset management. Financial sustainability is defined as where the planned, long term service and infrastructure levels and standards of Council can be met without unplanned increases in rates or disruptive cuts to service. Good financial management requires the understanding of the short and long term financial impacts of decisions now, in the past and the future. It also requires consideration of the potential influences outside of Council's control that may impact on the finances of Council.

The Long Term Financial Plan is a component of the Resourcing Strategy that provides the financial expression of the directions proposed and decisions of Council. The Long Term Financial Plan contains financial projections for ten years and details the planning assumptions that underlie these; the key indicators that are used to measure performance; and discussion of risk areas. It is a living document intended to support decision making and provide a guide for future action. It is continually updated to reflect both internal decisions and external impacts.

The plan and corresponding financial forecasts are built within the parameters of Council's Financial Strategy (Council Policy). The Financial Strategy provides direction and context for decision making in the allocation, management and use of Council's limited financial resources. The Financial Strategy sets the

parameters within which Council plans to operate to provide financial stability, affordability, focus, efficiency or value for money, over the short, medium and longer terms. The key performance indicators outlined in the Financial Strategy are supported by clear targets to support continuous measurement of financial sustainability. In this context, the Long Term Financial Plan is the compass for providing direction for financial sustainability.

FINANCIAL STRATEGY

The Financial Strategy in its current form was first developed in 2008 and has had a number of revisions, particularly to the targets for key indicators. The changes in these targets have been modified over time to reflect Council's financial sustainability, maturity and evolution. The first major revision was made in 2014 when, following an extensive community consultation process, the 'Securing Our Future' plan was adopted by Council creating the blueprint for the final steps in the journey towards financial sustainability. It is important to remember the 'Securing Our Future' targets were aimed at providing sustainability at the current service levels, by allowing sufficient funding to carry out existing services at existing levels and replace assets with equivalents as required over a period of time.

In April 2017, Council adopted a revised Financial Strategy that fine-tuned targets to continue to provide direction and context for decision making. Over time, as Council considers future expectations and direction through its planning process, the parameters and targets supporting the Strategy may change. The Financial Strategy should be viewed as an enabling strategy that aims to provide financial stability over the short, medium and longer term.

The most significant financial principles and targets of Council's Financial Strategy are described below. A full copy of the Financial Strategy can be accessed under Policies on Council's website.

INDICATOR	TARGET
Operational Result (pre capital)	Small Surplus (average over 3 years)
Funds Available from Operations	At least equal to depreciations
Available Funds (% of operational revenue)	3.5% - 5.5%
Total Funds Result	Nil
Debt Service Ration	<4%

OPERATIONAL RESULT (PRE CAPITAL)

Council will plan to maintain a small operational surplus (average over 3 years) in the future.

From a financial planning perspective, the operational performance of an organisation is the key to long term financial viability and sustainability. In general terms, if an operating result is not in surplus, it indicates an organisation is not earning sufficient revenue to maintain its existing operations into the future. The Operational Result [pre capital] (that is, before capital grants and contributions for new assets) is used because capital income is not available for managing the existing services.

The operating result should usually be viewed over a period of time to get a true indication of performance. This is important as the annual results can be impacted by short term timing that is not indicative of performance.

FUNDS AVAILABLE FROM OPERATIONS

Council will plan for Funds Available from Operations at least equal to depreciation.

The matching of Funds Available from Operations with Council's asset renewal target (currently depreciation over the long term) is a primary target of Council to provide for effective renewal of assets and growth in assets.

This indicator demonstrates the capacity to generate sufficient funds from operations to meet the required level of asset renewal.

AVAILABLE FUNDS

Council will aim to maintain Available Funds between 3.5% and 5.5% of operational revenue (pre capital).

Available Funds are uncommitted funds of an organisation that assist in meeting the short term cash requirements, provide contingency for unexpected costs or loss of revenue and provide flexibility to take advantage of opportunities that may arise from time to time.

TOTAL FUNDS RESULT

Council's annual allocations to operational and capital budgets will generally not exceed anticipated cash inflows. Where Available Funds level are above minimum requirements, consideration will be given to the allocation of funds to deferred asset renewals or investments that reduce future operational costs.

While Council has had operating deficits over a period of time, it has been able to ensure its funds result (cash inflows compared to cash outflows) has remained in balance. Short term stability requires that the annual budget is affordable and cash is managed to ensure payments can be made as needed. By holding a level of available funds and planning for breakeven funds results, this position can be maintained.

DEBT SERVICE RATIO

Council will remain a low debt user by maintaining a debt service ratio below 4%.

Debt is a financing mechanism that does not add to the funds available to Council over a long term plan. Debt, at a cost, can be used to smooth out the timing in the delivery of works to ensure asset renewal can be delivered when most economical to do so. Debt will be considered as part of the Capital Budget process and will only be approved where there is an agreed economic, social or environmental benefit from a project and other sources of funding are not available. The term of any debt shall not exceed the life of the asset it is used to fund.

CURRENT FINANCIAL SITUATION - WHERE ARE WE TODAY?

Current projections indicate Council will be able to meet key performance indicators and targets set in the Financial Strategy and industry benchmarks over the life of the Long Term Financial Plan.

Financial sustainability through these measures indicate Council is able to continue to provide existing levels of service with the equivalent assets into the future without increases in rates or other revenue beyond indexation. Improvements achieved beyond the targets, together with the expectation of continued better than budget performance, have provided Council with an opportunity to enhance some service deliveries, accelerate a number of planned projects and introduce additional projects through the Resourcing Strategy 2018-21 and Delivery Program. Over time, Council will continue to consider and make sustainable decisions about how resources are applied to meet changing community needs and expectations as our city grows.

While reaching financial sustainability had been Council's aspirational target over a number of years, having reached that position future considerations are to balance demand for increased service, threats to the cost of providing services, and improvements and efficiency in the delivery of service, with the willingness of the community to fund Council's activities. Council's Financial Strategy and management seek to continue efficiency so, where achieved, a decision will be made through Council's planning process to direct resources to improvement or enhancement of services based on community demand or to restraining the cost of Council services to the community. The emerging and substantial challenge for Wollongong sitting alongside the existing operations is the expected significant growth in West Dapto and the impacts on financial sustainability over time.

There has been continuing progress in reducing much of the future potential financial risks of funding the construction and development of West Dapto through the revised Section 94 Development Contributions Plan and the agreement of the NSW Government to assist in funding that plan through its Local Infrastructure Growth Scheme (LIGS) program. The LIGS program allows Wollongong Council to apply to the State Government to fund the gap between the capped payments set for developers and the forecast funding required to build the vast majority of assets directly related to the new development. The State Government has a pool of funds available to assist councils in funding the contributions gap.

It is expected that the West Dapto development will occur over a 40 to 60 year period which is a disproportionately long period in terms of a 10 year Long Term Financial Plan. The implications are that Council, through its ten year plan, is starting to introduce the financial reporting implications, based on extremely broad assumptions, for actions that may vary markedly as the future unfolds. A conservative approach is currently being taken to these forecasts that assumes a self-funding model outside of the LIGS funding and agreed

grant programs. The financial model for West Dapto does not include further levels of government support or design efficiency that should be available into the future. Council has been very successful in its short development history in West Dapto attracting substantial levels of government grants (\$45 million) and low cost loans (\$46.6 million). While further support is reasonably expected, it is not considered prudent at this point in time to make predictions of the quantity or timing of such future support.

The current modelling for development and asset requirements indicate that in the latter years of the 10-year plan, there is a possibility that some infrastructure assets will need to be built in preparation for development that could precede the payment of developer contributions. If that were to occur, it is anticipated that some level of debt financing would be required that would be repaid by future development contributions and restricted assets created from revenue growth in the West Dapto area. At this stage, the Long Term Financial Plan does not indicate that debt financing will be required, however, this could change as development is realised over the period.

The current modelling of the potential impacts of West Dapto operations on the key performance indicators is included in the forecasts. The current modelling of the next 60 years of development is based on a range of very broad and highly volatile assumptions around the volume and timing of development; the form and delivery expectations for infrastructure requirements; costings based on pre concept design where contingencies would normally remain in the 60 to 100% range and asset maintenance and operational costs based on the pre concept design. The modelling does not include external funding opportunities unless Council has reached agreement with a funding or partnering organisation. It is anticipated there will be substantial movement in assumptions and forecasts over the many years of the development.

In addition, and most significantly, the current model includes depreciation costs on all infrastructure on a straight line basis. This is significant because the residents who will use the roads, drains and parks will, over time, fund the life cycle cost of these assets, and in most cases will not exist when the assets are built. This will create an anomaly in the financial reporting where depreciation will exist without sufficient revenue to fund the depreciation, creating an Operating Result deterioration. It is inevitable Council's reported financial results will show this deterioration in the medium term while our underlying long term financial capacity will not necessarily be reduced. During this time, and for a significant time into the future, Council will not be required to replace the new assets or to fund depreciation at the level being reported. A revised target and measurement may be required to better reflect the revised financial requirements during that period and depreciation rates other than straight line will be considered and applied if appropriate.

The financial impacts of West Dapto within the current assumptions and modelling are discussed further throughout this report.

LONG TERM FINANCIAL PLAN - FORECASTS

The objective of Council's Long Term Financial Plan (LTFP) is to provide Council decision makers and the community with information that outlines the financial balance between aspirations and capacity. It also identifies future financial opportunities or challenges. The forecasts highlight the financial implications of Council's estimated funding available and proposed activities to which the funding will be applied.

Like all forecasts, this Financial Plan is based on a range of assumptions that are detailed throughout the document and, more particularly, in the assumptions notes attached to the Plan. As assumptions and realities change throughout the delivery period, these forecasts will be updated through quarterly and annual reviews to provide up to date information. Council's ten year financial forecasts are reviewed on an ongoing basis so that information is made available continuously. Specific reporting against the forecast is made on a quarterly basis in conjunction with Council's quarterly reviews.

RESOURCING ALLOCATIONS PROPOSED

The ten year financial forecast includes a continuation of existing and enhanced service and levels of service as outlined in the Delivery Program 2018-22. Estimates for expenses and income in future years have been applied based on those service levels unless a decision has been made, or a proposal is in place, to vary this level. In setting this plan there are proposals included to provide increased service and assets used in providing services in a number of key service areas over a period of time.

The plan includes proposal for enhancements to current service levels in the following areas:

SERVICE ENHANCEMENTS	
PROGRAM	2018/19* \$000's
Expand Your Tutor Program	15
Urban Greening and Pest Species Management Including programs relating to: <ul style="list-style-type: none"> • Trees & Urban Greening • Pest Species Management • Natural Area Management • Community Engagement for Urban Greening Programs 	600
Economic development programs & initiatives (\$610K 2019/20 & future years*) Including programs relating to: <ul style="list-style-type: none"> • City Centre Activation • Signature Events • Marketing the Wollongong Advantage • Architecture/Public Art App 	280
Enhanced Public Domain Maintenance (\$200K 2019/20 & future years*)	
Operational costs - Warrawong Library & Community Centre (2023/24*)	403
Operational costs - Helensburgh Library (2022/23*)	364
TOTAL	1.662

*Indexed for future years

During the 2018-19 planning cycle a range of capital and non-recurrent projects have also been included that are funded from the Strategic Projects internally restricted cash.

These are as follows:

PROPOSED PROJECTS AND PROGRAMS Funded from Strategic Projects Restricted Cash				
	2018/19*	2019/20*	2020/21*	2021/22*
	\$000's	\$000's	\$000's	\$000's
Capital Projects				
Helensburgh Library - allocation of additional funds				2,800
New Footpaths	1,000	2,800		
New Sportsfield Lighting	50	200	200	
Accelerate energy efficiency on Council buildings	100	200	200	200
Additional Sportsfield Drainage	125	125		
Grand Pacific Walk Review Future Stages	75	125		
Welcome Signs	30			
	1,380	3,450	400	3,000
Studies & Supporting Documents				
Beaton Park Master Plan (design)	100			
Social Infrastructure Supporting Document	30			
Review Economic Development Strategy	50			
Bellambi Foreshore Precinct Plan	50	150	100	
Integrated Transport Strategy		50	50	
Review of the Inner City Parking Strategy 2020-26		40	40	
City Wide LEP Review			100	100
Offset from Centralised Studies budget	(12)	(240)	(290)	(100)
	218	0	0	0
Other Non Recurrent Projects				
IPAC Recapitalisation	300			
Enhanced Public Domain Program Development	75			
Innovation App Competition	40			
Grand Pacific Walk Review	50			
Social Enterprise Handbook	30			
Investigate Northern Green Waste Station	20			
Resurfacing Towradgi Tennis & Basketball Courts	20			
Pilot Public Place Recycling	50	30	30	30
Community Focussed Active Transport	60	200	60	
Program Development	45	46	46	
Volunteering Illawarra	5	35		
Figtree Park Landscaping	695	311	136	30
TOTAL	2,293	3,761	536	3,030

In addition to funds allocated to service and asset enhancements, Council retains funds as Internally Restricted assets that it may apply through future variations to its plan and budget. There is a detailed listing, explanation and forecast movement in Restricted Assets provided in the assumptions section of this plan. One important restricted asset relating to Council's future decision making during the life of this plan is the Strategic Projects – Uncommitted Restricted Asset which remains available to assist in advancing existing or additional projects as they develop over the period.

Council's strategic planning process has identified a number of issues and/or projects that are considered as potential investments which respond to its Community Strategic Plan and Delivery Program. These actions are in their early stages of development and will require research and investigation prior to consideration of funding and inclusion in a Delivery Program. Not all projects or works considered will necessarily lead to an action as it may be envisaged today. Council will continue to develop these and other issues within its Community Strategic Plan and will further consider their introduction over time. The following provides an overview of issues currently at this stage of development:

- Longer term capital works and impacts of development and operations for West Dapto
- Multi storey carparks in the city and/or North Beach precinct
- Potential development of Council owned land in West Dapto
- Implications of Lake Illawarra
- Greenhouse Park rehabilitation
- Sportsfield enhancements
- All abilities access for beaches
- Grand Pacific Walk future stages
- Off leash dog parks
- Implementation of the Leading the Way program focusing on optimising performance through more effective, efficient and innovative service delivery. Encompassing programs such as the Review and optimisation of Council facilities and office accommodation, implications and outcome of the Information Management & Technology Strategy, Workforce Strategy and Safety Behavioural Program.

KEY FINANCIAL STRATEGY FORECAST

OPERATING RESULT (PRE CAPITAL)

The Operating Result [pre capital] provides an indication of the long term viability of Council and its capacity to earn sufficient revenue to fund ongoing operations (services) and continue to renew existing assets over the long term. This measure should be viewed over a long term basis as annual results may be impacted by timing. For example, in the diagrams below, 2018-19 indicates a deficit result due to the early payment of part of the Federal Assistance Grant for 2018-19 in 2017-18. Other timing impacts may result from specific purpose grants received in one year and recognised as income under accounting standards although expended in future years. Similarly, the introduction of operational projects funded from internally restricted assets will have the same impact.

Diagram 1 shows the forecast Operating Result (pre capital) for the next ten years and indicates Council will be able to achieve its 'small annual surplus average over three years' target outlined in the Financial Strategy.

Diagram 1



The introduction of current estimates for income and expenditure for the West Dapto development area into these forecasts at this stage does not have a significant impact on the result over the life of the current Long Term Financial Plan. It is anticipated over a longer period the size of the impact from West Dapto based on current modelling and conservative assumptions will increase. Council's long term financial estimates historically have a deteriorating results curve, albeit representing a very small variation in annual budget, due primarily to conservative estimates on future upsides. In practice, Council's annual processes and budget deliberations work to ensure action is taken each year that avoids deterioration so the long term picture of downturn does not eventuate. The current forecast represents a sustainable position for Council through the ten year term.

FUNDS AVAILABLE FROM OPERATIONS

The Operating Result [pre capital] is an accounting result which can provide variable results and does not necessarily best reflect long term financial sustainability. The ultimate 'financial sustainability' goal for Council is to provide services at an agreed level on a continuous basis and be able to maintain and replace assets used in providing those services on an ongoing basis. Council receives income and elects to spend that money on day to day activities to provide services and operate the organisation. This is reflected in the Income and Expense Statement. The Operating Result [pre capital] disclosed in the Income and Expense Statement includes depreciation and other non cash expenses so a balanced Operating Result [pre capital] will produce an operating cash surplus. This cash surplus is available to fund renewal of existing assets that Council considers a more reliable indicator.

The forecast Funds Available from Operations is compared against the level of depreciation as this is the proxy for the long term funding required to renew existing assets at the current level. Council's Financial Strategy over the long term is to maintain a level where the Funds Available from Operations equals depreciation.

Council's Financial Strategy acknowledges not all Funds Available from Operations will be applied to renewing assets and assets will not always be replaced on a like for like basis. Provision needs to be made for upgraded, enhanced and new assets as the community demands and expectations change. Additional capacity is created where: existing asset renewal is funded from other revenue sources such as grants and contributions; efficiencies in the replacement or life of assets is achieved; additional rate revenue is received through growth and rationalisation of assets through efficiency while maintaining an agreed service level is achieved. While such capacity is inevitable over time, it is not easy to forecast and may need to be supplemented through other financial options if higher levels of enhanced service is required.

Diagram 2 shows Council’s forecast Funds Available from Operations position. The expected continuation of achievements realised through the ‘Securing our Future’ program means Council can continue to meet the target set in the Financial Strategy with projected Funds Available from Operations meeting the level of forecast depreciation over the next ten years.

Diagram 2



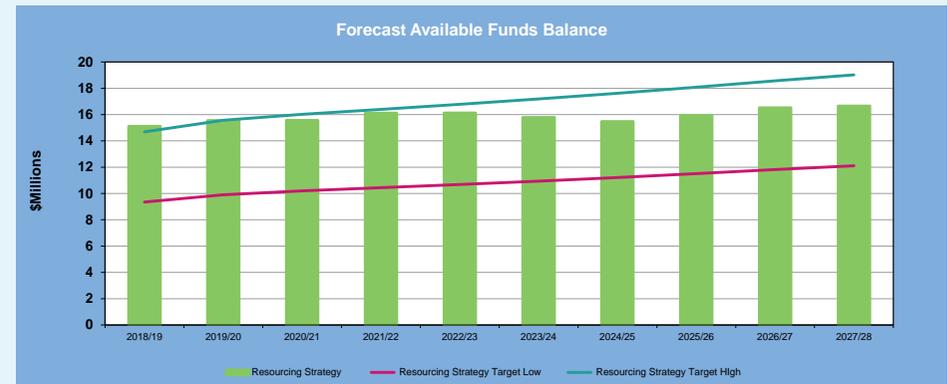
The incorporation of the West Dapto development area projections has resulted in an emerging gap between Funds Available from Operations and depreciation expense forecasts in the last few years of the Long Term Financial Plan as shown in Diagram 2. During these latter years, Funds Available from Operations begins to exceed depreciation forecasts due to West Dapto. The ten year financial forecasts are based on the assumption that these additional funds will be applied to new assets in the West Dapto area. Depreciation costs are reflected on a linear basis in the financial projections however, actual asset renewal occurs in very different timeframes. During this time and for a significant time into the future, Council will not be required to replace the new assets and will not be required to fund that depreciation at the level being reported. With a mature, relatively unchanging asset base, this performance measure provides a good indicator for ability to provide long term funding for asset renewal. However, with a concentrated expansion of an asset base that occurs with large growth areas such as West Dapto, the indicator becomes distorted. The West Dapto development is expected to generate significant cash holdings that will not be required for asset renewal well into the future. This measure will need to be refined over time to better measure performance for the existing city base and separately for West Dapto.

AVAILABLE FUNDS

Available Funds are the uncommitted funds of an organisation that assist in meeting the short term cash requirements, provide contingency for unexpected costs or loss of revenue and provide flexibility to take advantage of opportunities that may arise from time to time. Council’s Financial Strategy has a target to achieve and maintain an Available Funds position between 3.5% and 5.5% of operational revenue (pre capital).

The long term financial projections that support the Resourcing Strategy 2018-2021 indicate that the target range for Available Funds is between \$9.3 million and \$12.1 (lower range) and between \$14.7 and \$19.0 (upper range) over the life of the Long Term Financial Plan. Forecasts indicate Council will be able to achieve this target and generally remain at the upper level of the targeted result over the period. In accordance with Council’s Financial Strategy, increased annual rates, fees and charges created from the subdivision in West Dapto will be applied to West Dapto operational costs and the net Funds Available from Operations of the area will be restricted. In the transition to full development, the West Dapto restricted asset should be made available to meet infrastructure and planning requirements in the area. As funding for West Dapto has been ‘ring-fenced’, the integration of West Dapto financials does not impact the Available Funds (cash).

Diagram 3



DETAILED FINANCIALS

Ten year detailed financial reports provided are based on the assumptions and indices outlined through this report and support the deliverables outlined in the Delivery Program and Resourcing Strategy.

These reports include:

- **Income Statement**
- **Funding and Capital Budget Statement**
- **Statement of Financial Position**
- **Cash Flow Statement**

WOLLONGONG CITY COUNCIL

10 Year Financials

	2018/19 Budget \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000	2027/28 Forecast \$'000
INCOME STATEMENT										
Income From Continuing Operations										
Revenue:										
Rates and Annual Charges	197,686	203,454	209,573	215,899	222,324	229,008	235,654	242,515	249,739	256,297
User Charges and Fees	34,967	35,197	35,606	36,058	36,575	37,098	37,629	38,187	38,760	39,333
Interest and Investment Revenues	4,572	4,981	6,193	5,851	5,207	4,717	4,587	4,676	4,840	5,104
Other Revenues	10,062	10,311	10,608	10,846	11,105	11,355	11,605	11,835	12,094	12,355
Grants and Contributions - Operating	19,837	29,090	29,406	29,555	29,945	30,427	30,962	31,555	32,167	32,798
Capital Grants & Contributions	53,752	48,203	41,541	36,814	37,057	32,503	35,094	58,125	37,964	37,968
Other Income:										
Share of Interest in Joint Venture	0	0	0	0	0	0	0	0	0	0
Profit/Loss on Disposal of Assets	0	0	0	0	0	0	0	0	0	0
Total Income From Continuing Operations	320,876	331,237	332,926	335,022	342,214	345,108	355,531	386,893	375,564	383,855
Expenses From Continuing Operations										
Employee Costs	129,419	131,950	135,102	136,513	139,970	143,405	145,393	149,402	153,967	157,419
Borrowing Costs	3,310	2,722	2,374	2,101	1,985	1,851	1,730	1,896	1,991	1,831
Materials, Contracts & Other Expenses	94,996	94,745	98,340	99,419	103,189	107,360	112,656	114,899	118,246	121,944
Depreciation, Amortisation + Impairment	64,508	66,220	68,025	70,066	73,396	75,697	78,112	80,740	83,351	85,872
Internal Charges (labour)	(16,581)	(17,000)	(17,412)	(17,886)	(18,363)	(18,800)	(19,568)	(19,798)	(20,303)	(20,722)
Internal Charges (not labour)	(1,653)	(1,690)	(1,736)	(1,772)	(1,811)	(1,851)	(1,889)	(1,977)	(2,077)	(2,484)
Total Expenses From Continuing Operations	273,999	276,947	284,693	288,441	298,366	307,662	316,435	325,164	335,175	343,860
Operating Result	46,877	54,290	48,233	46,581	43,848	37,447	39,096	61,730	40,389	39,995
Operating Result [pre capital]	(6,875)	6,087	6,692	9,767	6,791	4,943	4,002	3,605	2,424	2,027

WOLLONGONG CITY COUNCIL

10 Year Financials

	2018/19 Budget \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000	2027/28 Forecast \$'000
FUNDING STATEMENT										
Surplus (Deficit) [Net Operating Result for the Year]	46,877	54,290	48,233	46,581	43,848	37,447	39,096	61,730	40,389	39,995
Add back :										
- Non-cash Operating Transactions	82,076	83,753	85,899	88,424	92,325	95,133	97,752	101,191	105,168	107,451
- Restricted cash used for operations	13,030	10,083	10,279	9,847	10,332	10,727	10,949	11,660	11,837	12,024
- Income transferred to Restricted Cash	(72,658)	(67,383)	(60,627)	(58,345)	(57,636)	(52,193)	(54,141)	(77,008)	(56,859)	(57,565)
- Payment of Accrued Leave Entitlements	(13,146)	(13,565)	(13,980)	(14,414)	(14,885)	(15,182)	(15,217)	(15,621)	(15,500)	(16,020)
Net Share Joint Venture using Equity Method	0	0	0	0	0	0	0	0	0	0
Funds Available from Operations	56,178	67,178	69,803	72,092	73,984	75,931	78,439	81,952	85,035	85,884
Borrowings repaid	(7,692)	(7,913)	(5,242)	(5,482)	(3,702)	(2,564)	(656)	0	0	0
Advances (made by) / repaid to Council	0	0	0	0	0	0	0	0	0	0
Operational Funds Available for Capital Budget	48,486	59,265	64,561	66,610	70,282	73,367	77,783	81,952	85,035	85,884
CAPITAL BUDGET										
Assets Acquired	(97,962)	(109,503)	(115,923)	(110,140)	(113,623)	(111,156)	(107,505)	(92,901)	(114,543)	(115,853)
Contributed Assets	(10,169)	(10,853)	(12,591)	(19,528)	(12,337)	(17,031)	(13,370)	(37,448)	(10,874)	(10,874)
Transfers to Restricted Cash	(1,497)	(2,073)	(2,644)	(3,347)	(3,777)	(4,157)	(4,620)	(5,132)	(5,871)	(5,871)
Funded From :-										
- Operational Funds	48,486	59,265	64,561	66,610	70,282	73,367	77,783	81,952	85,035	85,884
- Sale of Assets	1,795	1,292	1,801	1,854	1,885	1,728	1,729	1,731	1,748	1,765
- Internally Restricted Cash	11,310	13,816	8,079	7,657	7,509	9,422	9,860	10,837	6,478	6,478
- Borrowings	0	0	0	0	0	0	0	0	0	0
- Capital Grants	12,210	15,845	2,702	2,400	1,100	1,220	1,255	1,255	1,255	1,255
- Developer Contributions (Section 94)	8,195	10,241	36,407	34,188	35,164	27,644	19,852	18,795	25,196	25,196
- Other Externally Restricted Cash	9,230	12,595	4,525	830	980	1,184	900	840	840	840
- Other Capital Contributions	10,689	9,809	13,091	20,028	12,837	17,431	13,808	20,544	11,312	11,312
TOTAL FUNDS SURPLUS / (DEFICIT)	(7,713)	435	9	551	21	(348)	(310)	472	575	131

WOLLONGONG CITY COUNCIL

10 Year Financials

	2018/19 Budget \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000	2027/28 Forecast \$'000
STATEMENT OF FINANCIAL POSITION										
CURRENT ASSETS										
Cash Assets	133,642	130,642	120,258	108,702	102,877	92,671	93,996	109,007	116,047	121,662
Investment Securities	14,849	14,516	13,362	12,078	11,431	10,297	10,444	12,112	12,894	13,518
Receivables	25,028	25,836	25,968	26,132	26,693	26,918	27,731	30,178	29,294	29,941
Inventories	298	298	298	298	298	298	298	298	298	298
Assets held for Sale (previously non-current)	0	0	0	0	0	0	0	0	0	0
Other	11,259	11,551	11,852	12,160	12,476	12,800	13,133	13,475	13,825	14,184
TOTAL CURRENT ASSETS	185,076	182,843	171,738	159,369	153,774	142,984	145,602	165,069	172,357	179,602
NON-CURRENT ASSETS										
Non-Current Inventories	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791	5,791
Investments Accounted for using Equity Method	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835
Investment Property	5,129	5,312	5,498	5,688	5,882	6,080	6,282	6,489	6,700	6,915
Intangible Assets	653	653	653	653	653	653	653	653	653	653
Property, Plant & Equipment	2,425,146	2,473,989	2,529,837	2,587,585	2,638,263	2,689,026	2,730,060	2,777,939	2,818,257	2,857,348
TOTAL NON-CURRENT ASSETS	2,438,554	2,487,580	2,543,614	2,601,553	2,652,425	2,703,385	2,744,622	2,792,707	2,833,236	2,872,542
TOTAL ASSETS	2,623,631	2,670,423	2,715,352	2,760,922	2,806,199	2,846,369	2,890,224	2,957,776	3,005,594	3,052,145
CURRENT LIABILITIES										
Current Payables	24,660	24,925	25,622	25,960	26,853	27,690	28,479	29,265	30,166	30,947
Provisions < 12 Months	11,792	12,098	12,413	12,736	13,067	13,407	13,755	14,113	14,480	14,856
Provisions > 12 Months	39,711	40,743	41,803	42,889	44,005	45,149	46,323	47,527	48,763	50,030
Interest Bearing Liabilities	7,913	5,242	5,482	3,702	2,564	656	0	0	0	0
TOTAL CURRENT LIABILITIES	84,075	83,009	85,320	85,287	86,488	86,900	88,557	90,904	93,408	95,834
NON-CURRENT LIABILITIES										
Non Current Interest Bearing Liabilities	17,568	12,529	7,047	3,345	781	125	125	125	125	125
Non Current Provisions	51,941	50,550	50,416	53,140	55,932	58,900	62,002	65,477	70,402	74,532
TOTAL NON-CURRENT LIABILITIES	69,510	63,079	57,463	56,485	56,713	59,025	62,128	65,602	70,528	74,657
TOTAL LIABILITIES	153,585	146,088	142,783	141,772	143,202	145,925	150,685	156,506	163,936	170,491
NET ASSETS	2,470,046	2,524,336	2,572,569	2,619,149	2,662,997	2,700,444	2,739,540	2,801,269	2,841,658	2,881,653
EQUITY										
Accumulated Surplus	(1,303,425)	(1,353,235)	(1,419,336)	(1,480,826)	(1,533,917)	(1,589,043)	(1,624,351)	(1,645,238)	(1,701,155)	(1,735,211)
Surplus (Deficit) for period	(46,877)	(54,290)	(48,233)	(46,581)	(43,848)	(37,447)	(39,096)	(61,730)	(40,389)	(39,995)
Asset Revaluation Reserve	(974,736)	(974,736)	(974,736)	(974,736)	(974,736)	(974,736)	(974,736)	(974,736)	(974,736)	(974,736)
Restricted Assets	(145,008)	(142,075)	(130,264)	(117,006)	(110,497)	(99,218)	(101,357)	(119,566)	(125,379)	(131,711)
TOTAL EQUITY	(2,470,046)	(2,524,336)	(2,572,569)	(2,619,149)	(2,662,997)	(2,700,444)	(2,739,540)	(2,801,269)	(2,841,658)	(2,881,653)

WOLLONGONG CITY COUNCIL

10 Year Financials

	2018/19 Budget \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000	2024/25 Forecast \$'000	2025/26 Forecast \$'000	2026/27 Forecast \$'000	2027/28 Forecast \$'000
CASH FLOW STATEMENT										
CASH FLOWS FROM OPERATIONS										
Receipts										
Rates and Annual Charges	197,421	202,646	209,441	215,735	221,763	228,782	234,841	240,069	250,623	255,650
User Charges & Fees	34,967	35,197	35,606	36,058	36,575	37,098	37,629	38,187	38,760	39,333
Investment Incomes	4,572	4,981	6,193	5,851	5,207	4,717	4,587	4,676	4,840	5,104
Grants & Contributions	63,420	66,440	58,356	46,841	54,665	45,900	52,685	52,232	59,257	59,892
Other Operating Receipts	9,598	9,836	10,121	10,348	10,595	10,832	11,070	11,287	11,532	11,781
Payments										
Employee Costs	(110,458)	(112,651)	(115,341)	(116,203)	(119,163)	(121,924)	(122,922)	(126,463)	(129,125)	(132,753)
Materials & Contracts	(92,522)	(92,790)	(95,907)	(97,310)	(100,485)	(104,673)	(109,978)	(112,137)	(115,268)	(118,678)
Borrowing Costs	(1,089)	(870)	(643)	(392)	(191)	(81)	(8)	(2)	(2)	(2)
Other Operating Payments	0	0	0	0	0	0	0	0	0	0
NET CASH PROVIDED BY (OR USED IN) OPERATIONS	105,908	112,790	107,826	100,928	108,967	100,652	107,905	107,849	120,617	120,327
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Sale of Investment securities	(205)	333	1,154	1,284	647	1,134	(147)	(1,668)	(782)	(624)
Proceeds from Sale of Property, Plant & Equip	1,795	1,292	1,801	1,854	1,885	1,728	1,729	1,731	1,748	1,765
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Payments										
Purchase of Property Plant & Equipment	(97,962)	(109,503)	(115,923)	(110,140)	(113,623)	(111,156)	(107,505)	(92,901)	(114,543)	(115,853)
Advances to Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Purchase of Interest in Joint Ventures										
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	(96,372)	(107,877)	(112,968)	(107,002)	(111,090)	(108,295)	(105,924)	(92,839)	(113,577)	(114,712)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Proceeds from Borrowings and advances	0	0	0	0	0	0	0	0	0	0
Payments										
Repayments of Borrowings and Advances	(7,692)	(7,913)	(5,242)	(5,482)	(3,702)	(2,564)	(656)	0	0	0
Repayment of Lease Finance Liabilities										
NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES	(7,692)	(7,913)	(5,242)	(5,482)	(3,702)	(2,564)	(656)	0	0	0
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS HELD	1,845	(3,001)	(10,384)	(11,556)	(5,825)	(10,206)	1,325	15,011	7,040	5,615
Cash at Beginning of Period	131,797	133,642	130,642	120,258	108,702	102,877	92,671	93,996	109,007	116,047
CASH & CASH EQUIVALENTS AT EOY	133,642	130,642	120,258	108,702	102,877	92,671	93,996	109,007	116,047	121,662
PLUS other investment securities	14,849	14,516	13,362	12,078	11,431	10,297	10,444	12,112	12,894	13,518
TOTAL CASH & INVESTMENTS	148,491	145,157	133,620	120,780	114,308	102,967	104,440	121,119	128,941	135,180

LONG TERM FINANCIAL MODEL ASSUMPTIONS, INDICES AND MEASUREMENTS

SERVICE LEVELS

The financial forecast includes revenue and expense estimates for the service levels outlined in the Delivery Program 2018-2021 with the detail of services provided outlined in the Service Plans. The estimates for expenses and income in future years have been applied based on existing service levels unless a decision has been made, or a plan is in place, to vary this level. Changes to existing services or levels of service progressed through the planning process are incorporated into forward estimates as deployment delivery strategies are confirmed. Council considers the allocation of resources to the improvement or enhancement of services based on community demand or to restraining the cost of Council services to its community. The Long Term Financial Plan includes a proposal for recurrent enhancement of service deliveries across a number of areas that have been outlined earlier in this document.

INDEXATION

The financial forecasts supporting the Long Term Financial Plan are comprised of both recurrent and non-recurrent income and expenditure. The non-recurrent items have specified values and timing of delivery. Recurrent items may be subject to the application of indices or may be set based on known commitments for expenditure, such as loan repayments or may be adjusted for volume impacts or future pricing changes.

These indices were derived from a number of publications including long term economic projections published by various banks, the Quarterly Economic Brief from Deloitte Access Economics and IPART recommendations for various utilities and rates pegging.

Variation in actual prices and cost to Council compared to these indices will impact financial results. The extent of this impact will depend on the size of the income or expenditure that is subject to the indices, the extent of variation and the degree to which Council is able to actively mitigate the variation. Council will review its indices at least annually and analyse the impacts of these changes. Significant changes will be addressed as they become known.

The following table provides a summary of the indices that support the Long Term Financial Plan.

INDICES				
	2018/19 Budget %	2019/20 Budget %	2020/21 Budget %	2021/22+ Budget %
Rates Increase	2.30	2.35	2.30	2.25
Rates Increase - growth	0.40	0.40	0.40	0.40
Rates Increase - growth West Dapto	0.51	0.37	0.32	0.39
Fees and Charges	2.25	2.25	2.25	2.25
Interest Rates (90 day bill rate)	2.40	2.70	3.70	3.70
Labour	2.35	2.50	2.50	2.25
Superannuation Guarantee	9.50	9.50	9.50	10.00
Loan borrowing rate	3.90	3.90	4.50	5.90
CPI - general expenditure	1.90	1.90	2.10	2.10
Utilities				
• Electricity	3.10	3.10	3.10	3.10
• Other Utilities	3.10	3.10	3.10	3.10
• Street Lighting	3.10	3.10	3.10	3.10

A decision was made at the time of formulating the 2017-18 Annual Plan to apply a lower indices for CPI for general expenditure than those indicated by the external sources for that year to offset actual CPI increases compared to forecast levels used in prior year.

RATES

Rate revenue projections in the Long Term Financial Plan are based on application of the maximum permissible increase and an allowance for growth in rateable properties.

Rate increases in NSW have been determined by the State Government since 1977 through an approach known as 'rate pegging'. In 2011, the responsibility for determining the annual rate pegging increase was delegated to IPART. Councils are advised of the permissible increase annually. The rate peg is based on previous year movement in the Local Government Cost Index (LGCI) that has been established by IPART less a productivity coefficient. The weighting of individual components of the LGCI is reviewed every four years with the next review due in 2019. Rate revenue forecasts for 2018-19 are based on the approved increase of 2.3% advised in November 2017. As there are no publications providing forecast data on the LGCI, the Long Term Financial forecasts for rates are based on a de facto correlation between CPI and rate peg.

The rates forecasts include an assumption of increased rate income due to growth of 0.4%. This assumption relates to the existing city base for more minor subdivisions, infill and strata development and excludes West Dapto. The assumption is based on historical and future expectations of growth and equates to approximately 420 additional properties. Increased density and population will lead to an increase in the volume and type of service provision. Planned service provision is discussed in the Expenses section of the assumptions. It is considered the additional service requirements of the growing population and properties will be partially absorbed within current service delivery structures and, through economies of scale, provide an opportunity for the remainder of additional funds to be applied to expansion of services and support for asset enhancement that occurs as assets are renewed. Current estimates of additional rate income and expected capacity for economies of scale are shown below.

RATES GROWTH										
	2018/19 Budget \$000's	2019/20 Forecast \$000's	2020/21 Forecast \$000's	2021/22 Forecast \$000's	2022/23 Forecast \$000's	2023/24 Forecast \$000's	2024/25 Forecast \$000's	2025/26 Forecast \$000's	2026/27 Forecast \$000's	2027/28 Forecast \$000's
Balance	393	1,330	1,972	2,629	3,302	3,990	4,696	5,419	6,161	6,958
Proposed Allocation										
Volume increase - 40%	157	532	789	1,052	1,321	1,596	1,878	2,167	2,464	2,783
Asset Enhancement - 30%	118	399	592	789	990	1,197	1,409	1,626	1,848	2,087
Economies of Scale - 30%	118	399	592	789	990	1,197	1,409	1,626	1,848	2,087

Additional rate revenue has also been built into the forecasts for expected development at West Dapto. These estimates have been aligned to a modelled staging of the release area. Growth in West Dapto will require significant new services supported by a substantial level of new infrastructure. The cost of services in this area is intended to be funded from the additional rate revenue as properties are developed. Council has made a decision to 'ring fence' net revenues from West Dapto so it may be used in supporting infrastructure development and providing these services into the future.

FEES & CHARGES

Fees & Charges have generally been indexed in line with labour costs or CPI where these are of a statutory nature.

INTEREST ON INVESTMENTS

Council's anticipated cash holdings are drawn from the forecast revenues and expenditures and anticipated internal and external restricted cash balances and will fluctuate over the life of the Long Term Financial Plan. It is expected the average annual portfolio over the ten years will be in the vicinity of \$120 million. Council is required to restrict any interest attributed to Section 94 developer contributions, domestic waste management and a number of grants. Investment returns are based on anticipated cash holdings and forecast 90 day bill rates with an additional margin of 0.5% and current investment strategies.

GRANTS & CONTRIBUTIONS

Grants and contributions provide a significant source of revenue for Council. These can be of a capital or operational nature and may be provided for general or specific purposes.

OPERATIONAL GRANTS

Operational grant income for 2018-19 is estimated at \$19.8 million and represents approximately 7.4% of operational revenue. The major general purpose or untied grants are the Financial Assistance Grant and the Pensioner Rate Subsidy. The first two quarters of the 2018-19 grant were paid in June 2018 which has resulted in a lower level of operational grant income for 2018-19.

The Financial Assistance Grant is funded by the Federal Government and distributed to councils through the States and although it is comprised of two components, general purpose and roads component, it is an unconditional grant. Distribution criteria include population changes, changes in standard costs, disability measures, local roads and bridges lengths and changes in property values. The projected income for the Financial Assistance Grant for 2018-19 is \$9.3 million (after early payment). Subsequent year's indexation is predominantly based on expected CPI without the timing distortion of the early payment.

The Pensioner Rate Subsidy is provided by the State Government to offset the cost of the mandatory pensioner rebate. It is expected Council will receive \$2.0 million income for this in 2018-19. In addition, Council expects to receive a number of recurrent operational grants that are tied to specific service deliveries or outcomes.

Operational grant forecasts include annual funding from Federal and State sources for community transport and social support programs. Council has been delivering these services to the community for over 20 years and, in the last five years; those services have been operating at cost neutral to Council. The Federal Government has commenced a reform of Aged and Disability Services impacting how these services may be delivered in the future and what Council's role may be. The programs for Social Support Services and Community Transport are currently funded until June 2018 and June 2019 respectively. The financial projections of the long term forecast recognises Social Services will not be provided by Council beyond 30 June 2018. As the delivery model for Community Transport has not been finalised, Council's long term financial projections are premised on continuation of the existing arrangement. It should be noted the current service model recovers all operational costs associated with this service delivery from external funding including accommodation costs, administrative support, use of IT facilities, etc. In the event Council no longer provides this service, there may be a negative impact if the operational costs attributed to this cannot be recovered from other sources or be removed.

The State Government introduced the Waste Less, Recycle More initiative in 2013-14 as a four year program to provide funding to Local Government to enable councils to work with their communities to increase recycling and reduce illegal dumping and littering. The State Government has recently announced the extension of the program with further funding to be provided over four years from 2017-21 to continue the work already underway. As yet, no specific forward funding figures have been provided.

CAPITAL GRANTS & CONTRIBUTIONS

The Long Term Financial Plan also includes an estimate for unconfirmed capital grants and contributions that are expected to be received in future years. This capital income comes mainly from developer contributions (Section 94) or grants from other tiers of government. Grant income is tied to specific works while developer contributions are related to individual Contribution Plans and are based on historical receipts for city wide and estimated land lot production and release for West Dapto. Any changes in the quantum or timing in the availability of these grants and contributions will have a direct impact on the Infrastructure Delivery Program. Impacts may include changes in timing of projects pending as alternate sources of funding or substitution of Council funding which may result in delays in non-funded projects. Projects heavily reliant on external funding include West Dapto.

EMPLOYEE COSTS

Operational Employee costs represent 40.7% of Council's operating expenses and include the payment of salary and wages, overtime, casual labour, labour on costs such as annual leave, superannuation, workers' compensation, long service leave, associated costs such as training, protective clothing and fringe benefits tax. The Long Term Financial Plan projections are based on position complement required to deliver current service levels. Additional labour costs related to specific non-recurrent projects (where identified) are also included. The majority of staff are employed under a negotiated Enterprise Agreement that is subject to renewal every three years, with the next renewal period being 1 July 2018.

The cost of employees working on capital projects is allocated to specific projects as work is undertaken. These costs are reflected in the Income Statement under the heading of Employee Costs and are offset by an estimate of the annual employee allocation expected to be made to capital works reflected as Internal Charges (labour) in the Income Statement. This includes design, survey, project management and supervision and construction staff.

Labour costs have been indexed by the labour cost index while associated costs have generally been indexed by CPI. The labour cost index reflects expected overall increases in labour costs and is based on a number of factors including Local Government (State) Award, potential outcome of the renewal of the current employee Enterprise Agreement, information from external forecasting bodies and staff movements. Any material deviation from this assumption will have a significant impact on forecasts due to the overall quantum of this expense category.

Superannuation expenditure forecasts are determined by fund membership and expected wage increases. The majority of Council employees belong either to a defined benefits scheme, which ceased taking new members in 1991 or an accumulation scheme. Defined benefits scheme expenses are tied to employee contributions while the accumulation scheme contributions are calculated at the current Superannuation Guarantee Levy of 9.5%. Employee cost forecasts include the impact of an increase to the Superannuation Guarantee levy currently proposed to commence in 2021-22 with a series of annual increases of 0.5% bringing the total levy to 12% by July 2025. Council has been required to make an additional annual contribution to the defined benefits scheme initially for a period of ten years to address funding requirements for remaining participants in the scheme. The final payment of this top up was originally expected to be in 2018-19 based on discussion with the Superannuation Board in 2014-15 year. The additional payment was subsequently extended until 2020-21. Council's forecasts include an annual budget of \$1.8million until this time. Further extensions or revision of the amount payable may also occur, depending on market conditions and fund performance.

BORROWINGS

Loan borrowings are based on an indicative ten year Treasury bond rate plus 1.5% margin for benchmarking purposes only. When specific loans are required, they are sourced through a competitive process with financial institutions to ensure best possible rates. Details of specific loans are as follows:

- **Interest Free Loan**

The operating expenses shown in Council's forecasts include a borrowing cost for an interest free loan that Council received in 2009-10 for the West Dapto Access Strategy. This is an interest free loan and is accounted for at fair value. The value of the interest free loan in each period is the Net Present Value of the future repayments that will be made over the remaining life of the asset. The \$26.05 million loan was originally recognised as a liability of only \$17.3 million while the difference between that and the actual cash received was treated as income in 2009-10. There is a notional interest expense recorded each year to reflect the amortisation of this notional income and the increase in the Net Present Value (NPV) over the life of the loan.

- **Waste Facility Remediation**

Council is required under its accounting standards to recognise the value of its waste facilities inclusive of remediation works required. The anticipated cost of the remediation is added to the value of the waste facility asset and also held as a provision (liability) against the asset. Both sides of this transaction are held at NPV. As the NPV increases over time, the increase in provision is transacted through the Income and Expense Statement as borrowing costs.

- **Local Infrastructure Renewal Scheme**

The Local Infrastructure Renewal Scheme (LIRS) funded by the State Government provided an incentive for Council to accelerate infrastructure renewal through the subsidised loan program. Council has been successful in securing subsidies for loans under the three rounds of the LIRS program and has entered into loans of \$20 million in 2012-13 for Round 1, \$4.3 million in 2013-14 for Round 2 and \$15 million for Round 3 in 2014-15. The LIRS program provides a loan subsidy of 4% for Round 1 and up to 3% for the subsequent rounds. Loan funds have been used to accelerate the Citywide Footpaths, Shared Path Renewal, Missing Links Construction Program, building refurbishment works at Berkeley Community Centre, Corrimal Library and Community Centre, Thirroul Pavilion and Kiosk and to support the West Dapto Access – Fowlers Road project respectively. Council was advised of eligibility for further subsidy under Round 3 and an additional amount of \$5.5 million was drawn down during 2016-17 that will also be used to support the West Dapto Access – Fowlers Road project. These loans are planned to be generally repaid over a ten year period.

UTILITY COST

Projected increases for utility costs are generally based on the Independent Pricing and Regulatory Tribunal (IPART) publications where applicable other than for electricity which also includes recognition of specific negotiated contracts in place for street lighting and Council Buildings and Facilities Sites and Small Sites. Street lighting is subject to separate contracts for infrastructure and electricity. These contracts are due to end in December 2018 and renewal negotiations will be progressed with Local Government Procurement (LGP). Council also currently has individual contracts through LGP for Council Buildings and Facilities Sites and Small Sites that are also due for renewal in December 2018 and December 2019 respectively. Expenditure has been indexed at CPI plus 1.0% allowing for some infrastructure charges pending further information as contracts are renewed.

WASTE FACILITY

Waste facility costs are impacted by a range of external factors including increased industry regulation, State Government environmental levies and environmental standards. Waste facilities operations are significantly impacted by requirements to pay an Environmental Levy on waste going to land fill and on any externally sourced cover materials used to manage waste. The levy cost for 2018-19 is anticipated to be \$140.83 per tonne and is expected to increase by CPI each year. Current operational expenditure forecasts and fee structures propose that Council will be able to source an amount of cover materials onsite to reduce the overall cost of this levy. Currently the levy represents over 65% of the cost of waste facility operations.

DOMESTIC WASTE MANAGEMENT SERVICES

Under the Local Government Act, Council must not apply income from an ordinary rate towards the cost of providing Domestic Waste Management Services. Income obtained from charges for Domestic Waste Management Services must be calculated and not exceed the reasonable cost to Council in providing those services. The charge calculated for 2018-19 and beyond is based on the full recovery of the service, including appropriate charges for the Domestic Waste tipping fees at Whyte's Gully. The Waste Facility tipping charge includes pricing for future capital costs associated with management of the facility, long term site remediation and environmental levies for landfill. The future charges could also be impacted by the changes to the long term cost of the landfill and recycling activities.

CLIMATE CHANGE

Local Government is considered to be on the frontline facing the impact of climate change on communities. The Federal Government has indicated councils have a role in early planning to identify and prepare for the risk from climate change and help protect the wellbeing of communities, local economies, the built and natural environment and should contribute to a low pollution future. In addition to a planning role, Council also owns or directly manages a range of assets potentially impacted by climate change. Increased emphasis on climate change related activities may require a redirection of funding in the future.

RESTRICTED ASSETS

The level of available or untied cash is expressed as cash and investment holdings after allowance for restricted asset. Assets, generally cash, may be externally or internally restricted. External restrictions are usually imposed by an external or legislative requirement that funds be spent for a specific purpose. This may include unspent grant funds provided to Council for the delivery of a particular project or service, funds collected as developer contribution under Section 94 or surpluses achieved in the delivery of domestic waste. In some of these instances, Council is also required to restrict investment earnings that are generated by these cash holdings. Internal restrictions are funds Council has determined will be used for a specific future purpose such as the future replacement of waste facilities. Internal restrictions are reviewed periodically and any additions or changes require Council resolution. A review was undertaken in December 2017 that proposed the consolidation of a number of existing restrictions for more efficient management and consistency with planning processes and allocation of resources.

The review proposes amalgamation of the Future Programs internal restriction with the Strategic Projects restrictions as these have a similar background and purpose. Both of these restrictions were created from windfalls or non-recurrent improvements in financial results beyond planned budgets with allocation of these considered and approved by Council through the planning process. The remaining balance on the former Property restriction has been amalgamated with West Dapto Rates (additional) in line with the intended purpose of this to support infrastructure requirements in this area. The Telecommunications Revenue restricted is proposed to be amalgamated with the Sports Priority Program as these have similar intents and governance processes. The table on the following page shows anticipated restrictions.

Strategic Projects restricted cash has been classed into cash that has been currently allocated to specific projects within the budget and Long Term Financial Plan or notionally committed to future projects and Uncommitted Cash. The projected balance of \$9.4 million in allocated cash includes notional commitments for projects that have not been sufficiently progressed to determine specific timing of delivery. These include the remaining land purchases for the Warrawong Library and Community Centre, completion of North Wollongong seawall renewal, continuation of Grand Pacific Walk, Leading the Way improvement program and a range of other smaller projects. Unallocated Strategic Projects restricted cash, based on current financial projections is available for future projects.

It should also be noted that current projections indicate that internally restricted cash for the replacement of Waste Facilities is indicating that this will be 'overdrawn' by approximately \$2 million dollars during the life of the current Financial Plan. This is due to the timing of construction of replacement facilities compared to how this cash is collected and set aside. The calculation of the waste facility gate fees includes a component for replacement and renewal of these facilities that is annualised over the projected life of the facility and is held as restricted cash as collected. Construction does not occur in a linear manner. This will need to be monitored to ensure this does not impede overall available restricted cash.

10 YEAR RESTRICTED ASSETS SUMMARY

PURPOSE OF RESTRICTED ASSETS	Opening Balance 1/07/18	2018/19 Budget \$'000		2019/20 Forecast \$'000		2020/21 Forecast \$'000		2021/22 Forecast \$'000		2022/23 Forecast \$'000		2023/24 Forecast \$'000		2024/25 Forecast \$'000		2025/26 Forecast \$'000		2026/27 Forecast \$'000		2027/28 Forecast \$'000											
		Transfer		Balance	Transfer		Balance	Transfer		Balance	Transfer		Balance	Transfer		Balance	Transfer		Balance	Transfer		Balance									
		In	Out	30/06/19	In	Out	30/06/20	In	Out	30/06/21	In	Out	30/06/22	In	Out	30/06/23	In	Out	30/06/24	In	Out	30/06/25	In	Out	30/06/26	In	Out	30/06/27	In	Out	30/06/28
Internally Restricted Assets																															
Strategic Projects	34,925		7,182	27,743		5,190	22,553		2,314	20,239		4,419	15,820		3,609	12,212		733	11,479		616	10,863		780	10,082		540	9,542	2,100	148	11,494
Strategic Projects (unallocated)	12,153	2,609		14,761	2,629		17,390	1,923		19,314	4,984		24,298	4,526		28,824	3,894		32,718	3,133		35,851	2,762		38,613	2,573		41,185	2,100		43,285
Property Investment Fund	8,276	192	255	8,214	217	112	8,318	301	115	8,504	307	118	8,693	314	121	8,886	321	125	9,082	329	128	9,283	336	131	9,488	344	136	9,696	351	139	9,909
City Parking Strategy	986	632	590	1,028	619	238	1,409	605	1,389	625	591	666	549	576	189	937	561	276	1,222	546	20	1,748	531	93	2,186	517	20	2,684	463	95	3,052
Sports Priority Program	704	298	300	703	303	300	706	307	300	713	312	300	725	317	253	789	322	254	857	327	250	934	332	250	1,016	336	250	1,102	340	250	1,192
Natural Areas Fund	247		92	155	103	94	164	102	96	170	102	99	173	102	101	173	103	104	171	105	107	170	108	110	168	106	113	161	200	116	245
West Dapto Rates (additional)	4,759	1,497	1,627	4,629	2,073	591	6,111	2,644	730	8,025	3,347	751	10,621	3,777	1,543	12,855	4,157	6,503	10,509	4,620	7,151	7,978	5,132	8,139	4,971	5,871	3,800	7,042	5,871	3,803	9,109
Lake Illawarra Estuary Management Fund	241	165	165	241	165	165	241	165	165	241	165	165	241	165	165	241	165	165	241	165	165	241	165	165	241	165	165	241	165	165	241
Darcy Wentworth Park	171			171			171			171			171			171			171			171			171			171			171
Waste Disposal Facilities ***	1,580	3,056	6,300	(1,664)	3,138	9,605	(8,131)	3,063	5,343	(10,410)	3,086	3,100	(10,425)	3,147	3,300	(10,578)	3,217	3,300	(10,661)	3,271	3,300	(10,690)	3,333	3,300	(10,657)	3,389	3,317	(10,585)	3,165	3,318	(10,738)
Total Internal Restricted Assets	65,171	8,599	16,511	57,259	9,396	16,296	50,359	9,261	10,451	49,170	13,044	9,618	52,595	13,074	9,282	56,387	12,890	11,459	57,818	12,647	11,737	58,728	12,849	12,969	58,607	13,451	8,341	63,718	14,906	8,034	70,589
Externally Restricted Assets																															
Section 94	21,157	30,555	8,642	43,071	22,177	10,628	54,620	29,856	36,805	47,672	17,819	34,598	30,894	24,597	35,586	19,905	14,934	28,079	6,760	21,166	20,298	7,628	20,179	19,252	8,555	26,654	25,668	9,541	27,297	25,672	11,166
Planning Agreements																															
Grants	495	20,717	17,580	3,631	23,398	20,472	6,557	6,280	7,622	5,215	6,077	7,178	4,114	6,175	6,088	4,201	6,276	6,061	4,415	6,385	6,213	4,587	17,342	6,294	4,780	6,594	6,352	5,022	6,708	6,467	5,263
Loan Repayment	6,505	146	2,350	4,301	128	2,400	2,029	51	4,129	(2,049)	(32)		(2,081)	(34)		(2,115)	(35)		(2,150)	(36)		(2,186)	(37)		(2,223)	(39)		(2,262)	226		(2,036)
Domestic Waste Management	12,413	629	139	12,902	452	220	13,134	523	390	13,267	486	450	13,303	431	855	12,879	356	1,050	12,185	267	1,280	11,172	185	1,570	9,787	97	1,890	7,994	(41)	2,190	5,763
Contributed Assets		8,469	8,469		9,236	9,236		12,591	12,591		19,528	19,528		12,337	12,337		17,031	17,031		13,370	13,370		20,106	20,106		10,874	10,874		10,874	10,874	
External Service Charges to Restricted Assets	92	94		186	96		281	98		379	100		478	102		580	104		684	106		790	108		898	110		1,009	113		1,121
Other Contributions	5,149	1,042	1,853	4,338	764	662	4,440	767	377	4,829	769	382	5,216	772	385	5,603	774	387	5,990	777	394	6,373	780	395	6,757	782	394	7,146	785	388	7,543
Special Rates Levies - City Centre + Mall	163	1,528	1,560	131	1,557	1,595	93	1,589	1,632	50	1,622	1,670	2	1,655	1,708	(51)	1,689	1,747	(109)	1,724	1,787	(173)	1,759	1,845	(259)	1,795	1,906	(371)	1,832	1,934	(473)
Housing Affordability Program	10,506	245		10,751	282		11,033	397		11,430	412		11,842	427		12,269	443		12,712	459		13,171	476		13,647	494		14,141	521		14,662
Local Infrastructure Renewal Scheme	12,679	307	6,000	6,986	139	9,500	(2,375)	19		(2,356)	20		(2,336)	21		(2,315)	22		(2,293)	22		(2,271)	23		(2,248)	24		(2,224)	121		(2,103)
Stormwater Management	1,186	1,825	1,559	1,452	1,830	1,380	1,903	1,839	1,086	2,656	1,848	1,526	2,978	1,857	1,681	3,154	1,866	1,814	3,206	1,875	1,543	3,538	1,883	1,499	3,923	1,892	1,492	4,323	2,196	1,545	4,975
Total External Restricted Assets	70,345	65,556	48,152	87,749	60,060	56,093	91,715	54,010	64,632	81,094	48,648	65,331	64,411	48,339	58,640	54,110	43,460	56,169	41,400	46,115	44,886	42,629	69,291	50,961	60,959	49,278	48,576	61,661	50,631	49,070	63,222
Grand Total	135,516	74,155	64,663	145,008	69,456	72,389	142,075	63,271	75,083	130,264	61,692	74,949	117,006	61,413	67,922	110,497	56,350	67,629	99,218	58,761	56,622	101,357	82,140	63,931	119,566	62,730	56,917	125,379	65,536	57,104	133,811

*** The Waste Disposal Facilities Restricted Asset is held for the development and renewal of assets within Council's waste facilities and for the rehabilitation of the sites at the end of their lives. Council's Waste Strategy and Master Plan for facilities is currently being reviewed and will potentially change the life and capital requirements of the facilities. While this review is being progressed the forward capital works program only includes specific works that are not impacted by a revised strategy. Adjustments to the works program will be made where necessary following completion of the review program. Assets collections have been estimated in accordance with the current program.

WEST DAPTO DEVELOPMENT

The residential development at West Dapto in Wollongong's south-east will be the largest stand-alone growth for this city. The development commenced in 2011-12 and is expected to add in the vicinity of 19,794 new dwellings and increase the local government area population by 57,433 over a 40 to 60 year period. The development has extensive infrastructure requirements and poses some challenges due to the geographic and environmental factors, as well as uncertain development patterns and timing due to disaggregated land ownership.

Council has invested significant resources in planning for the construction of infrastructure and analysing potential financial impacts. The Long Term Financial Plan is based on the most recent plans and data, however, these projections may need to be modified over time as the underlying assumptions that support these change.

Revenue

The main income streams from this development will be from developer contributions and rates.

Developer contributions are based on pricing contained in the West Dapto Section 94 Plan that was adopted in 2017 and expected lot release timing. The developer contributions income is inclusive of funds that are expected to be provided to Council by the State Government through the Local Infrastructure Growth Scheme as support for the gap between projected infrastructure costs and the level of the State capped developer contributions applicable until 2019-20 when the cap is no longer applicable. The Section 94 contributions shown in the Long Term Financial Model are based on this agreement and are reflected in the Capital Grants & Contributions part of the Income Statement. These contributions will be held as restricted cash and are planned to be used to support the capital program and loan repayments.

Rates income estimates are aligned to estimated staging of the release area. It is expected the rate revenue increase will precede operational demand and assets built will require little renewal or maintenance in the initial years of the Long Term Financial Plan, creating an improved cash position through increased Funds Available from Operations. Experience in developing councils has shown the long term negative impacts that the delayed expense pattern has if additional rate revenue is built into other non-related recurrent operations. Under the Financial Strategy, this income will be restricted and only allocated to operational expenditure as the area develops. The annual revenue in the early stages of development will be made available to meet infrastructure or planning requirements in the area, or be applied to meet existing infrastructure renewal requirements and repayments of loans for the West Dapto Access Strategy.

Capital Programs

Some aspects of the West Dapto Release Area have been progressed to a stage where they have been introduced into Council's forward capital program as specific projects. These include the Princes Highway/Fowlers Road to Fairwater Drive extension (\$70.9 million), Wongawilli Road (\$9.2 million), West Dapto Road/Sheaffes Road/Darkes Road Upgrade (\$6.9 million), Cleveland Road Upgrade (\$5.8 million) and a number of other relatively smaller projects. These works are to be funded from Section 94, the interest free loan from the Department of Planning, loans under LIRS (3) (\$20.5 million) and grant funds. Grant funds include Building Better Regional Cities (\$13 million), National Stronger Regions (\$10 million), Resources for Regions (\$2.4 million) and Restart NSW, Illawarra Infrastructure funding (\$22.5 million).

In addition to these specific projects, forward projections also include capital budgets at an aggregated level that will become specific projects as the scope and design for these are further developed. The Long Term Financial Plan includes an assumption these projects, where possible, will be funded from accumulated S94 funds, net restricted additional rate revenue cash holdings and any remaining loan balances in the first instance.

Contributed Assets

Financial projections for the West Dapto release area recognise a level of infrastructure requirements will be provided by developers. This includes works "in kind" where the developer will complete elements of infrastructure contained in the S94 West Dapto Plan in lieu of contributions, as well as contributed assets normally associated with new subdivisions. The value of these assets is reflected in the financial projections as capital income and contributed assets based on expected timing of receipt of these. Future depreciation, operating and maintenance cost for these have been included in forecast operational expenses.

Operational Expenses

The Long Term Financial Plan includes depreciation, operating and maintenance costs associated with services that will be required by the new population in that area such as community, library and open space facilities that are aligned to population growth. These estimates are based on planned asset construction and cost of providing these services to our existing population. As the development progresses, revenue from the area will be used to fund the maintenance and operation of new assets and services as part of Council's overall budget. Operational costs also include additional staff costs for the introduction of a dedicated West Dapto development team and expected cost for the delivery of services as the population grows.

Service delivery costs are currently held centrally at this stage and will be distributed to relevant service delivery areas when timing and requirements can be better defined.

Loans

Council currently has two loans applicable to the West Dapto release area. In 2009-10, Council accepted a \$26.1 million interest free loan from the Department of Planning to accelerate construction of the West Dapto Access Strategy. The operating expenses shown in Council's forecasts include a notional interest expense to reflect the amortisation of the notional income benefit recognised at the time of entering into the loan arrangement.

Loan repayments for the West Dapto Access loan have been set by the Department of Planning over a ten year period with the last repayment due in 2019-20. Council has loaned a further \$20.5 million under Round 3 of the Local Infrastructure Renewal Scheme (LIRS) that will also be used to support the West Dapto Access – Fowlers Road project. The final payment for these loans is due in 2024-25. It is intended that for the most part, the loan repayment will be funded by future Section 94 contributions and rates revenue from West Dapto. Funding has been applied to debt repayments over the first ten years.

SECTION 94 INCOME (EXCLUDING WEST DAPTO)

Section 94 income projections are based on the adopted plan and anticipated timing of receipts. Economic conditions may have a significant impact on projected income. There are a range of projects included in the Delivery Program dependent on funding from this source. The timing and capacity to deliver these will need to be monitored in the context of ability to achieve income projections.

ASSET MANAGEMENT - VALUATION AND ASSET LIVES

Council's Balance Sheet shows the extent of assets managed by Council for the community. The written down value (WDV) for Property, Plant and Equipment of \$2.3 billion represents the value of the assets after they have been depreciated since purchase or construction. These assets have a current replacement cost (CRC) at 1 July 2017 in of \$4.1 billion. These assets represent the community wealth created over time. Council's stewardship role requires that those assets required for future service delivery be maintained for future generations at best value to the community.

The consumption of these assets is represented by depreciation which is based on expected asset lives, condition assessments and valuations. While the maturity of this information is improving, many of the assumptions are unproven due to the nature of this exercise. For example, it is difficult to estimate asset lives in relatively new cities such as Wollongong where there may not be historical data available or comparability with other cities due to differing environmental factors and construction approaches. In addition, changing technologies may impact on renewal and maintenance costs. Ongoing refinement of these forecasts may result in revised useful lives which would impact on depreciation expenditure.

PROPERTY SALES AND INVESTMENT

During 2017-18, a major land sale was completed with \$9.2 million of net proceeds transferred to the Strategic Projects restricted cash. There are no further sales built into the future forecasts at this stage. While Council is actively pursuing the sale of some properties, a decision has been made not to forecast sale dates or values due to uncertainty in delivery. As property sales become more certain they will be introduced into the budget along with consideration of application of these funds for advancing existing projects or investing in new assets at that time.

INFORMATION TECHNOLOGY

Replacement of IT hardware is provided for in the capital budget. In addition to this, the operating budget has an annual allocation of \$0.70 million (indexed in future years) for operating initiatives to support the review of existing services and delivery of future services as Councils' requirements change.

HELENSBURGH LIBRARY

Financial forecasts include a preliminary estimate for the potential impact on operational costs associated with a proposed new library and community at Helensburgh. This project is currently in the early planning stages and once a more definitive concept is developed, the level of additional costs may need to be reviewed.

SENSITIVITY ANALYSIS

The breadth of external influences on Council's operations means the relationship between long term income, expenses estimates and eventualities may vary markedly. Long term financial plans are not designed to predict the actual costs of the future with accuracy, but need to be capable of providing a base upon which decisions can be made and changing environments can be assessed.

Council's Long Term Plan is based on a vast number of assumptions, indices and parameters, which remain under constant watch to improve knowledge of future impacts. While indices are important in understanding future costs, it is the relationship between changes in cost and in revenues impacting the Key Financial Indicators. For example, if CPI increases by a percentage higher than anticipated and IPART take this into account in the rate rise, the impact on the bottom line may be low. From a sensitivity perspective it is more important to analyse which indicators may move apart and impact the bottom line.

SENSITIVITY ANALYSIS 1

From Wollongong City Council's perspective, the greatest risk is related to the relationship between the largest cost item (Employee Costs) and the largest revenue item (Rates).

The net impact of these indices on the bottom line for the first four years is shown on this page.

This relationship has created an increase in the net revenue result each year. The risk to Council is that employee increases exceed the rates increase by a margin greater than forecast going forward. There is immediate risk in this assumption as there is currently an Enterprise Agreement negotiation due in 2018 and every three years thereafter. Should the agreed increases exceed

NET COST OF INDEXATION - EMPLOYEE COSTS VS RATES

	2018/19 Budget \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000
Total Employee Costs	129,419	131,950	135,102	136,513
Total Rates Revenue	(166,223)	(171,072)	(176,242)	(181,592)
Net Revenue	(36,804)	(39,122)	(41,140)	(45,079)

indexation forecasts there will be immediate pressure on this equation. Employee costs are a reflection of employee wages and establishment numbers and, as such, adjustments are able to be made to numbers if the individual rates exceed expectations but this is difficult to achieve without impacting services.

As an indication of risk associated with variation in indexation, for example, should employee costs increase by 3.0% instead of the assumed 2.25% (increase of 0.75%) the net revenue variation would be adversely affected as shown below:

NET COST OF INDEXATION - EMPLOYEE COSTS VS RATES 0.5% additional increase to annual labour indices

	2018/19 Budget \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000
Total Employee Costs	130,066	133,260	137,094	139,198
Total Rates Revenue	(166,223)	(171,072)	(176,242)	(181,592)
Net Revenue	(36,157)	(37,812)	(39,147)	(42,394)
Variance-deterioration	647	1,310	1,992	2,685

The analysis shown in the table indicates Council's sensitivity to small changes in the indexation of wages. The 0.5% variation in one year that is not offset by similar indexation in revenue (rates) will reduce the bottom line by approximately \$0.6 million. This information can be extrapolated to show that if just 0.5% variation was incurred over the four year period the cumulative impact would be a deterioration of approximately \$2.6 million per annum.

SENSITIVITY ANALYSIS 2

Council's underlying long term financial challenge is heavily linked to the need to renew its extensive level of infrastructure assets used in providing services. The financial results reflect the consumption of assets through depreciation as an expense in each year. The depreciation expense is an annualised cost

calculated by dividing the replacement cost of the asset by the number of years it is expected to be used before replacement (useful life).

The estimates of useful life are averaged for each asset type. Life is estimated using information available from condition assessment, industry standards and design information. Some classes of assets, such as drains and roads, have very long lives and in many cases Wollongong City Council has not yet needed to replace the current assets. Therefore, accurate information on actual life has a degree of uncertainty. This sensitivity analysis is provided to show the impact of a change in the useful life.

To illustrate this sensitivity, a broad variation to the assumptions will be analysed. It is considered that this assumption would not vary in this way in practice; however, potential adjustments to asset lives could have a similar effect. For this sensitivity analysis, it is assumed infrastructure average asset lives are extended by 10%. The increase across the asset lives for these asset classes on average would be as follows:

Asset Class	Average Years Life 30.6.17	Impact of 10% increase	Increase Years
Buildings	47	52	5
Roads	63	69	6
Bridges	72	79	7
Footpaths	68	75	7
Stormwater	90	99	9

The increase in average lives of these asset classes equates to a reduction in depreciation forecasts as shown below:

	DEPRECIATION 10% increase in asset lives			
	2018/19 Forecast \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000
Existing Asset Base	63,700	64,991	66,333	67,678
Increase lives by 10%	59,241	60,441	61,690	62,941
Variance-improvement	4,459	4,549	4,643	4,737

The outcomes of this analysis show that the improvements effected by a change to asset lives are significant. While Council has expended substantial effort in improving asset information and assessment over a period of time, variation such as this remain a possible outcome as new information is brought to hand.

OTHER RISKS & LIMITATIONS

Overall, the financial forecasts have been designed to represent a reasonably tight set of numbers which will require restraint and constraint through strong management and will require change and flexibility to ensure targets are reached.

The current financial information has a number of recognised limitations as follows requiring adjustment over a period of time:

- **West Dapto Development**

This is the most significant standalone development that has occurred in the Wollongong Local Government area. Forecast in the Long Term Financial Plan is based on modelling for the development of the area that has been undertaken by a dedicated project group. As with any forecasts there are risks that the assumptions used will not necessarily reflect the actual progress. Numerous external factors have potential to impact these forecasts including changes in economic conditions, decisions by developers on timing of their projects, ability to deliver planned infrastructure for expected price and timeframe in an area that has some geographic and environmental constraints. There will continue to be ongoing review of assumptions and analysis with modifications to financial forecasts as there is greater certainty in relation to service and assets planned for the area.

- **Lake Illawarra**

This area was previously managed by the Lake Illawarra Authority (LIA) and Council provided an annual contribution in the vicinity of \$0.50 million as part of its operational budget. All former LIA lands have been transferred to the Department of Trade and Investment (Crown Lands Division) or to Government Property. Discussions are continuing with Crown Lands regarding the future management responsibilities for these lands. It is possible that Council could ultimately inherit responsibility for approximately \$6 million of assets with an estimated annual depreciation expense of \$0.20 million and similar annual maintenance costs. It is expected the existing budget would be sufficient to address ongoing maintenance but not necessarily expansion, upgrade or improvement to assets. No adjustment has been made to the current budget or long term projections as the proposal has not been finalised.

- **Contributed Assets**

While the Long Term Financial Plan includes the recognition of and potential impact on future operational costs of contributed assets for the West Dapto Release area, Council's estimates do not currently provide fully for potential assets that may be contributed or donated to Council over time more broadly across the city. Improvements to Council's Asset Management Plans identify an objective to 'Improve the information, processes and systems supporting the management of our assets'.

- **Rehabilitation Greenhouse Park**

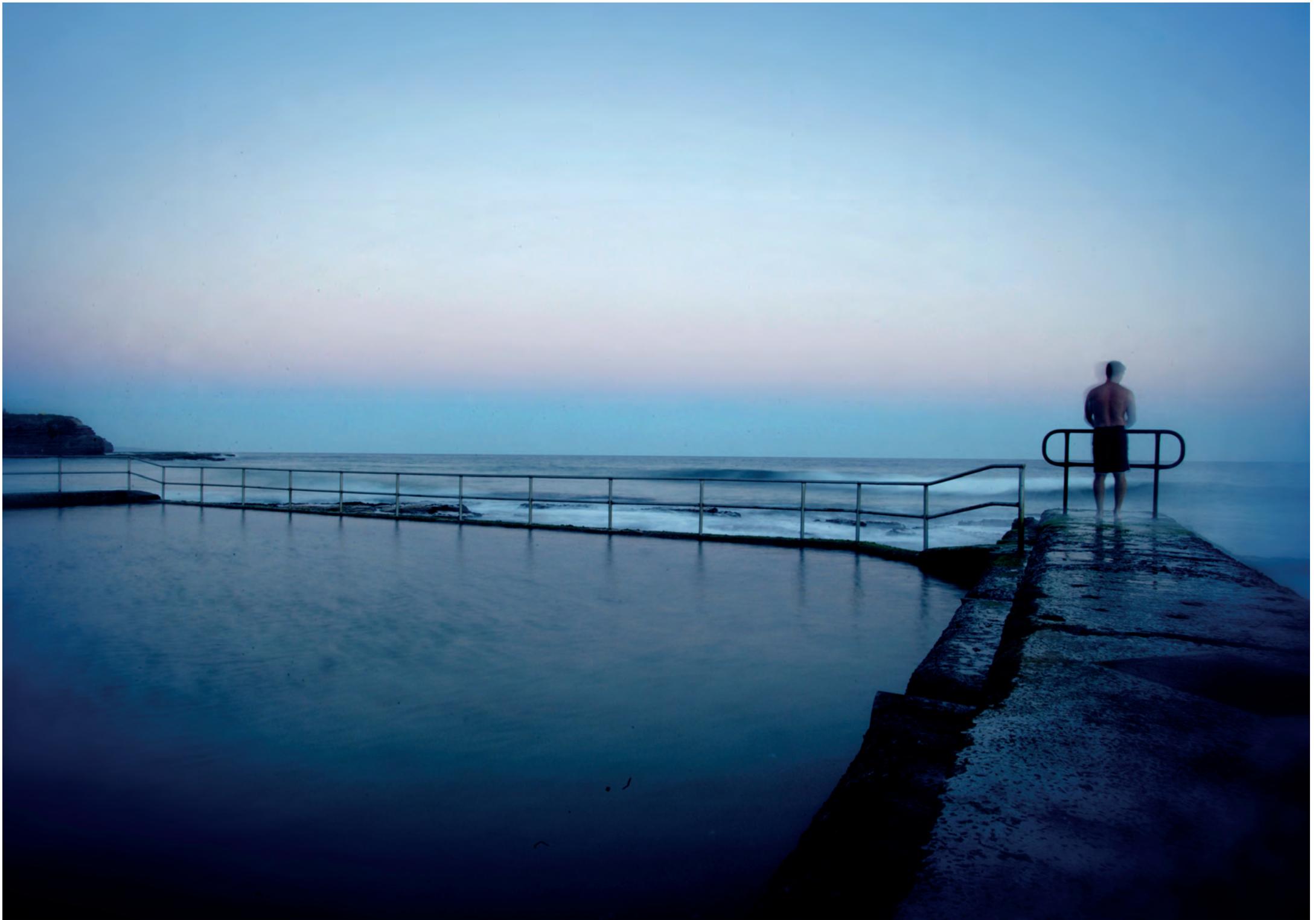
Greenhouse Park is a former landfill site that is adjacent to an ecologically sensitive area. The site was rehabilitated and transformed into an Eco Park over a long period of time. The site is subject to ongoing reviews for compliance with current environmental standards that may result in further rehabilitation works in the future.

Long Term Financial Plan 2018 - 2028

The background image shows a coastal town with a prominent brick building featuring arched windows and a balcony. In the foreground, there is a swimming pool with a blue safety net. The town is built on a hillside with modern apartment buildings and trees. The sky is clear and blue.

Strategic Asset MANAGEMENT PLAN 2018 - 2028

ADOPTED 25 JUNE 2018





1.1 INTRODUCTION

This Strategic Asset Management Plan sets the strategic direction for Wollongong City Council's management of its assets to support service delivery needs of the community, balanced with available financial resources and workforce to ensure long term sustainable service provision.

This Plan has been developed under the auspices of Council's Asset Management Policy and presents our Asset Management Strategy, Infrastructure Delivery Programs and ongoing Improvement Plan which collectively enable the objectives of the Community Strategic Plan, Delivery Program and our Resourcing Strategy to be achieved. This plan supports and directly integrates with our Long Term Financial Plan and policies.

This plan sits within our Resourcing Strategy. Our Resourcing Strategy process provides an opportunity to quantify what Council's contribution will be to the Community Strategic Plan, how it integrates with other plans and documents is illustrated in Figure 1 opposite.

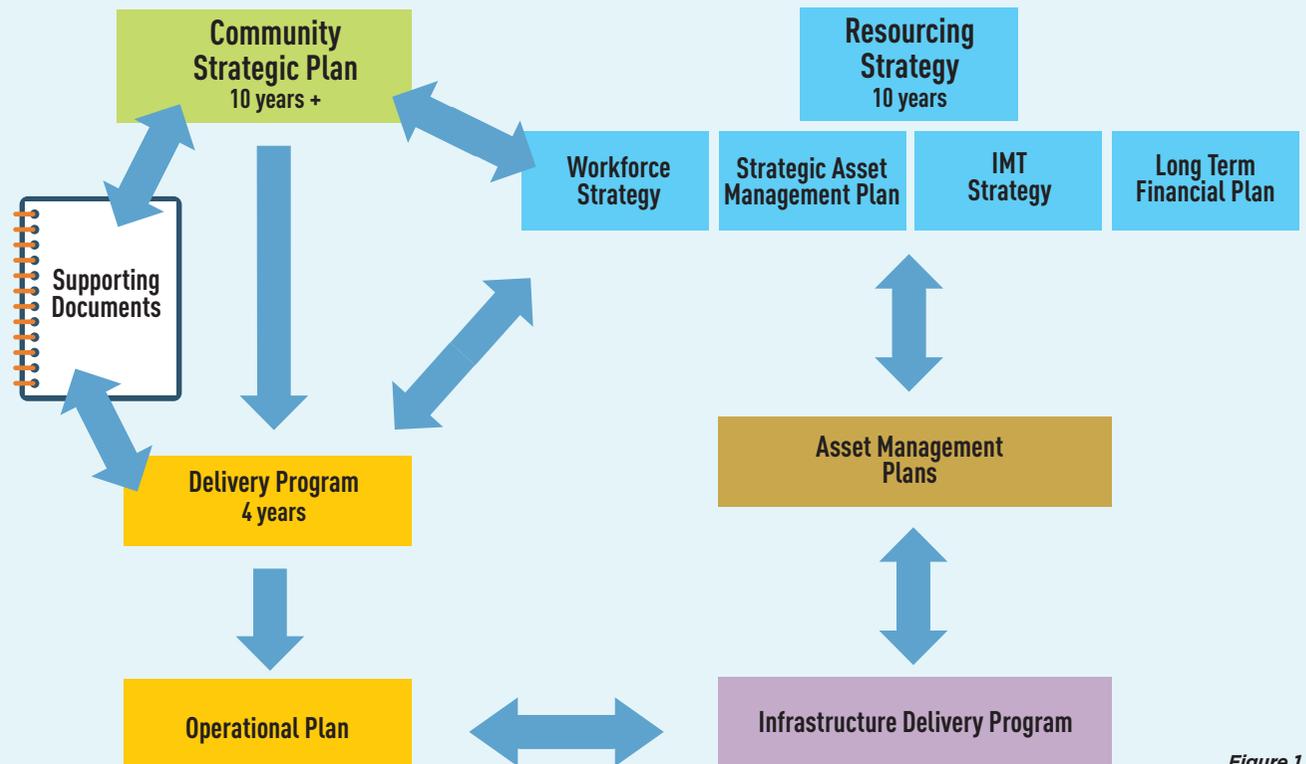


Figure 1



Council is responsible for more than \$4.1 billion of community assets. These might be anything from a footpath to a rock pool, a road to a stormwater drain, a playground or a community centre. Each year we spend over \$150 million to build, maintain, repair, replace and upgrade these assets.

In recent years, Council has invested record levels of funding into the renewal, repair and maintenance to address the long-term financial sustainability of our ageing assets. This has seen a substantial growth in the number of road resurfacing projects, road, footpath and cycleway reconstructions, bridge renewal, pool improvements and playground refurbishments.

Moving forward, our focus is on maintaining the ongoing sustainability by balancing the need to replace and repair aging assets with the expansion and creation of new assets required and desired by the community. Fundamentally, this Plan sets out our strategy and programs to provide the assets, and to continually improve the way we deliver our services and the way we manage our assets.



1.2 CURRENT SITUATION

Wollongong City Council owns and manages over \$4.1 billion of assets constructed, maintained and used in the provision of core Council services to the community.

These assets consist of:

ASSET CATEGORY	REPLACEMENT COST (\$'000)**
Infrastructure Assets	\$3,362,181
Transport (1045km roads, 220 bridges, > 500 km footpaths & cycleways, 350 bus shelters, 280 car parks)	\$1,817,883
Stormwater (>650 km pipes, 22,000 pits, 100 WQ control devices)	\$922,902
Buildings (~700 buildings & structures)	\$524,651
Recreation (playgrounds, sports fields, pools)	\$69,027
Other (waste, ICT, artwork, etc)	\$27,719
Non-Infrastructure Assets e.g. plant, equip & vehicles	\$74,090
Non-Depreciable Assets e.g. earthworks & utilities, landscaping, turf, land	\$671,292
GRAND TOTAL	\$4,107,563

Notes: ** Current as at 30 June 2017



The services delivered from each of the Asset Categories are:

ASSET CATEGORY	SERVICES
Transport	<ul style="list-style-type: none"> • Provision of transport infrastructure such as roads, bridges, footpaths, cycleways, car parks, retaining walls, boat ramps and jetties. • Traffic management and education programs. • Liaison with public transport authorities, review of levels of service and network planning, emergency planning and response.
Stormwater	<ul style="list-style-type: none"> • Delivery of stormwater infrastructure such as pits, pipes, culverts and water quality control devices. • Emergency response, level of service and network planning and water quality management.
Buildings	<ul style="list-style-type: none"> • Community facilities and libraries • Memorial Gardens and cemeteries • Cultural services including the Art Gallery and Illawarra Performing Arts Centre • Commercial property management • Tourist parks and youth services
Recreation	<ul style="list-style-type: none"> • Aquatic services • Environmental services • Parks and sportsfields & associated amenities • The Botanic Garden and annexes • Leisure centres
Other *	<ul style="list-style-type: none"> • Artwork commissioning and curation, library book acquisition and renewal, land acquisition and zoning, waste services, information, communication and technology services, plant, equipment and fleet services.



How old are our assets?

The age of infrastructure assets is illustrated in Figure 2 below. Assumptions have been made in many cases for assets constructed, or acquired, prior to 1970. These assumptions generally apply to transport and stormwater assets and are reflected in the peaks in the figure below at 1950, 1955 and 1960.

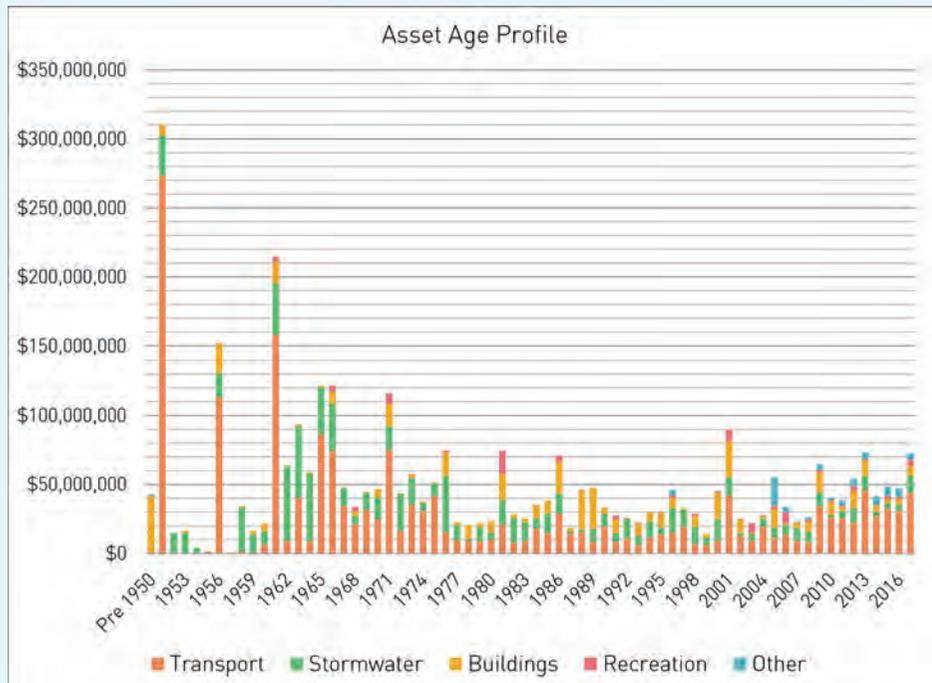


Figure 2





What is the current condition of the assets?

The condition of Council's assets are assessed and reviewed on a regular basis to ensure assets that are not in a condition suitable to meet the needs of the community are repaired or replaced. Assets are rated on a 1 - 5 scale as shown in the figure below and the rating used to inform the remaining life of assets and timing of maintenance or renewal programs.

CONDITION RATING SCALE	
Rating	Description of Condition
1	Excellent Condition: Only planned maintenance required
2	Very Good: Minor maintenance required plus planned maintenance
3	Good: Significant maintenance required
4	Average: Significant renewal/upgrade required
5	Poor: Unserviceable
	No Data

Figure 3

The current information relating to the condition of Council's assets is shown in the following graph. Significant work is underway to review and update the condition data for roads, footpaths, stormwater and building assets.

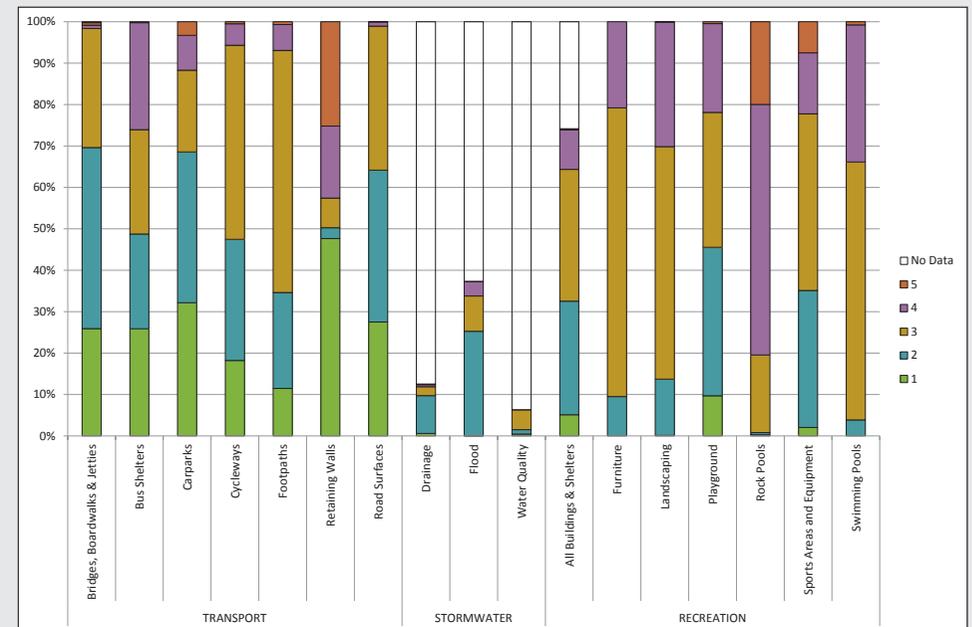


Figure 4: Asset Condition Profile



ASSET MANAGEMENT STAKEHOLDERS

There are a variety of stakeholders that have a role in supporting and enabling Council in effectively managing our assets, including external stakeholders (e.g. community members, government agencies, neighbouring councils, emergency services, developers, industry bodies) and internal stakeholders (e.g. Councillors & Council employees). Council actively works with these stakeholders to ensure the assets and services are delivered in accordance with community needs.

ASSET MANAGEMENT SYSTEMS

At Council, we have a number of internal systems that allow us to plan for building, maintaining, repairing and replacing assets. Our comprehensive Asset Management Information System, is linked to the Financial Asset Accounting System. This means we're able to make sure every asset whether a footpath, stormwater drain or public library is valued, accounted for and reported on.

These systems are also linked to Council's corporate risk management structure and level of service documentation. This ensures services and risks are balanced with the cost they incur.

ASSET MANAGEMENT MATURITY

The maturity assessment model comprises of 30 asset management practice areas that cover the key functions and processes of asset management. This maturity assessment was undertaken in 2011 and 2016. The results of the three maturity assessments are shown in Figure 6.

This model shows the maturity level of each asset management practice area on a scale of 0 to 5, with 0 being the lowest level of maturity and 5 being a highly advanced level. The graph has 'core' and 'advanced' maturity target levels as per the 2016 maturity assessment as defined by the International Infrastructure Management Manual, National Asset Management Association Framework and ISO 55000/55001.

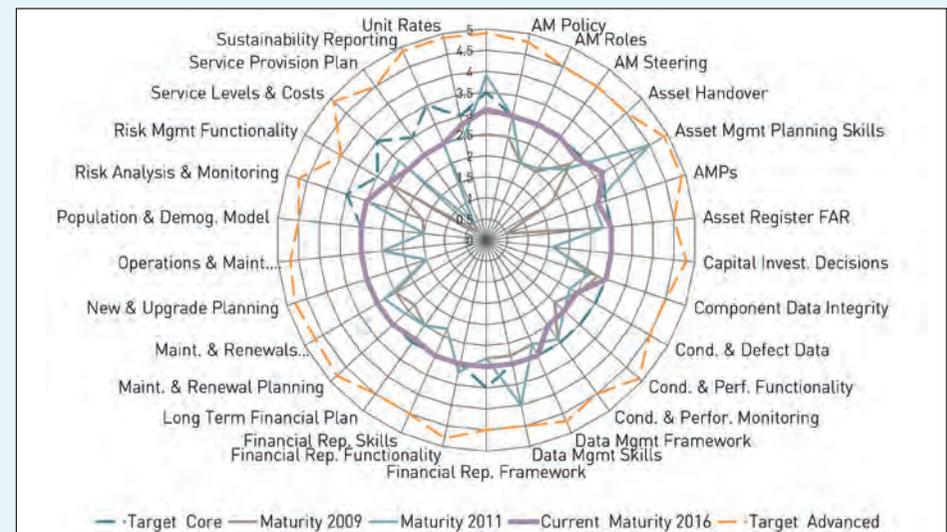


Figure 5

Council's target is to achieve or exceed a 'core' level of maturity across all asset management practice areas during the life of this plan.





The findings from the maturity assessment focus Council's attention on advancing current state asset management and service delivery practices in the following areas:

- Reinforcing links of service outcomes in the Strategic Asset Management Plan with long term investment decisions and associated funding in the Long Term Financial Plan (LTFP)
- Establishing consistent service level targets for condition, function, capacity, utilisation and risk so that Council can produce 10 year projected costs for operations, maintenance, renewal, upgrade and expansion with corresponding service level outcomes that can be communicated to the community
- Planning for new & upgraded assets to better include analysis impact on service levels and whole-of-life costs (including operating expenditure) and internal resources needed to manage a growing and aging system
- Updating detailed Asset Management Plans to produce at least 3 scenarios
- Develop a knowledge management strategy to ensure decision support information is available to inform these scenarios and provide an annual state of the assets report

Council's target is to achieve or exceed a 'core' level of maturity across all asset management practice areas during the life of this plan.

By delivering this Strategic Asset Management Plan, and supporting Asset Management Plans, Council has a transparent framework to improve the management of its assets. The framework will be used in conjunction with up-to-date technologies, methodologies and ongoing community engagement.

Decisions regarding allocation of resources and implementation of actions will have regard to sustainable maintenance of assets and the ongoing provision of services provided by the assets.

The continual improvement of asset management practices over the next decade will occur through:

- Completion of condition/function audit programs
- Re-assessment of useful lives projects
- Improved information on replacement cost unit rates
- Clarification on asset accounting methodologies
- Consultation on Levels of Service information
- Implementation of maintenance strategies
- Implementation of the Asset Management Improvement Plan actions
- Regular updates of this Plan and associated Asset Management Plans.



ASSET RISK MANAGEMENT

Critical Assets

The Critical Assets, owned and managed by Council, required for continued service delivery are:

- Waste facilities and associated plant & equipment
- Transport – road bridges and associated retaining walls
- Stormwater management assets
- Government buildings – i.e. administration & works depots
- Information Management Technology (IMT) assets
- Sea walls

The Critical Assets, owned and managed by other service authorities that are required for Council's continued service delivery are:

- The electricity network
- The telecommunications/ internet network
- Major roads/bridges owned and managed by Roads & Maritime Services that allow transport within, to and from the LGA
- Public transport networks
- Bus
- Rail lines and associated support assets e.g. bridges
- External waste services assets e.g. waste trucks
- Traffic signals and lighting
- Watermains
- Sewerage systems

Some examples of critical assets and their impact is shown on the following table:

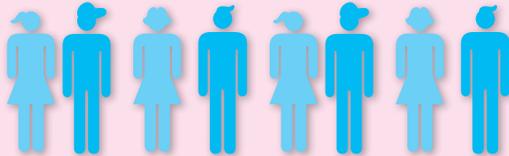
CRITICAL ASSET	FAILURE MODE	IMPACT
Footpaths/cycleways over pedestrian bridges or road bridges	Bridge collapse	If the bridge collapses underneath the footpath/cycleway, this will interrupt service to the road/rail/footpath underneath the bridge, as well as to the vehicles/pedestrians/cyclists etc that would normally use the bridge
Footpaths/cycleways supported by retaining walls	Retaining wall collapse	If the retaining wall collapses, then depending upon location, it could cause the area below to be unusable, as well as the footpath service stopping in this vicinity
Hierarchy 1 assets – footpaths at tourist spots including Grand Pacific Walk	Subsidence of path foundations/earthworks causing failure (cracking) of path	These are high use shared paths by a variety of travel modes, therefore high risk to Council if these paths fail as it will impact a large number of people
Servers and server holding facility	Server capacity reached or catastrophic failure of facility that holds the servers or server hardware not meeting requirements	This would interrupt the running of Council's business, of approx. 1000 employees and there is the potential to lose a large quantity of data
Electricity network	Failure/interruption of electricity supply	Council's business is heavily reliant on electricity, so the interruption of electricity supply to Council's administration building has the potential to impact the running of the business
Internet network	Failure/interruption of internet supply	Council's business is heavily reliant on internet, so the interruption of internet supply to Council's administration building has the potential to impact the running of the business
Communication lines	Failure/interruption of communication lines	With the NBN coming on board, telephone lines are becoming obsolete and being replaced by the NBN network. As this is progressively implemented, poor management can result in communication lines being cut off, this is critical for our emergency services and emergency management teams

Further information on critical assets can be found in Council's Asset Management Plans.

Future Challenges

Over the planning period of the next 10 years, there are a number of changes forecast within the Wollongong Local Government Area (LGA). This Plan identifies these changes and considers how they will affect the way Council has to plan for and deliver assets.

The current population of Wollongong is **216,375** (2018) and is forecast to increase by **0.97%** per annum to **237,453** (2028).



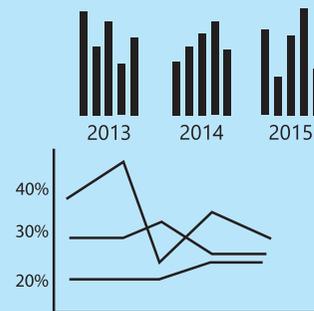
Technology is changing at a rapid rate, which is predicted to change the way services are delivered and will be managed through the implementation of an IMT Strategy.



Service level improvements are being progressively implemented to ensure that assets are delivered efficiently, such as the construction of new footpaths around schools.

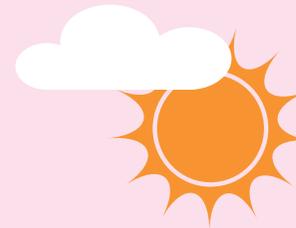


The number of dwellings is also expected to increase by **0.97%** per annum. This increase in dwellings creates a necessary increase in infrastructure assets because the new dwellings within each development area will need access roads, utilities, recreational areas, community facilities and public transport services.



Asset data is being continually improved upon through completion of condition and function audits to ensure the accuracy of planning for capital and operational works.

Council monitors climate changes so that any impacts to assets are planned for and implemented as required.



Efficiency of assets to provide services is being investigated to ensure that land use is appropriate and multi-functional.



Enterprise-Wide Risk Management - Risk Ranking Tool

Risk control plans have been developed for each of the above critical risk areas and are monitored and managed in line with Council's Corporate Risk Management Procedure.

SEVERITY TABLE

DESCRIPTOR	PEOPLE (Social) <i>Due to Council culpability or negligence</i>	PROPERTY & FINANCIAL (Economic) <i>Property loss; Increased expenses; lost revenue</i>	ENVIRONMENT (Environment) <i>e.g. Waterways; Bushland; Air; Fauna; Flora</i>	REPUTATION (Governance) <i>Social; Ethical; Heritage; Cultural; Leadership</i>
		Assess loss as either one-off or recurrent multiplied by 10		"External Agency" may include: DLG; ICAC; Police; Audit Office, etc
Catastrophic 5	Death or total permanent disability	> \$15 million; Massive financial loss	Catastrophic event (e.g. habitat destruction) with national impact (e.g. endangered species) for more than one year	Appointment of Administrator Major State or National media coverage 1,000 + complaints Financial loss or fraud > \$500,000
Major 4	Critical injury resulting in long-term partial disability	> \$5 million - \$15 million; major financial loss	Major event (e.g. creek contamination) with regional impact (e.g. lake, escarpment) for more than one year	External Agency Inquiry with adverse finding Significant regional media coverage 50 - 1,000 complaints Financial loss or fraud > \$50,000 - \$500,000
Moderate 3	Very serious injury, e.g. broken arm, leg, wrist, etc which could result in hospitalisation and/or greater than 7 days off work	> \$100,000 - \$5 million; high financial loss	Major event (e.g. creek contamination) with regional impact (e.g. lake, escarpment) for between one month and one year	External Agency request for clarification Regional & suburban media coverage 20 - 50 complaints Financial loss or fraud > \$5,000 - \$50,000
Minor 2	Minor injury, e.g. strain, sprain, gash, etc resulting in between 1-7 days off work	> \$10,000 - \$100,000; minor financial loss	Minor event (e.g. 20lt oil spill) with localised impact (e.g. street, precinct) for less than one month	Suburban media coverage 10 - 20 complaints Financial loss or fraud > \$1,000 - \$5,000
Insignificant 1	Minor injury, e.g. cuts, abrasions, etc requiring first-aid and/or resulting in less than 1 day off work	< \$10,000; Low financial loss	Negligible event (e.g. noise pollution) with localised impact (e.g. street, precinct) for less than one month	Media enquiry / Letter to the Editor 0 - 10 complaints Financial loss or fraud < \$1,000

LIKELIHOOD TABLE

DESCRIPTOR	DESCRIPTION
Almost Certain A	<ul style="list-style-type: none"> • Could happen at any time • Is expected to occur in most circumstances • Occurs annually or more frequently
Likely B	<ul style="list-style-type: none"> • Will probably occur in most circumstances • Has occurred several times in the past (in my career) • Might occur in a 2-3 year timeframe
Possible C	<ul style="list-style-type: none"> • Has occurred once in the past at Council • Might occur under prevailing circumstances • Might occur in a 5 year timeframe
Unlikely D	<ul style="list-style-type: none"> • Could occur at some time at Council • Could happen but unlikely • Might occur in a 10 year timeframe
Rare E	<ul style="list-style-type: none"> • May occur in exceptional circumstances • Heard of something like this happening elsewhere • Could happen but probably never will

RISK SCORE MATRIX *

LIKELIHOOD	SEVERITY				
	Catastrophic 5	Major 4	Moderate 3	Minor 2	Insignificant 1
Almost Certain A	E25	E20	E15	H10	M5
Likely B	E20	E16	H12	M8	L4
Possible C	E15	H12	M9	M6	L3
Unlikely D	H10	M8	M6	L4	L2
Rare E	M5	L4	L3	L2	L1

RISK LEVEL	ACTION YOU SHOULD TAKE
EXTREME (E15-25) HIGH (H10-14)	Immediate action required; eliminate or reduce risk; or accept risk provided residual risk level is understood
MODERATE (M5-9)	Reduce risk; or accept risk provided residual risk level understood
LOW (L1-4)	Accept the risk; manage by routine procedure



1.3 WHERE DO WE WANT TO BE?

When making decisions on assets and how they need to be managed, we consider community expectations, our agreed level of service, asset renewal needs, forecast changes (such as climate change and population growth) and the criticality and risks associated with our assets.

LEVELS OF SERVICE

Council has documented service levels at a community and technical level. This Strategic Asset Management Plan shows examples of Community Levels of Service and the Technical Levels of Service are provided in Council's detailed Asset Management Plans for each asset grouping.

At a community level, services are planned in terms of quality, function and capacity/utilisation. The community expectations are typically measured against community survey results (primarily the IRIS Community Survey), utilisation statistics and condition/function data.

At the technical level, services are planned in terms of intervention levels and standards for operations, maintenance, renewal of assets and the creation of new assets. These technical levels of service are planned at the Asset Management Plan level, and are used to establish and measure the performance of Council's delivery programs to achieve the community levels of service in accordance with Council priorities, renewal needs and planned development.

The IRIS community survey is a valuable source as it illustrates our community's priorities for improvements. The survey covers services provided to the community and the assets that support them.

Respondents were asked to rate how important particular services and facilities were to them on a scale of 1 to 5, where 1 meant 'not at all important' and 5 meant 'very important'. Using the same set of services and facilities, the respondents were also asked to rate how satisfied they were, with 1 meaning 'not at all satisfied' and 5 meaning 'very satisfied'.

The table below shows areas where the community has deemed a high importance and low satisfaction across the last four community surveys.

IRIS COMMUNITY SURVEY	Identified as not meeting resident expectations			
	2010	2012	2014	2017
Maintenance of local roads	✓	✓	✓	✓
Availability of parking in city centre	✓	✓	✓	✓
Availability of public toilets	✓	✓	✓	✓
Management of parking in city centre	✓	✓	✓	✓



Council uses this information on areas where the community expectations are not being met, and determines priorities for actions within the Asset Management Plans and Level of Service documentation. This survey is then repeated on average every 2 years to check progress on improving service levels and community satisfaction.

Wollongong City Council's Community Levels of Service Summarised

Examples of community level of service for Council assets used to measure our performance include:

Transport Services:

Service Target	Performance Measure
Roads are smooth and allow for comfortable travel	IRIS Community Survey
Streets are clean	IRIS Wellbeing Survey
Roads are safe and hazards are minimised	Road Safety Education Programs provided
Roads provide good traffic flow	IRIS Community Survey
Public transport and active modes of travel are encouraged	Traffic Planning & Local Studies
Parking options are available	IRIS Community Survey

Stormwater Services:

Service Target	Performance Measure
The stormwater network is inspected and maintained	Stormwater inspections and maintenance expenditure
Water quality is monitored	IRIS Wellbeing Survey
Flooding impacts are known and managed	Flood risk management plans and Infrastructure Delivery Program

Recreation Services:

Service Target	Performance Measure
A variety of recreation facilities are available, inspected, safe for use and maintained	IRIS Community Survey
Recreation facilities are accessible	Disability Inclusion Action Plan implementation actions



1.4 HOW WILL WE GET THERE?

LIFECYCLE COSTS

When it comes to asset management, best practice dictates that Council consider each phase in an assets life cycle, i.e. new assets require planning, design and construction costs, and these new assets need to be funded for their ongoing asset management needs. These include operations, maintenance, renewal, upgrade or even disposal. We need to consider and plan for these 'lifecycle costs' - represented by the Figure 6 below - at the outset for every new asset.

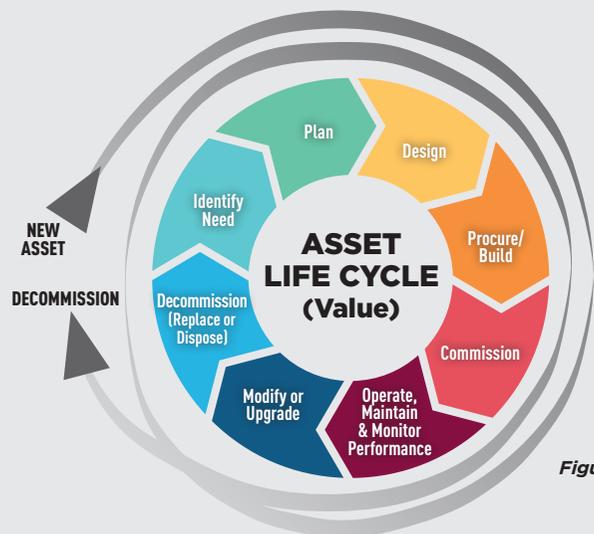


Figure 6

This is further explained in the table below and Figure 7 on next page:

CAPITAL	Renewal:	This is like-for-like replacement of an asset.
	Upgrade:	Improving an existing asset to provide a higher level of service, or to extend its useful life.
	New Assets:	Building a new asset that will benefit our community.
OPERATIONAL	Asset Maintenance:	Maintenance keeps an asset as near as possible to its original condition. By carrying out regular painting work, minor repairs or filling potholes, the deterioration of an asset is slowed down.
	Asset Operations:	How an asset is used for regular activities whether it be, for example, for public health programs, for safety, for operation of services from the asset (e.g. electricity & internet costs) or for amenity (eg, street sweeping, cleaning, mowing, etc).

Each year Council allocates money for the construction of new assets, and the renewal, operations and maintenance of existing ones. The following pie chart shows how these lifecycle costs are split and the estimated planned expenditure on new assets.

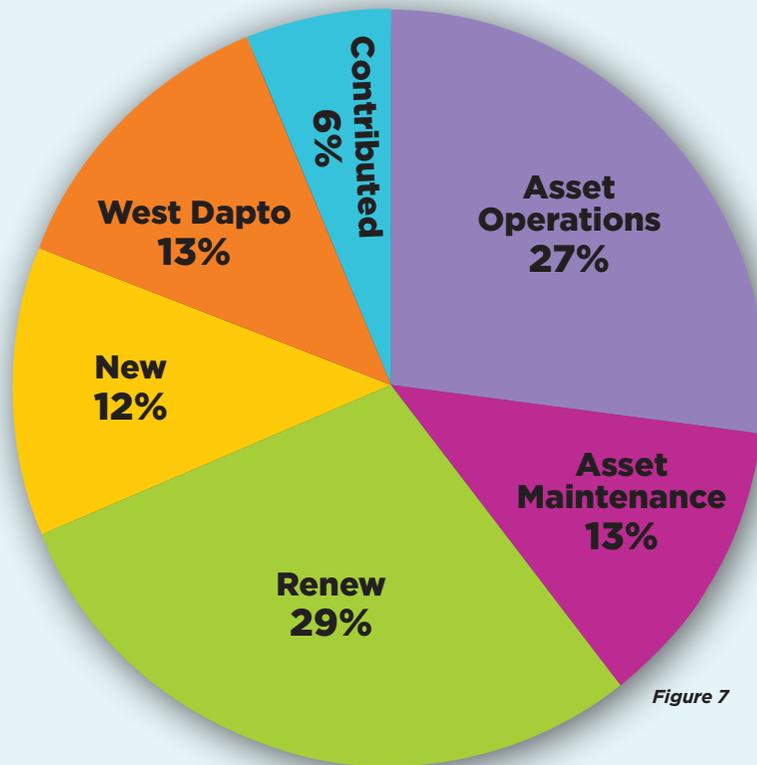


Figure 7

The operations, maintenance, renew and new expenditure is scheduled through Level of Service planning and the Infrastructure Delivery Program in consultation with stakeholders. The funding, meanwhile, is determined through the Long Term Financial Plan within Council's Resourcing Strategy and may be allocated out of either a Capital or Operational Budget. The fact that Council is able to plan for and prioritise renewals means we can take into account potential efficiencies, condition, function, risk, and level of service.

INFRASTRUCTURE DELIVERY PROGRAM

Council's annual investment in infrastructure is significant, and consists of the following:

Capital Expenditure:

- Renewing or replacing Council assets that have reached the end of useful life; or
- Constructing new, or upgrading, Council infrastructure

Asset Operations and Maintenance Expenditure, divided into:

- Operations - Expenditure required to keep things running for example, electricity for buildings, mowing of sportsfields, cleaning of pools
- Maintenance - Expenditure on routine activities to maintain Council infrastructure in a reasonable working condition for example, replacing carpets, removing graffiti, filling pot-holes.

The Infrastructure Delivery Program presents Council's commitment to ongoing investment in infrastructure, over the forward four years (2018/2019 to 2021/2022).

It presents:

- The list of capital projects that will be delivered and budget estimates;
- The process for identifying and prioritising capital projects within each service;
- Potential future infrastructure requirements for each service;
- Funding opportunities for 'renewal' and 'new' capital projects within each service; and
- The annual budget allocation for infrastructure operations and maintenance

This Infrastructure Delivery Program program represents an ambitious and growing schedule of projects which support a range of services such as tourism, city walkability, library services, waste management, stormwater management and transport.

The current budgets for capital expenditure over the next 10 years will remain around \$100 million per annum. These budgets have been planned in consultation with stakeholders through the Infrastructure Delivery Program process (formally known as the Capital Works Program). This budgeting process occurs annually.



This graph shows Council's renewal needs represented by the full colour bars, are adequately planned and budgeted for, meaning Council is financially sustainable to deliver the required asset renewals over this planning period. Council aims to continue this practice of maintaining financial sustainability into the future.

The hatched bars represent what Council is planning to spend on new assets in the West Dapto Urban Release Area and elsewhere across the LGA over the next 10 years to cater for the growth, manage community expectations and meet service level requirements.

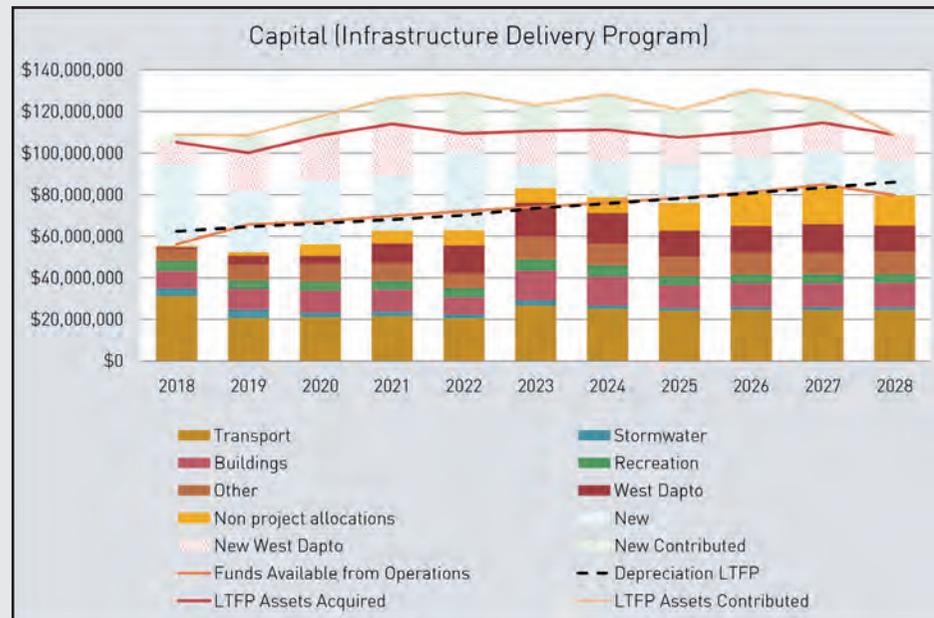


Figure 8 - Capital (Infrastructure Delivery Program)

The projected asset value for Council's total asset stock over the next 10 years is expected to increase by approximately \$370 million, which is an average of \$37 million per year.



Figure 9 - Projected Asset Values



Over the next decade, the budgets for Asset Operational costs will increase as the number of assets Council is responsible for grows, and the existing assets needing more maintenance as they age. Currently, Council is updating our financial systems so we're able to project operations and maintenance budgets into the future within the system. These budgets will be reviewed once this project is complete, and on an annual basis.

The budgets represented in Figure 8 and 10 have been combined in Figure 11 to show the overall impact for future projections of Asset Operations and Capital expenditures.

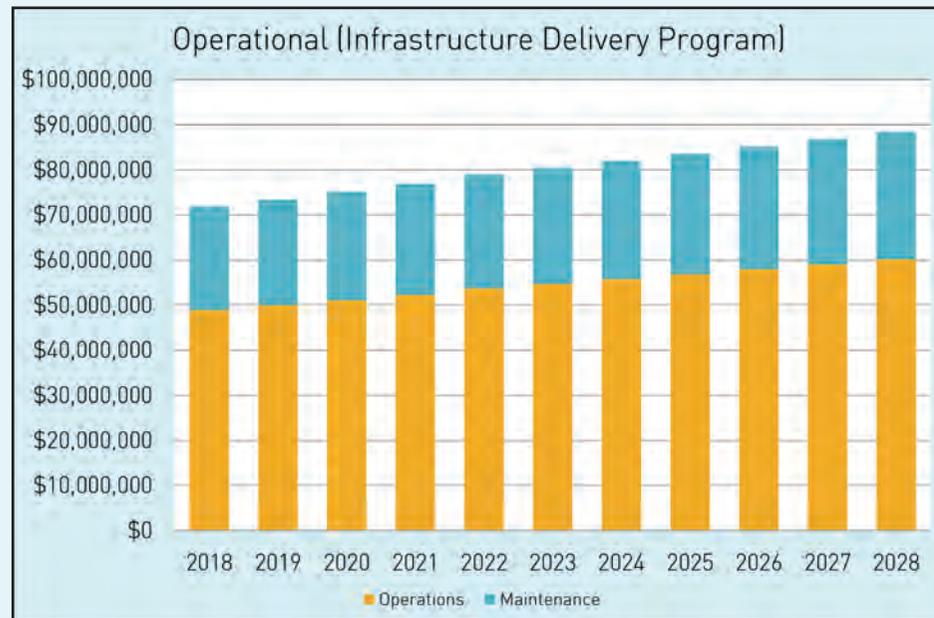


Figure 10 - Operational (Infrastructure Delivery Program)

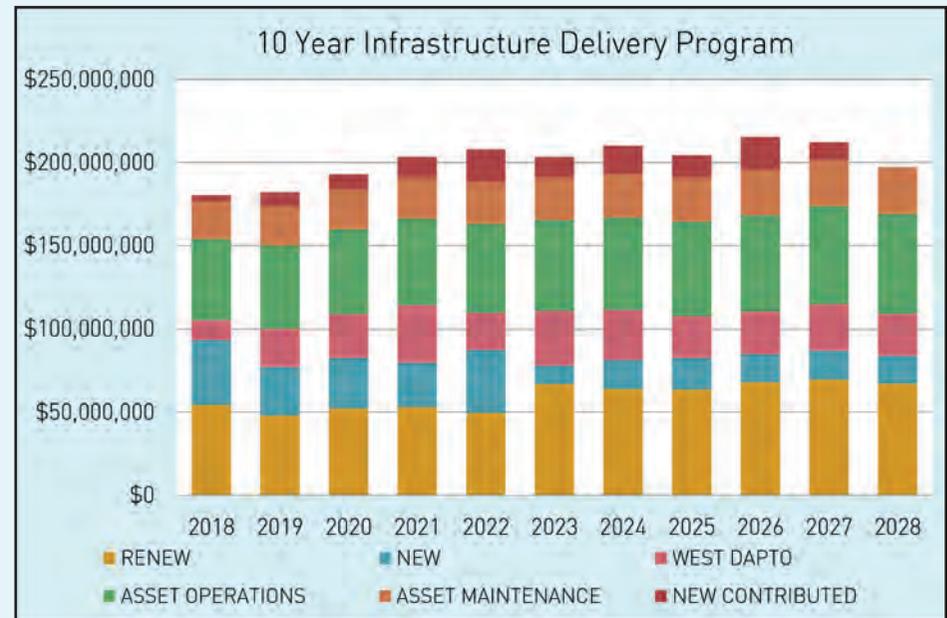


Figure 11 - 10 Year Infrastructure Delivery Plan

Wollongong is growing and rapid change is happening right across our Local Government Area. In the CBD, there is a significant increase in the level of higher density housing, while in the West Dapto Development Area new housing is coming online that will encourage and shape the continued development of Wollongong. With these changes comes the need to build, increase or improve on assets such as roads, stormwater, parks, playgrounds, and provide public transport links. This growth needs to be carefully planned for so that the sustainability of asset provision is maintained, and the needs of the community are met.

West Dapto: A brief case study

A great example of needing to plan for growth is West Dapto. Over the next few decades, there will be approximately 4.8km of extra roads and an additional 4.5km of cycleways that will be constructed. Once finished, they'll need ongoing maintenance, renewal and repair and to be factored in to road sweeping arrangements. Meanwhile, an estimated 6.9ha of parks will need to be mowed and any playgrounds maintained, repaired and replaced.



STRATEGIES

Moving forward, important strategic issues being considered and addressed include:

- Related asset management outcomes from Council strategies
- Changes in demand/customer satisfaction by the community
- Changes in technologies
- Growth of the Wollongong LGA and its effect on required assets to provide services
- Possible efficiencies created by transfer of asset ownership/responsibilities
- The availability of future funding sources
- Assessment of place based improvements to ensure a network approach is considered
- Improvements to asset data and valuation practices
- Planning for the potential impact of climate change
- Best practice in asset management guided by Institute of Public Works Engineering Australasia (IPWEA) and benchmarking against other Group 5 Councils
- Revision and continual improvement of asset management practices
- Reporting requirements through the Delivery Program and Annual Reports
- Linking infrastructure resilience and emergency planning to asset management practices

PLANNING

Moving forward, this strategy will be delivered through the continued revision and implementation of the detailed Asset Management Plans.

The current list of asset management plans are:

- Transport
- Stormwater
- Buildings and facilities
- Recreation and open spaces
- Plant equipment & fleet
- Waste (in progress)
- Information Management Technology (IMT)
- Other (library books, artworks, land)

PEOPLE

Our Asset Managers have the skills to manage assets. This is ensured through internal and external training, working with and learning from experienced personnel and keeping up to date with best practice.

FINANCIAL INDICATORS

There are a number of financial indicators which the Office of Local Government uses to benchmark Councils against, these include:

Asset Maintenance Ratio =	Maintenance Expended (Actual)

	Maintenance Required (Budget)
Renewals Ratio =	Renewal Expended (Actual)

	Renewals Required *(Changed from Annual Depreciation)
Capital Expenditure Ratio =	Total Capital Expense (Actual)

	Annual Depreciation
Lifecycle Expenditure =	Renewals Exp (Actual) + Maint EXP (Actual) + Asset Operations Exp (Actual)
Lifecycle Cost =	Renewals REQD + Maint REQD (Budget) + Asset Operations REQD (Budget)
Lifecycle Indicator =	Lifecycle Expenditure

	Lifecycle Cost

Council's performance against these indicators are reported within Council's Annual Report and End of Term Reports, with additional information provided in the Long Term Financial Plan.



IMPROVEMENT PROGRAM

Council's Strategic Asset Management Plan enables the overarching objectives of the Asset Strategy and Asset Management Policy to be achieved.

Our Strategic Asset Management objectives are to:

- Establish and maintain clear linkages between Council's agreed community driven services and the planning, delivery and performance measurement of our asset management delivery programs (our policy framework).
- Enable and demonstrate responsible and efficient management of Council's assets to deliver services (our programs).

- Establish and embed within the organisation core understanding, appreciation and accountability to enable delivery of mature asset management practices (our people).
- Improve the information, processes and systems supporting the management of our assets (our processes and systems).

Strategic actions developed to achieve these objectives are defined in the following table. Many strategic actions support multiple objectives and they are grouped around their primary contribution.

Asset Management Improvement Program

No	STRATEGIC ACTIONS	DESIRED OUTCOMES	PROGRESS	COMMENTS
Our Overarching Priorities				
S2	Implement Council's detailed Asset Management Improvement Plan	Improved financial and asset management capacity within Council to realise 'core' maturity for asset management planning.	In progress	Ongoing action
S3	Implement a governance process for review, monitoring and reporting of progress, achievements, costs and risks associated with implementing the asset management improvement program.	Priorities, resources, outcomes and risks to achieve the asset management objectives are identified and acknowledged.	Complete	Asset Management Steering Committee (AMSC) established in February 2012.
S10	Review the maturity assessment bi-annually to ensure continued improvement in asset management planning and practices.	Ongoing improvement actions are informed by an up to date assessment of maturity consistent with National Standards and Frameworks.	Complete Planned	Maturity Assessment undertaken in 2016. Planned for 2018/19.
Our Policy Framework				
S1	Finalise the review of the Asset Management Policy and submit it for adoption by Council.	Council's asset management activities are guided by a clear policy direction that has been adopted by Council.	Complete	Review undertaken in 2017 and adopted by Council 26 June 2017
S18	Further develop performance measures, metrics and rating systems for identified levels of service to reflect the needs and expectations of our community.	Levels of service provide direction for decision making, intervention levels and the allocation of resources.	In progress	Ongoing. Integral to the 2018 AMP review
S12	Develop, document and implement business processes to clearly identify operational service standards and monitor performance against these.	Service delivery is driven by, and performance measured against, clearly defined operational service standards.	In progress	Ongoing. Integral to the 2018 AMP review
S7	Ensure that the ongoing asset management resource requirements for new and upgrade capital works projects are considered in setting annual budgets.	Ongoing costs for new and upgrade works are recognised in setting annual budgets.	Ongoing	Business proposal process requires consideration of whole-of-life costing.
S14	Develop and implement a systematic and transparent process for prioritising capital works projects to include triple bottom line and asset lifecycle sustainability criteria.	Transparent and equitable allocation of capital funding and improved synergies in project proposals.	Complete	Prioritisation for new proposed projects completed in 2013-14. 2018-2022 Infrastructure Delivery Program includes details of prioritisation method for each program/service area.
S15	Undertake benchmarking to assist in assessing the efficiency of Council's infrastructure delivery programs and asset management activities.	Continued focus on assessing and improving Council's drive towards efficient service delivery.	In progress	Utilise IPWEA resources to standardise practice



Asset Management Improvement Program

No	STRATEGIC ACTIONS	DESIRED OUTCOMES	PROGRESS	COMMENTS
Our Processes and Systems				
S4	Continue to develop and annually review Asset Management Plans (AMPs) for the major asset groups to ensure they clearly communicate asset service related costs, benefits and risks.	AMPs provide a current summary of existing asset management information and provide direction for decision making and refining improvement actions.	In progress	Finalisation of current review planned for 2018/19 following adoption of revised Resourcing Strategy.
S5	Implement business processes and system modifications to identify infrastructure expenditure by service, asset group and expenditure type.	Financial information relating to the management of Council's assets is readily available using consistent structures and definitions.	In progress	Progressive implementation of process and business improvements.
S6	Ensure customer service request information and processes facilitate improved decision making and responsiveness for asset management.	Customer Service Requests inform asset management planning.	Complete	Ongoing. Customer requests prioritised on risk basis in line with AMPs.
S8	Further develop a risk management approach for all asset classes such that risks are managed and risks are reported consistent with Council's corporate risk management process.	Priority risks are identified and managed.	In progress	Integral part of current AMP review.
S9	Annually review and report on the completeness and accuracy of the data for all assets using the confidence grading system adopted in the detailed AMPs.	Information is of good quality and reliable to inform decision making.	In progress	Ongoing
S11	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.	In progress	Ongoing
S16	Review asset information and structures in Council's asset management information system to ensure that it aligns with strategic, tactical and operational planning requirements.	Resources for maintaining and utilising information are optimised.	In progress	Annual and ongoing review process.
S17	Consider processes and further actions to better manage heritage aspects associated with infrastructure assets.	Heritage aspects of Council's infrastructure assets are managed appropriately.	In progress	Heritage considerations integral part of planning for asset renewal and maintenance.
Our People				
S13	Ensure roles and responsibilities for asset management are clearly defined and incorporated into organisational structures, staff position descriptions and performance objectives.	Responsibility for asset management is clearly defined.	Complete	Roles and responsibilities matrix developed in line with organisational restructure.
S18	Further develop performance measures, metrics and rating systems for identified levels of service to reflect the needs and expectations of our community.	Levels of service provide direction for decision making, intervention levels and the allocation of resources.	In progress	
S19	Continue to develop skills and awareness of asset management planning across the organisation.	Improved organisational capacity and maturity in asset management planning.	In progress	Ongoing



Strategic Asset MANAGEMENT PLAN 2018 - 2028

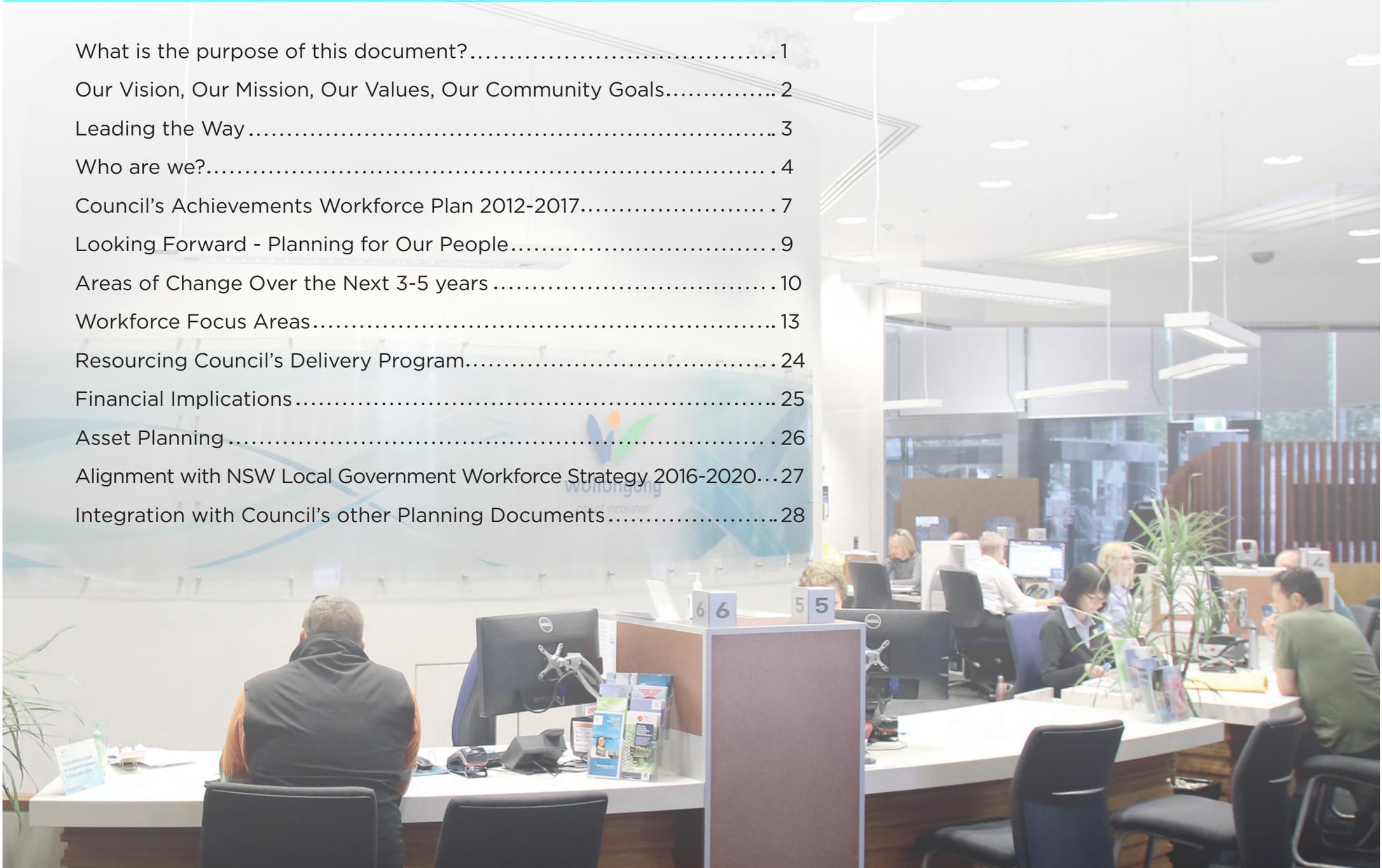


Workforce STRATEGY 2018 - 2022

ADOPTED 25 JUNE 2018

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What is the purpose of this document?

Our people are our most important asset. Wollongong City Council is committed to being a local government authority of excellence that enhances our residents and visitors quality of life and environment through effective leadership, community involvement and commitment to service.

This Workforce Strategy outlines how we plan to support our workforce over the next four years to deliver Council's services to make our city a vibrant, engaging and connected place. To deliver our key objectives we need a workforce that is enabled, responsive, capable, engaged, inclusive, safe and well.

The Delivery Program outlines Council's commitment to delivering services and actions in line with the Community Strategic Plan. This Strategy identifies how Council will support its people to deliver those services and actions over the next three years.

Influences on the development of our workforce include; an ageing demographic, technology and automation, diversity and inclusion, providing flexible work options and building the skills and capabilities of our people. The strategies and actions outlined in this document will have a significant impact on the way in which we deliver our services to the community, highlighting the importance of strategic workforce planning.

Investment in our people is required to ensure the success of this Strategy. The areas requiring investment include:

- Creation of a Learning and Development Strategy and Framework

- Review and implementation of safety initiatives resulting from the Work Health and Safety Culture Survey
- Implementation of a Reward and Recognition Program
- Investigation and consideration of a Capability Framework
- Completion of a Staff Engagement Survey

The Strategy also identifies opportunities for investment in assets, specifically equipment, technology and workforce accommodation.

How we developed this Strategy

- Data analysis and benchmarking information
- Using existing sources and data including the People Matters Survey, WHS Wellness Survey 2017, Organisational Culture Index and existing workforce data and profile information.
- Review of our Community Strategic Plan, Delivery Program and Supporting Documents
- Collaborative design-thinking involving management, staff and unions
- Strategic planning workshops
- Workforce planning by our Delivery Streams



OUR VISION

“From the mountains to the sea, we value and protect our natural environment and we will be leaders in building an educated, creative and connected community.”

OUR MISSION

To be a local government of excellence that enhances our City’s quality of life and environment through effective leadership, community involvement and commitment to service.

OUR VALUES:

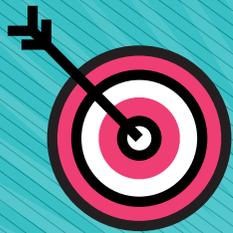
- Maintain integrity and earn trust
- Treat customers as we want to be treated
- Use the community’s money wisely
- Bring out the best in each other

OUR COMMUNITY GOALS

1. We value and protect our environment
2. We have an innovative and sustainable economy
3. We have a creative, vibrant city
4. We are a connected and engaged community
5. We have a healthy community in a liveable city
6. We have affordable and accessible transport.

LEADING *the way*

In 2017, we embarked on an internal program to optimise our performance to achieve our community goals. Our Leading the Way Program provides a framework for the workforce in the planning and delivery of services by achieving:



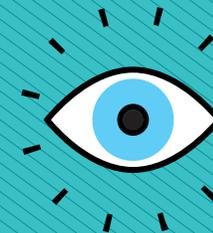
EXCELLENCE EVERY DAY

Everything we do, we do exceptionally well



INSPIRING CREATIVITY

We seek out opportunities to do cool things for our customers



EYES ON THE FUTURE

We're shaping our future for the next 10, 20, 50 years

Each of the actions within this document fall within one or more of these areas

WHAT WE DO
HOW WE DO IT **MATTERS**

Our preferred culture includes constructive behaviours*

- Humanistic-encouraging
- Affiliative
- Self-actualising
- Achievement focused

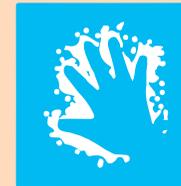


Who are we? Snapshot of the Wollongong City Council workforce

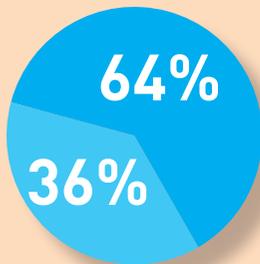


1176 full time equivalents deliver services to the community made up of **751** indoor and **425** outdoor employees

14.75 YEARS is the average tenure of our workforce

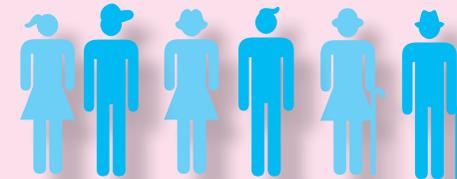


1.7% identify as an Aboriginal or Torres Strait Islander background



64% of the workforce are working full-time and **36%** are working part-time or casual

46.81 YEARS is the average age of our workforce



3% GENERATION Z: < 21 years
19% GENERATION Y: 22 to 37 years
39% GENERATION X: 38 to 52 years
38% BABY BOOMERS: 53 to 71 years
0.5% SILENT GENERATION: 72 to 92 years

*Data taken from WCC Aurion System unless stated.



Who are we? Snapshot of the Wollongong City Council workforce



21% were born outside Australia



5% come from culturally and linguistically diverse background

5% have a disability



80% of our workforce live within the Wollongong Local Government Area



WE ARE

43% female and **57%** male

Council has an estimated **1500** regular volunteers






wollongong
city of innovation



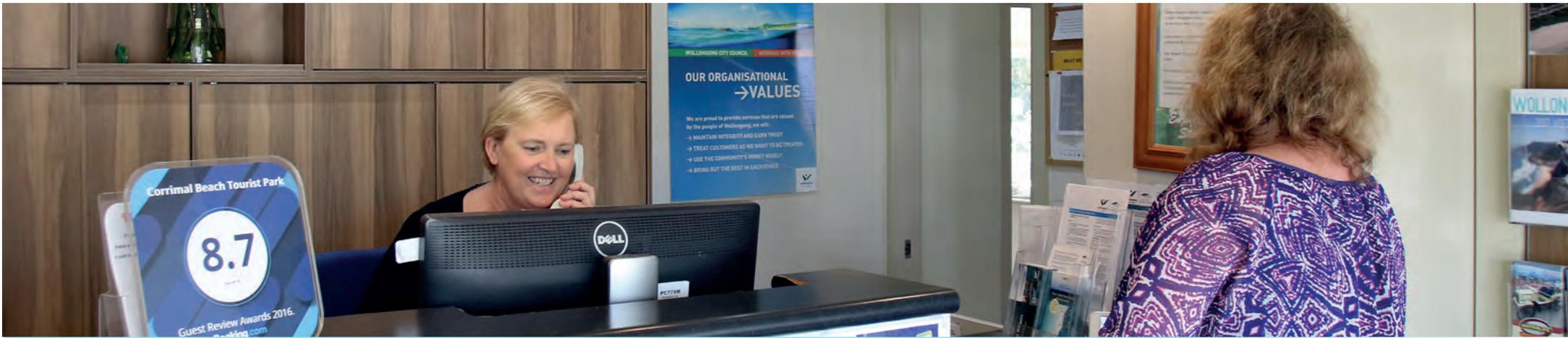
Council's Workforce Plan 2012-2017 Achievements

Over the past five years, we have made significant progress towards the vision and goals of the 2012-2017 Workforce Plan. The Plan was developed to provide a strategic direction for the management of our workforce to meet changing needs while focusing on our ability to deliver outstanding customer and community services.

Key achievements toward this plan over the five year period include:

- The Workforce Planning Framework, guidelines and support tools were delivered in 2016.
- During the 2014 Enterprise Agreement negotiations we committed to review the reward and remuneration structure and performance management system. This review began in 2017 and will continue during the next workforce planning period.
- Continued utilisation of the Organisational Culture Index (OCI) Survey to measure and report on organisational culture. This was undertaken in late 2014, with the results received and presented in March 2015.
- The Transition to Retirement Policy was endorsed and implemented in November 2014.
- Continued development of the Cadet, Apprentice and Trainee (CAT's) program. The 2015 intake saw increased participation outside of targeted positions from applicants that have identified as Aboriginal and Torres Strait Islanders (ATSI) and people with a disability.
- Increased engagement with education groups including Illawarra Careers Advisors Network (ICAN) and Workplace Learning Illawarra has resulted in improved availability of school work experience placements of 150 weeks in 2015-16.
- Participation in the People Matters Survey in 2017. Data collected has been considered in the development of this Strategy.
- A WHS Safety Culture Survey was carried out in 2017. An action plan is being developed for implementation in 2018.
- Council's eRecruitment system was implemented in 2015.
- A Human Resources Business Partnership model was introduced in 2016 which has reinforced a strategic workforce planning approach to talent management.
- Council received the 50:50 Vision Councils for Gender Equity Award in July 2016 from Australian Local Government Women's Association (ALGWA).





Looking Forward - Planning for our People

To effectively plan for our workforce, we need to consider the anticipated trends and challenges and what our desired workforce looks like.

WCC Specific Trends and Challenges

Changing culture with new starters, new experiences, different ages

Changing work arrangements e.g. flexible options

Our workforce is ageing

Need for greater agility and an evolving workforce

Managing expectations

Increasing reliance on systems technology

Keeping our people safe and well

Loss of skills and knowledge to retiring workforce

Reduce silos and increasing collaboration

Resistance to change

Changing and increasing legislation

Keeping pace in a changing environment

Difficulty attracting and retaining particular professions and roles

Balancing long term priorities with short term projects/issues

What does a Successful Workforce look like?

Jobs are designed to balance operational and strategic work

Diversity and inclusion

Committed to a safety culture of zero harm

An engaged workforce, committed to delivering business objectives

Agile, multi-skilled employees

Customer focused (internal and external)

Supported by flexible work practices

Responsive and open to change

Enabled by technology

Nimble workforce and structure to meet the changing needs of the community

Part of a collaborative, networked organisation

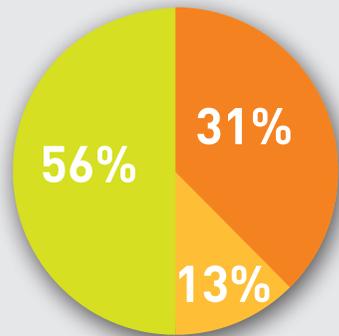
Innovative

Accountable to clear expectations while willing to try new things and learn from mistakes

Workshops with our people, including management and staff, have highlighted the following key areas of change over a 3-5 year timeframe. Our focus areas, strategies and actions support our workforce to embrace and respond to these challenges.

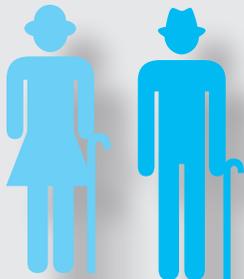


Areas of Change over the next 3-5 years



Supporting our Ageing Workforce

Currently, 31% of our workforce is aged 55 and older and 13% is aged 60 years and older. We are planning for the impact of our ageing workforce by having systems and support mechanisms in place to transfer knowledge and capability from retirees within our organisation. We will provide support to our workforce that is safe and well through flexible employment practices. We will also continue to support our changing workforce via our Transition to Retirement Policy.



Technology and Automation

Technology and automation supports the way we work, and has the potential to result in efficiencies gained from doing more with less.

We have been experiencing the impact of advancing technology on the way we deliver services:

- Social media now forms a core part of our engagement and communication
- Increased demand for mobility across all services
- Online booking systems for commercial and community services
- Web casting of Council meetings
- Increased conferencing and web-based platforms for meetings and forums
- Increasing digital platforms in library services

We will work to provide our diverse community with access to technology. In 2017 76.6% of Wollongong households have broadband internet connection, up from 32.5% in 2011. This varies across the city from a low of 55% in the south to a high of 88.8% in areas to the north of the city. We will continue to plan the best way to reach our communities using a range of mediums including technology and face to face service provision.



Areas of Change over the next 3-5 years

Diversity and Inclusion

Our Workforce Diversity Plan 2016-2019 demonstrates our commitment to a culture where diversity is encouraged and celebrated. This includes diversity of age, ethnicity and gender and extends to diversity of experience and thought. We will build a contemporary culture to attract and retain a diverse and appropriately skilled workforce that is increasingly representative of our community.

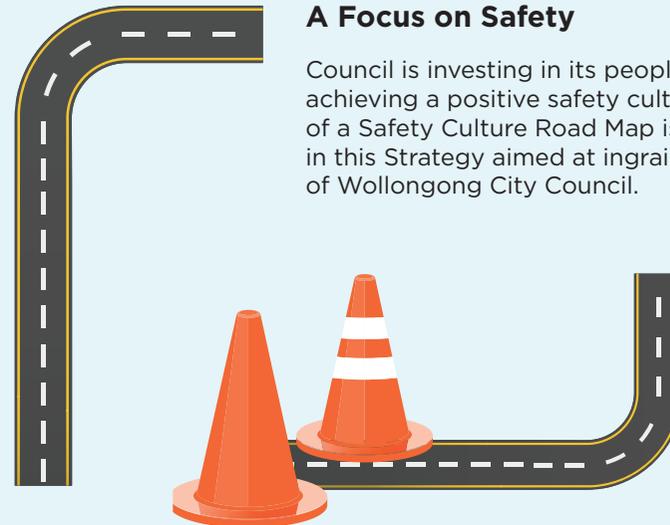


Flexibility and Capability

The need for employees who are able to adapt and transfer skills to different roles and projects is becoming increasingly sought after to support and deliver on Council's Delivery Program and Operational Plan. We are committed to building a capable workforce that has the necessary skills and access to training to deliver a high level of services to our community.

A Focus on Safety

Council is investing in its people through working on achieving a positive safety culture. The implementation of a Safety Culture Road Map is one of the key actions in this Strategy aimed at ingraining safety in the culture of Wollongong City Council.



Our people deliver 34 services from libraries, community and cultural services, land use planning, financial services, environment and development assessment, ranger services, infrastructure and asset planning and capital program delivery and maintenance services.



Focus Area 5
SAFE & WELL

We build a culture where safety is the norm and we make decisions that ensure the wellness of our people. We encourage positive workplace behaviour and value inclusivity. We see the benefit of leveraging our differences to achieve enhanced outcomes.

Focus Area 1
INCLUSIVE & ENGAGED

We encourage collaboration at all levels by creating and contributing to shared goals. Our employees understand where they fit in the bigger picture and that what they do and how they do it matters. We attract and retain great staff to support the delivery of Council's services.

Focus Area 4

CAPABLE

We continuously build the capability and capacity of our workforce. We develop our staff and create a safe space for employees to embrace opportunities to learn and develop in a supportive and nurturing environment.

WORKFORCE FOCUS AREAS

Our areas of focus will enhance workforce performance and service delivery for our community.

Focus Area 2
ENABLED

We develop and implement appropriate policy, technology, systems and processes to enable our workforce to make effective and measured decisions. We encourage innovative thinking and provide an environment in which employees are empowered to develop and implement creative solutions and ideas.

Focus Area 3
RESPONSIVE

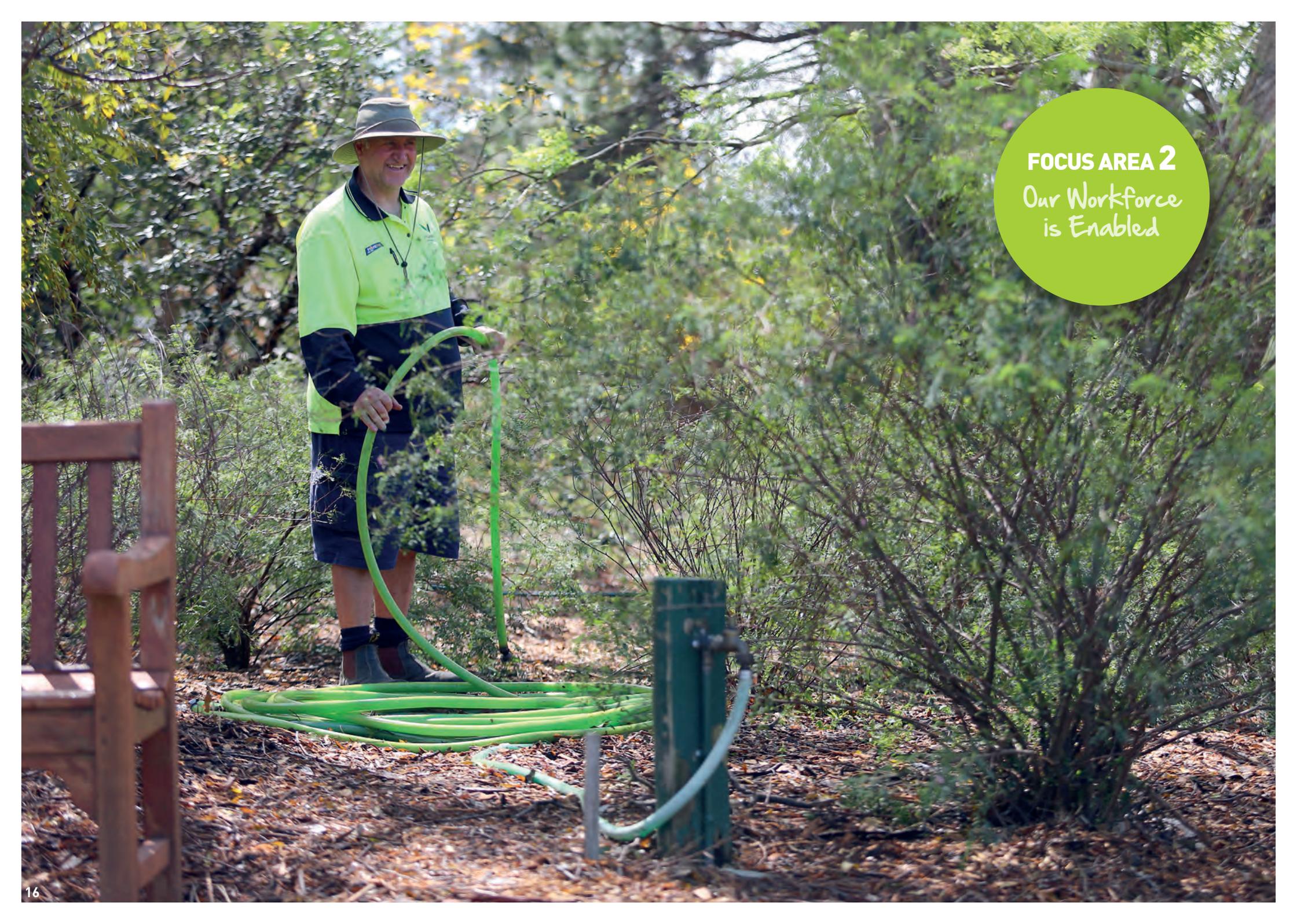
We review and update our approach to work to ensure that we are flexible and adaptable in an ever-changing environment. We communicate the need for change and work together to think of ways to achieve excellence in service delivery to the community.

FOCUS AREA 1
Our Workforce
is Inclusive &
Engaged



	WHAT?	WHY?	HOW?	RESPONSIBILITY	2018/19	2019/20	2020/21	2021/22
1.1	Communicate the objectives of the organisation with our employees	To make sure our workforce understands their role and the purpose of the organisation	Share information about the Community Strategic Plan, Delivery Program and Operational Plan with our workforce	Executive, All Divisions	✓	✓	✓	✓
1.2	Improve our workplace culture	To engage our workforce through common values that builds a culture of improvement through inclusive behaviours	Develop and embed refreshed organisational values Carry out the OCI Survey, and implement a culture action plan to develop preferred behaviours across the organisation	OGM	✓		✓	
1.3	Improve employee satisfaction	To measure workplace culture and employee satisfaction	Conduct a biennial staff engagement survey and identify and act on areas for improvement	OGM		✓		✓
1.4	Identify and implement improvements in attraction and recruitment strategies and processes using a business improvement approach	To streamline internal and external processes and improve the applicant experience	Develop and implement contemporary streamlined processes that improve attraction and recruitment	HR, OGM	✓	✓	✓	✓
1.5	Build our talent pipeline for future leaders and technical experts	To invest in areas of identified skill demand and possible shortages	Provide opportunities for staff to work in other divisions to transfer skills and knowledge base of workforce Continue to support entry level workforce employment programs Learning and Development opportunities including the Tertiary Assistance Program	HR	✓	✓	✓	✓
1.6	Strengthen diversity and inclusion in our workplace	To move toward representing our community and benefit from greater diversity of experience and thought	Diversity and inclusion are part of our day to day decisions Better reflect the diversity of our community through designated recruitment process and positions	Executive, All Divisions	✓	✓	✓	✓

FOCUS AREA	PERFORMANCE MEASUREMENT	SOURCE	BASELINE	TARGET
ENGAGED	% of our workforce who understand their work contributes to Council's overall objectives	People Matters Survey	69%	100%
	% of our workforce who believe there is good communication across sections of Council	Staff Survey	Establish baseline	-
	% of our workforce who believe knowledge and information is shared throughout Council	Staff Survey	Establish baseline	-
	% of our workforce who believe there is good cooperation between different sections of Council	People Matters Survey	48%	↑
	% representativeness of our community in our workforce	Workforce data	2017	↑
	% of our workforce who believe they are encouraged to provide feedback about things that concern them	Staff Survey	Establish baseline	-
	% ↑ in WCC Organisational Culture Index (OCI)	OCI Survey	2012 Result	↑ in blue culture

A man wearing a grey bucket hat, a high-visibility yellow and black long-sleeved shirt, and dark shorts is standing in a wooded area. He is holding a bright green hose that is coiled on the ground. The ground is covered with dry leaves and twigs. In the foreground, there is a wooden fence on the left and a green metal post with a hose attached to it. The background is filled with dense green foliage and trees.

FOCUS AREA 2
Our Workforce
is Enabled

	WHAT?	WHY?	HOW?	RESPONSIBILITY	2018/19	2019/20	2020/21	2021/22
2.1	Identify and address skills gaps	To develop a multi-skilled and agile workforce	Develop a Learning and Development Strategy to identify and address skill gaps	HR, OGM, All Divisions	✓	✓		
2.2	Strategically plan for the impacts of technology	To create a workforce that is adaptable to advances in technology	Undertake a technological needs analysis and skills audit to identify and address organisational gaps	G&I	✓	✓		
2.3	Build the technological capability of our people	Technology has been identified as a trend and challenge for WCC over the next 3 - 5 years	Build the technological capability of our workforce Deploy Information Management Technology Strategy	All Divisions	✓	✓	✓	✓
2.4	Create work spaces that are contemporary and fit for purpose	To optimise our effectiveness it is important that workplace accommodation and facilities for our staff and visitors are fit for purpose and enable our people to perform to their best	Design and implement a workforce accommodation strategy that explores flexible workplace arrangements to address space utilisation and create meeting and workplaces alike that are accessible and inclusive	I&W	✓	✓	✓	✓

FOCUS AREA	PERFORMANCE MEASUREMENT	SOURCE	BASELINE	TARGET
	% of staff who believe they have the tools and equipment they need to do their job effectively	People Matters Survey	62%	↑
	% of our workforce who believe they have the right technology to do their work	Staff Survey	Establish baseline	↑
	Demand vs supply of training in using technology	Workforce Data	N/A	Meet Demand

FOCUS AREA 3
*Our Workforce
is Responsive*



	WHAT?	WHY?	HOW?	RESPONSIBILITY	2018/19	2019/20	2020/21	2021/22
3.1	Facilitate the review and introduction of equipment, tools and resources required for changing workforce needs	To support we are responsive to changing industry, community and organisational needs	Research best-practices to respond to future advances in the work environment such as dial-in meetings, remote workplaces and virtual teams	G&I/OGM		✓	✓	
3.2	Build our employer brand as a flexible organisation	Keep pace with employment practices to respond to workforce trends and customer service demands	Build flexibility provisions within the Enterprise Agreement	HR	✓			
3.3	Contemporary reward and recognition practices	To support a flexible and contemporary workforce	Implement a renewed approach to reward and recognition Review employment policies and implement the new Enterprise Agreement	HR, All Divisions	✓	✓		
3.4	Manage the impact of an ageing workforce	To protect the organisation from loss of organisational knowledge and skills	Develop a suite of strategies to support our ageing workforce including flexible work, re-training opportunities, coaching, transfer and capture knowledge	HR	✓	✓	✓	✓
3.5	Cultivate a learning organisation	To engage staff, recognise effort and contribution and optimise the potential of our people	Carry out a Learning and Development Strategy Program Investigate and consider a Continuous Improvement Model	OGM, HR			✓	✓

FOCUS AREA	PERFORMANCE MEASUREMENT	SOURCE	BASELINE	TARGET
RESPONSIVE	Increase in community satisfaction with Council	Community Survey	3.4 (2017)	↑
	Increase in community satisfaction with Council's Customer Service	Community Survey	4.0 (2017)	↑
	% of our workforce who believe Council has enough flexible working arrangements to meet their needs	Staff Survey	Establish baseline	-

FOCUS AREA 4
*Our Workforce
is Capable*



	WHAT?	WHY?	HOW?	RESPONSIBILITY	2018/19	2019/20	2020/21	2021/22
4.1	Leadership Development Program	All of our workforce have an important role in delivering services to the community	Develop and implement a leadership approach consistent with the philosophy that everyone has an important role to play	OGM, HR	✓	✓	✓	✓
4.2	Mentoring and Coaching for our People	To provide opportunities for professional growth to optimise career development and capacity building	Create opportunities to involve managers and staff in formal mentoring programs within and outside local government	OGM, HR	✓	✓	✓	✓
4.3	Investigate a Capability Framework	The impact of adopting a capability framework will have a significant impact and needs to be and fully considered	Investigate and consider the implementation of a capability framework across the organisation	OGM, HR		✓	✓	✓
4.4	Strategic Divisional Workforce Planning	To facilitate workforce planning which will include a succession planning approach, and rigour in workforce decision making and recruitment	Support managers in the preparation and implementation of divisional strategic workforce plans	OGM	✓	✓	✓	✓
4.5	Build a contemporary, capable workforce	To develop a sustainable workforce responsive to changing industry, community and organisational needs	Identify industry trends in roles and develop strategies to address potential skill shortages	OGM, HR	✓	✓	✓	✓
4.6	Develop and implement a Succession Planning Framework	Build an internal pipeline to manage skill shortages and plan for future needs	Support divisions to analyse current positions to determine gaps and plan for future requirements	OGM All Divisions	✓	✓	✓	✓

FOCUS AREA	PERFORMANCE MEASUREMENT	SOURCE	BASELINE	TARGET
CAPABLE	% of divisional workforce plans developed	Project Reporting	N/A	100%
	% implementation of Succession Planning Framework	Project Reporting	N/A	100%

our safety

everyone everyday everywhere

means we are:

- 1 Ready and capable of working safely*
- 2 Aware of our risks and act to control them*
- 3 Taking ownership of our actions*
- 4 Speaking up if we see hazards or unsafe behaviours*
- 5 Celebrating our successes and learning from our mistakes*

Our Vision

We work together to achieve a healthy, safe environment, free from harm.

We lead the way, by caring for one another, looking after the environment and the well-being of our community.

FOCUS AREA 5
*Our Workforce
is Safe & Well*

Suzana Stojcevska

	WHAT?	WHY?	HOW?	RESPONSIBILITY	2018/19	2019/20	2020/21	2021/22
5.1	Strengthen our safety culture	To build and sustain a culture that includes all employees to undertake their work free from harm	Managers demonstrate visible leadership, deliver engaging and interactive safety interactions All employees are engaged to apply council safety behavioural expectations	All managers	✓	✓	✓	✓
5.2	Improve our workplace wellness and safety	We are committed to improving our safety and the wellbeing of our workforce	Carry out the priority actions from the Work Health and Safety Culture Strategic Road Map Establish new safety performance measures	All Managers	✓	✓	✓	
5.3	Conduct a workplace wellness and safety culture health check	Monitor our improvement in the safety and wellbeing of our workforce	Deliver a follow up Work Health and Safety Culture Survey to identify improvements in our safety behaviour and refocus our resources to areas requiring improvement	HR			✓	
5.4	Demonstrate our commitment to a safe workplace	A workforce that is safe and free from harm enables people to perform at their best	Recognise and reward safe workplace behaviours Continuation, review and expansion of our Wellness Program	All managers HR	✓	✓	✓	✓

FOCUS AREA	PERFORMANCE MEASUREMENT	SOURCE	BASELINE	TARGET
INCLUSIVE, SAFE AND WELL	% of our workforce who believe they maintain a good balance between work and other aspects of life	People Matters Survey	69%	↑
	% ↓ in average annual sick leave per annum	Corporate Indicators	6.86	7
	% ↓ in average lost time injury and severity rates per annum	Corporate Indicators	18.75	0
	% of our workforce who consider Council an overall safe place to work	WHS Culture Survey	93.5	Maintain
	% ↑ in WCC Safety Culture Index	WHS Culture Survey	58.7	Overall increase
	% of workforce participating in the Wellness Program	Human Resources	Establish Baseline	↑



Resourcing Council's Delivery Program

The Delivery Program 2018 - 2021 outlines Council's commitment to delivering those strategies and actions for which it holds responsibility, in line with Our Wollongong 2028 Community Strategic Plan. This Workforce Strategy identifies how Council will support its people to deliver the services and actions outlined in the Delivery Program over the next three years.

There are a number of areas within this Strategy that are an investment in our people, and should result in returns of efficiency or cost savings over time. Those areas are identified below may require additional funds to support the implementation of these projects.

- Research and Development
- Safety Initiative as identified in the Leading the Way Health and Safety Strategic Road Map
- Reward and Recognition Program
- Investigation and consideration of a Capability Framework
- Staff Engagement Survey
- Equipment and Technology
- Council's Workforce Accommodation Project
- Mentoring and coaching.

Successful implementation of the actions in this strategy should see benefits realised in areas related to staff health and wellbeing through reduced absences, less workers compensation claims and increased efficiencies. Importantly, resourcing for our workforce should realise overall enhanced service delivery to our community.

Financial Implications

Employee Costs account for approximately 46% of Council's total operating expenditure and encompass both direct labour costs as well as associated costs. The Long Term Financial Plan includes service levels as outlined in the Delivery Program 2019/22 and Annual Service Plan 2018/19. Estimates for expenses and income in future years have been applied on existing service levels unless a decision has been made, or a plan is in place to vary this level.

Superannuation costs are projected to increase in line with salary and wage payments and include an allowance for a series of 0.5% increases in the super guarantee from 2021/22 to 2025/26 bring's the total levy to 12% by 1 July 2025. Council has employees that are members of a Local Government Defined Benefits Superannuation Scheme that ceased taking new members in 1991. As a result of the impact of the Global Financial Crisis on the Scheme, member councils have been required to make additional payments to address funding requirements for remaining participants in the scheme. The final payment is currently anticipated to be in 2020/21 and Council's forecasts include a budget of \$1.9M million annually for the 2018/19 to 2020/21 periods.

Council has maintained a self-insurance licence for workers' compensation for over 20 years. Under this arrangement, Council meets all workers' compensation related costs including salary and wages, medical and associated costs up to \$750,000 on any individual claim. Claims beyond this are supported by an external insurance policy.

	2018/19 Budget \$000's	2019/20 Forecast \$000's	2020/21 Forecast \$000's	2021/22 Forecast \$000's
Salary & Wages	98,694	100,585	103,040	105,249
On Costs	27,666	28,188	28,858	29,900
Superannuation Defined Benefits - additional payment	1,778	1,868	1,868	0
FBT	168	171	175	179
Conferences & Training	832	851	869	888
Protective Clothing	281	287	293	299
Total Employee Costs	129,419	131,950	135,102	136,513
Capital Recovery	(16,581)	(17,000)	(17,412)	(17,886)
Employee Costs - Operational	112,838	114,950	117,690	118,628

A proportion of Council's workforce is used for the delivery of capital projects. Activities include construction, design, survey and project management and on average represent about 12% of total employee costs per annum. These are shown as a charge to capital with a corresponding recovery in operational costs. This recovery is shown in Internal Charges as a negative expense which reduces the operating cost to the correct level.

One of the key issues identified in the Workforce Strategy is the need to manage organisational knowledge in an environment of an ageing workforce potentially resulting in an increased level of retirements in the next three to five years. The budget includes a commitment for attracting and developing new staff to begin to address this issue. There are a number of formal and informal programs aimed at addressing these. Includes the centrally managed Cadets, Apprentices and Trainees (CATS) program and the City Works trainee program. In addition, there are a number of other initiatives such as Undergraduate Development Programs run at Divisional level that are aimed at creating permanent positions for entry level staff undertaking university studies complemented with on the job training and position rotations. The table below provides a summary of these program costs included in total employee costs shown below.

TRAINING PROGRAMS	2018/19 Budget \$000's	2019/20 Forecast \$000's	2020/21 Forecast \$000's	2021/22 Forecast \$000's
Graduate & Undergraduate Programs	368	376	385	393
City Works Trainee Programs	872	892	912	933
CATS	2,146	2,178	2,240	2,303
TOTAL	3,386	3,446	3,536	3,629

Learning programs are just one of the ways Council aims to attract and retain great staff into the future. There are a number of internal programs including the Leadership Program which aim to support current and future leaders in developing their skills and professional experience. Furthermore, the Strategy commits to a learning organisation approach, with development of a Learning and Development Strategy, which includes Council's existing Tertiary Assistance Program. The Strategy will evaluate the gaps in Council's skill areas based on the current Delivery Program and plan for skill and professional development in necessary areas.



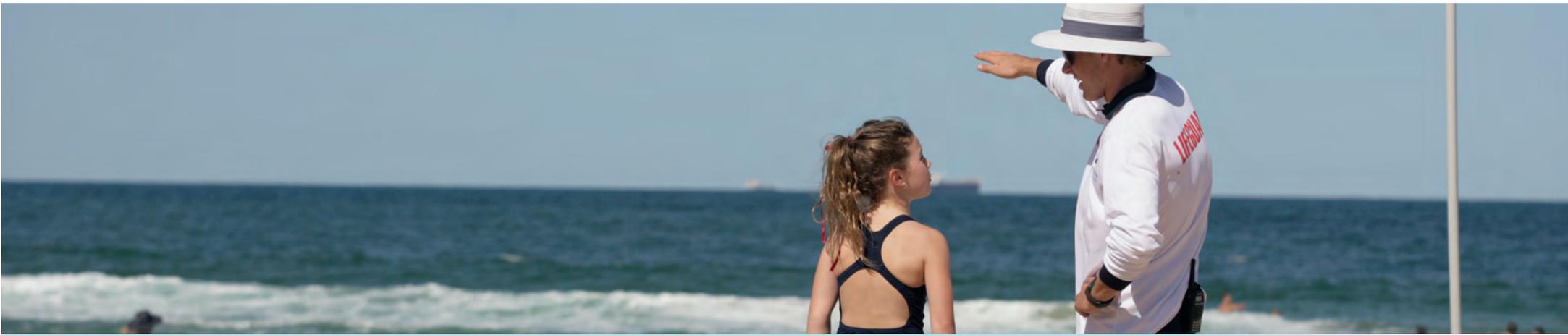
Asset Planning

Over the next planning period to 2022, the population of Wollongong is forecast to increase on average by 0.94% per annum, this is an increase of 11,400 people. Between 2016 and 2026, the age structure forecasts for Wollongong City indicate a 5% increase in population under working age, an 11.5% increase in population of retirement age, and a 3.6% increase in population of working age. Council's Delivery Program reflects the need to invest in these changes to our community profile, and identifies its commitment to providing infrastructure for children such as playgrounds and appropriate services. For our ageing population, this means investment in our transport infrastructure, footpaths, community facilities and open spaces to enable accessibility.

Currently 58.5% of the Wollongong population are living and working within the LGA, and a further 37.2% are working outside the area. This has impacts on our major roads and public transport services e.g. train. Although these assets are owned by State Government, Council needs to support transport links and parking within the LGA. In the future, there may be a change as a result of advances in technology with more of our community working from home, as the needs of Council's IMT Strategy are met for increasing the mobility of the workforce.

Our workforce will support the delivery of our Strategic Asset Management Plan through suitably resourcing the delivery of infrastructure to support the West Dapto Land Release development. The number of dwellings within the development area is expected to increase by 1.13% per annum. This increase in dwellings requires an increase in infrastructure assets as each dwelling will need access to roads, utilities, recreational areas, community facilities and public transport services.

In West Dapto alone over the next four years approximately 10% of the total West Dapto development will occur. This means approximately 4.8km extra roads, 4.5km cycleways and 6.9ha of parks will be built and maintained into the future. This could impact the staffing requirements for Council to provide these operations and maintenance activities if Council is willing to continue the current levels of service over the next planning period.



Alignment with NSW Local Government Workforce Strategy 2016-2020

The New South Wales Local Government Workforce Strategy sets the direction for a range of initiatives and projects to address the workforce challenges facing local government in NSW over the next four years. The Strategy is a key document that has been considered in the development of WCC's Workforce Strategy 2018-2022.

Two key drivers underpin the development and framework of the NSW Local Government Workforce Strategy:

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

In research undertaken with NSW Councils in November 2015, the greatest challenges facing Councils in developing their workforce for the future were (in descending order):

- 1 Ageing workforce
- 2 Uncertainty due to possible future Local Government reforms
- 3 Skills shortages in professional areas
- 4 Limitations in leadership capability
- 5 Gender imbalance in senior roles
- 6 Lack of skills and experience in workforce planning
- 7 Lack of workforce trend data
- 8 Difficulty in recruiting staff

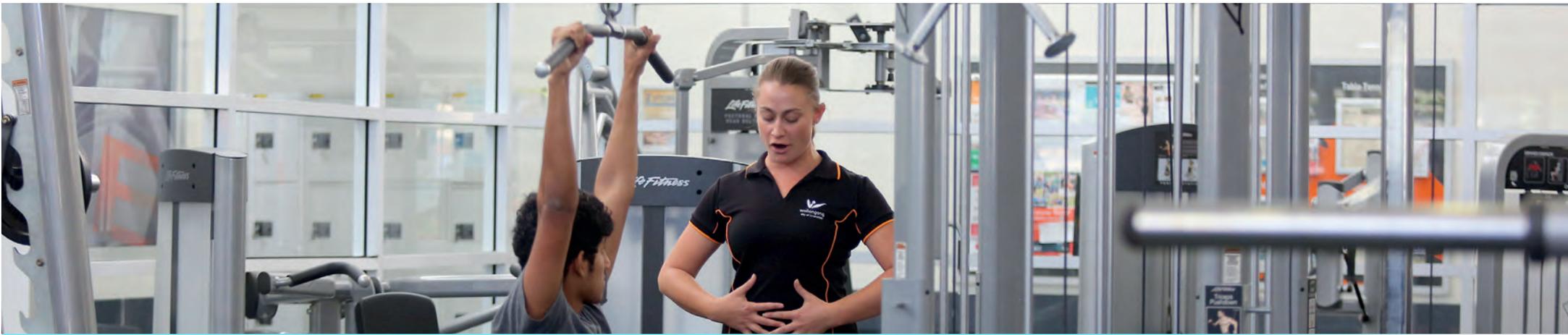
- 9 Resistance to more flexible work practices
- 10 Lack of cultural diversity.

The internal workshops carried out at WCC to develop the Workforce Strategy have reinforced these challenges. Addressing the trends and challenges is a key focus of the action component of this Strategy.

Integration with Council Policy and Planning Documents

This Workforce Strategy forms part of Council's Resourcing Strategy and is a critical link when it comes to translating strategic objectives into actions. The integrated nature of the plans requires that the Resourcing Strategy elements are all developed concurrently, with the goal of enabling the Delivery Program 2018-2022 through the appropriate resourcing of money, people, assets and technology.





Integration with Council's other planning documents

Alignment with our Community Strategic Plan

Council has considered what the community have told us to refresh the Our Wollongong 2028 and develop the Delivery Program 2018 - 2021. The Workforce Strategy forms part of Council's Resourcing Strategy and is a critical link when it comes to translating strategic objectives into actions.

Following the adoption of these documents by Council, a gap analysis will be carried out to ensure the detailed workforce planning which sits beneath this strategy, is aligned to the implementation of the Delivery Program and Operational Plan to enable its delivery.

Roll out Workforce Planning Across Council

Workforce planning is an ongoing exercise and further detail exists within Divisional Workforce Planning and Council's whole of organisation Succession Planning Framework as part of the implementation of this Strategy, and Council's ongoing commitment to its people.

Evaluation and Review

This Strategy will be reviewed annually as part of Council's Supporting Documents update to ensure our approach remains current and relevant, as well as to track progress to ensure the Strategy is being delivered.

A more comprehensive review of this Strategy will be carried out toward the end of the term of the Strategy, in preparation for the development of a new documents.



Workforce STRATEGY 2018 - 2022



Information Management & Technology STRATEGY

2018 - 2020

A close-up photograph of a network switch rack. The rack is filled with numerous blue Ethernet cables plugged into the ports. A single red Ethernet cable is prominently featured in the foreground, extending from the right side of the frame towards the left. The background is slightly blurred, showing more of the rack and cables. The overall lighting is cool, with a blue and purple tint.

**Wollongong City Council
relies on effective
information management
and technology to
support delivery of
services and infrastructure
to our community.**



OVERVIEW

Wollongong City Council relies on effective information management and technology to support delivery of services and infrastructure to our community.

Council makes a significant investment in information management and technology, including infrastructure, corporate applications, websites, data and voice networks, and end point devices.

The Information Management and Technology (IMT) Strategy is designed to clarify the purpose of technology in Wollongong City Council; stimulate activities in the short term that address issues hampering organisational performance; and establish the core components of IMT required to deliver the strategic objectives across the term of the Delivery Program.

The IMT Strategy forms part of Council's Resourcing Strategy and is a critical link when it comes to translating strategic objectives into actions. The integrated nature of the plans requires that the Resourcing Strategy elements are all developed concurrently, with the goal of enabling the Delivery Program 2018-2021 through the appropriate allocation of resources - financial, people, assets, and information management and technology. The IMT Strategy underpins most of the functions of a contemporary council - effective use

of information, knowledge management, workforce planning and support, financial management, asset management, community engagement, and service delivery all require a solid IMT foundation.

Staff from all technology and information management teams across Council, together with business unit representatives, have participated in the development of this strategy.

Four strategic priorities have been identified:

- 1 Enhanced IMT Governance**
- 2 Defined Current State and Desired State Architecture**
- 3 Optimised IMT Operating Model**
- 4 Effective Systems and IMT Enabled Business Functions**

Recognising the rapid pace of change in the information management and technology space, the IMT Strategy will be reviewed and updated at least annually.

STRATEGIC PRIORITIES

1. ENHANCED IMT GOVERNANCE

- Fit for purpose governance and investment processes for IMT solutions and assets
- IMT systems and services are resilient to threats and reliable to support business delivery
- Stronger forward planning with lifecycle management of IMT assets and services
- Improved IMT project management and project delivery
- Clearly defined authority and accountability for IMT decision making

2. DEFINED CURRENT STATE AND DESIRED STATE ARCHITECTURE

- Documented current and desired state enterprise architecture
- Data and information are managed as key organisational assets
- Strengthened quality of information and data

3. OPTIMISED IMT OPERATING MODEL

- Contemporary IMT operating models are developed and deployed
- Staff capability is enhanced through targeted investment in professional development
- Establish a culture of knowledge sharing and collaborative solution design
- Leverage external expertise to build internal capabilities as part of a refreshed sourcing model
- Optimise IMT workforce productivity tools to maximise value and support service delivery

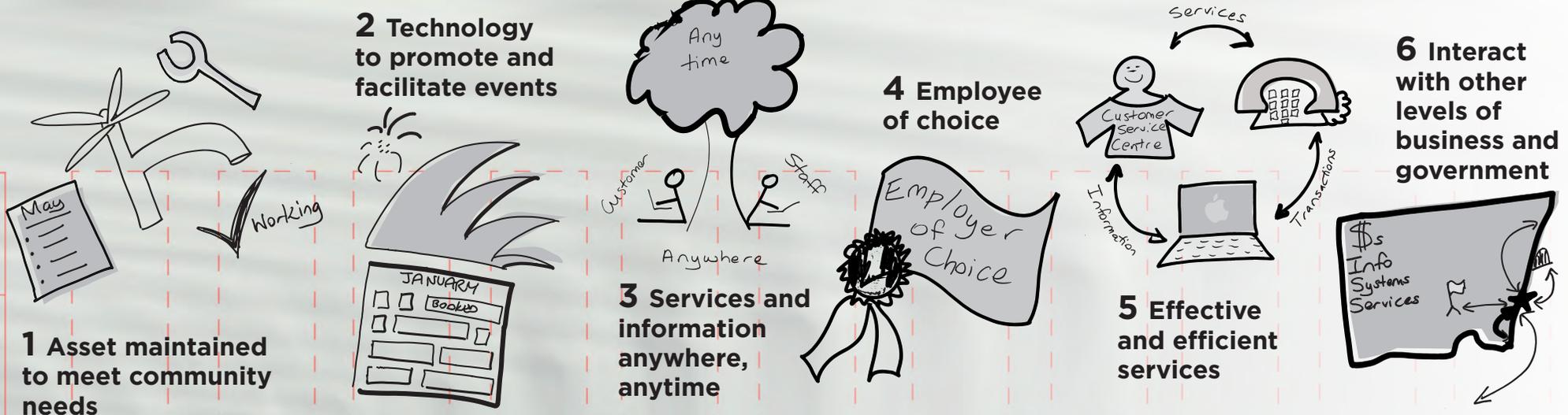
4. EFFECTIVE SYSTEMS AND IT ENABLED BUSINESS FUNCTIONS

- Build closer relationships with stakeholders to better plan services
- Establish a culture for users to innovate in partnership with IMT
- Implement minor upgrade and enhancement opportunities that address immediate business needs
- Establish IMT systems that are shared, integrated, flexible, and scalable
- Build organisational capability for change

STRATEGIC PRIORITIES



ALIGNMENT TO OUR COMMUNITY STRATEGIC PLAN



The IMT Strategy will assist Council in achieving the Delivery Program objectives and community outcomes expressed in Our Wollongong 2028.

From the mountains to the sea, we value and protect our natural environment and we will be leaders in building an educated, creative and connected community.

Successful deployment of the IMT Strategy will support Council in becoming a sustainable organisation by ensuring that our workforce, systems and processes support high performance and optimal service delivery for our community.

The region and WCC will be characterised by people being able to:

- 1 - rely on our assets being planned, maintained and operated to cost effectively meet community needs
- 2 - find out about, participate in and effectively promote entertainment and community events;
- 3 - access support, information, services and facilities when and where they are needed;
- 4 - regard Wollongong City Council as an employer of choice
- 5 - experience efficient, effective and consistent internal and external services through a choice of channels;
- 6 - benefit from WCC interactions with other government entities, within and beyond NSW.

ALIGNMENT TO NSW DIGITAL GOVERNMENT STRATEGY

The NSW Digital Government Strategy sets the vision and imperative for the whole of government transformation to a digital, responsive and agile public sector. It is focused on three strategic priorities:

1 Customer Experience – Improving customer experience of government services

2 Data – Better policies, services and decisions enabled by data insights

3 Digital on the Inside – Streamlined and simplified government processes

While our IMT Strategy aligns broadly to the strategic priorities of the NSW Digital Government Strategy, the actions contained within this document are set at a more localised level, addressing issues and needs specific to Wollongong City Council at the present time.



LEADING *the way*

In 2017, we embarked on an internal program to optimise our performance to achieve our community goals. Our Leading the Way Program provides a framework for the workforce in the planning and delivery of services by achieving:



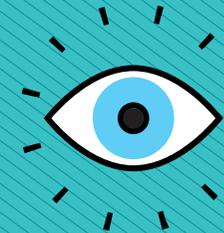
EXCELLENCE EVERY DAY

Everything we do, we do exceptionally well



INSPIRING CREATIVITY

We seek out opportunities to do cool things for our customers



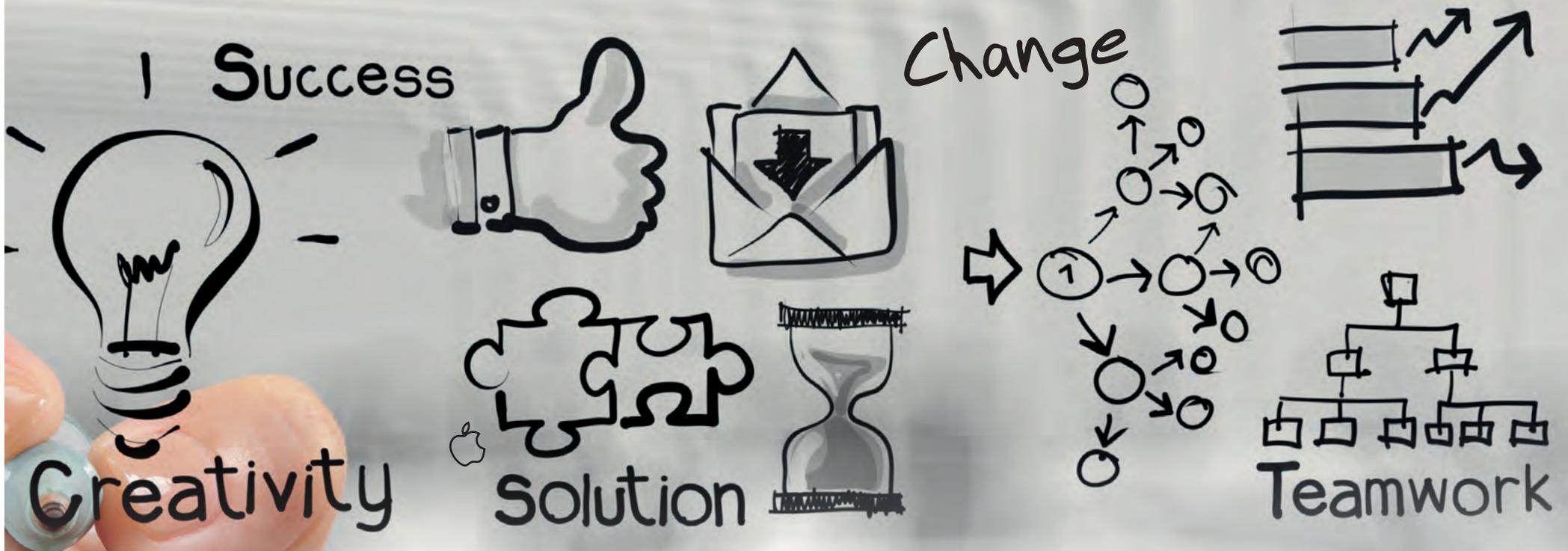
EYES ON THE FUTURE

We're shaping our future for the next 10, 20, 50 years

Each of the actions within this document fall within one or more of these programs

WHAT WE DO
HOW WE DO IT **MATTERS**

ACHIEVEMENTS AGAINST OUR PREVIOUS ICT STRATEGY



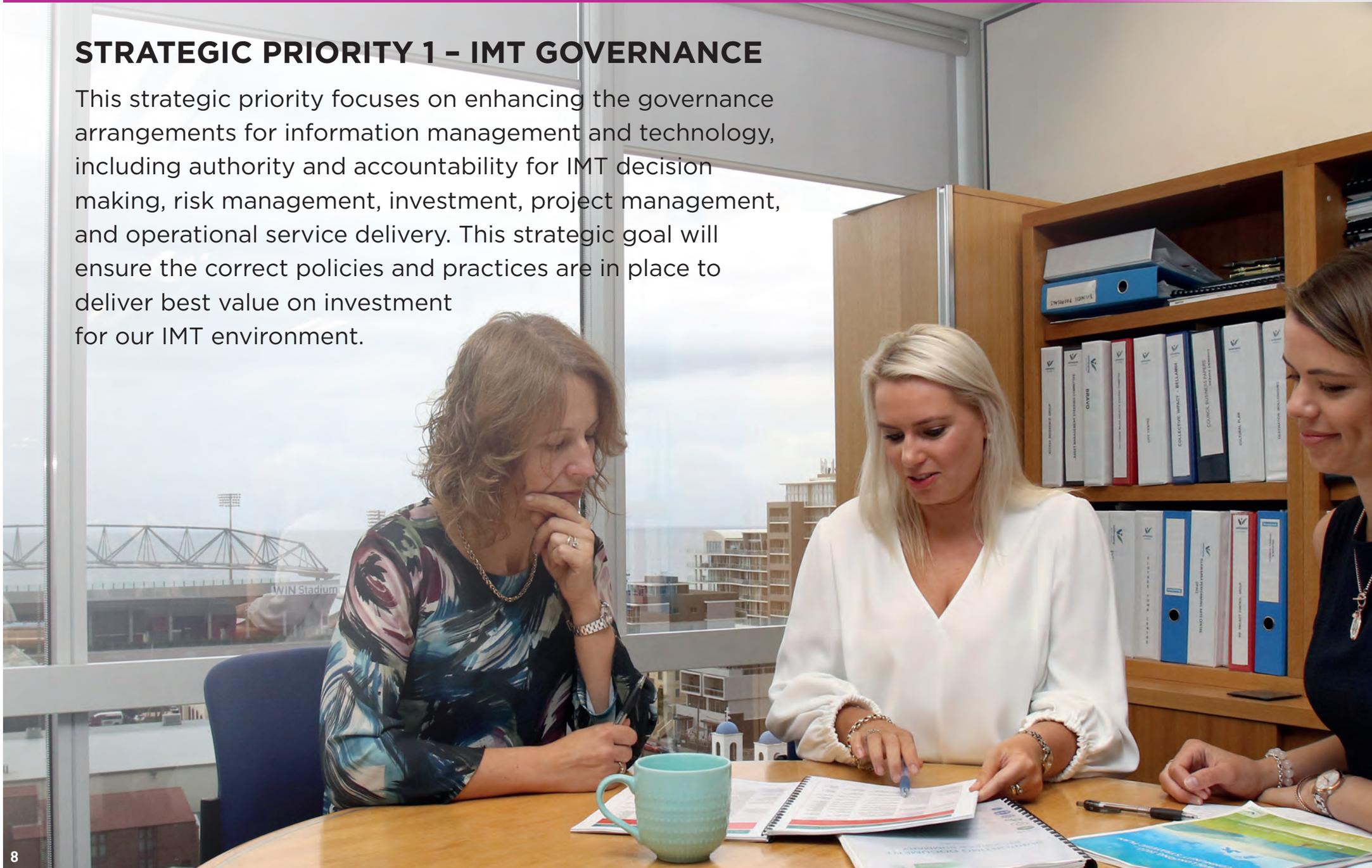
Wollongong City Council developed its first ICT (Information Communication & Technology) Strategy in late 2015. At the same time, the State Government announced a proposal to merge Wollongong City Council with Shellharbour City Council. Due to the potential merger, implementation of the majority of the ICT Strategy initiatives was deferred.

In February 2017, the State Government abandoned plans for the merger and the ICT Strategy was tested to confirm whether it remained contemporary and aligned to the emerging needs of the organisation. That engagement identified a series of opportunities for improvement, ultimately leading to a refresh of the strategy.

ACTIONS

STRATEGIC PRIORITY 1 - IMT GOVERNANCE

This strategic priority focuses on enhancing the governance arrangements for information management and technology, including authority and accountability for IMT decision making, risk management, investment, project management, and operational service delivery. This strategic goal will ensure the correct policies and practices are in place to deliver best value on investment for our IMT environment.

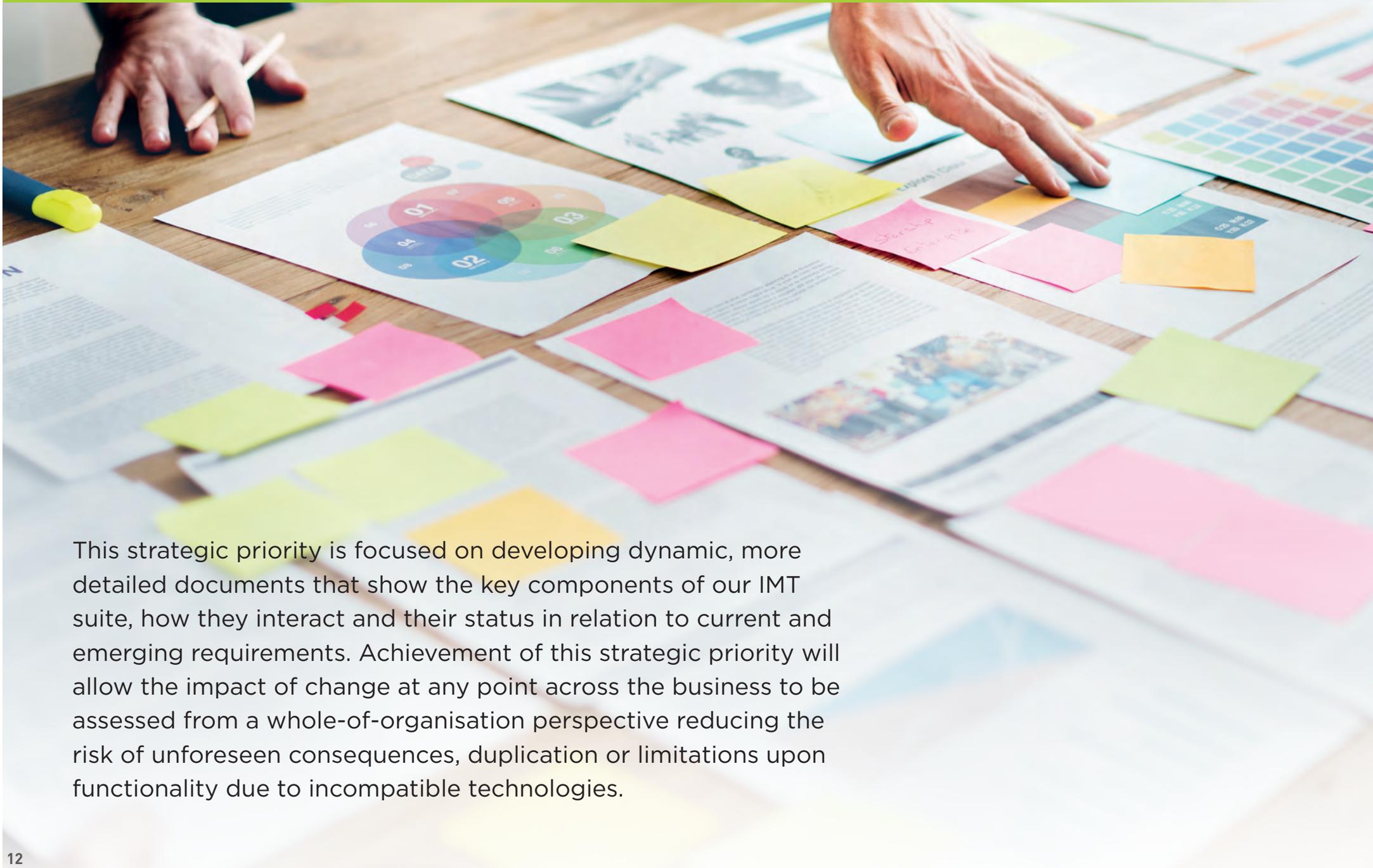


NO.	ACTION	RATIONALE	OPERATIONAL/ STRATEGIC	WHO	WHEN
1.1	Review the purpose, scope, membership, authority and responsibility of the Business Solutions Steering Committee (BSSC).	To ensure the BSSC has appropriate levels of authority and accountability for IMT related decision making; strategy development and deployment; and forward investment programming.	Strategic	Manager G&I, Chairperson BSSC	Q1 2018
1.2	Establish a technology governance area to support the BSSC and ensure that approved IT-enabled programs of work and projects are appropriately governed.	To provide adequate support to the BSSC in fulfilling its Charter objectives.	Strategic	Manager G&I, Chairperson BSSC	Q3 2018
1.3	Implement portfolio monitoring for the organisation's key systems and technology services by the BSSC with reporting to the EMC as required.	To ensure the technology environment is aligned to Council's future business direction. Priorities for investment to be planned based on emerging business need and/or relevant technology opportunities.	Strategic	Manager G&I, Chairperson BSSC	Q3 2018
1.4	Review the key threats to achieving business technology objectives against the corporate risk register.	To ensure technology risk is assessed and managed in relation to business impact.	Strategic	Chairperson BSSC	Q1 2018
1.5	The EMC via the BSSC formally sets the risk appetite for technology enabled change that informs operational priorities, investment decisions, and implementation planning.	To ensure risk is actively managed, not avoided, with target risk states adjusted for particular business functions as appropriate.	Strategic	Chairperson BSSC	Q1 2018
1.6	Acknowledge and manage the strategic risk of customising systems in preference to changing existing business processes resulting in less effective IT systems, reduced productivity and increased cost for system implementation and ongoing support.	Where the costs of system customisation cannot be justified by the benefits of not changing existing business practices (including where legislative change may be required) consideration will be given to not proceeding with the investment.	Strategic	Chairperson BSSC	Q1 2018
1.7	Engage an external IT security and risk company to identify and propose controls for critical threats and risks.	To ensure the manner in which information and systems are acquired, stored, accessed and used is appropriate from a security and risk management perspective, taking into consideration user behaviour, technical application, and infrastructure.	Strategic	Manager G&I	Q2 2018



NO.	ACTION	RATIONALE	OPERATIONAL/ STRATEGIC	WHO	WHEN
1.8	Adopt a template for concisely summarising the reasons for investing in IT-enabled business change.	To allow investments of different value, technology type (eg infrastructure versus application) and business benefit to be objectively compared and prioritised across the organisation.	Strategic	Manager G&I	Q1 2018
1.9	Identify owners for key systems and data sets.	Accountability and authority for the cost, impact and benefit of key decisions (including not making change) should be clear for all systems with reporting via the BSSC.	Operational	Chairperson BSSC	Q2 2018
1.10	Implement reporting to the BSSC for the top 5 IMT related projects across the organisation.	The BSSC to receive monthly reporting on the most significant projects in terms of cost or organisational change. Approved scope, budget and schedule to be supported with commentary regarding any changes with clear authority and accountability established for those changes.	Operational	Chairperson BSSC	Q1 2018
1.11	Implement formal governance arrangements for the top 5 IMT related projects across the organisation.	To ensure appropriate IMT governance arrangements are put in place immediately across key organisational projects.	Operational	Chairperson BSSC	Q2 2018
1.12	Prioritise IMT investment for next 6 to 12 months.	To address immediate business challenges and provide productivity benefits. The key areas are: - Mobility and remote access - Asset management systems (Hansen) - Customer service systems (Kana and Pathways) - Enhanced use of spatial information and presentation layers - Implementation of a HCM that supports efficient recruitment and self-service functions - Document and categorise information assets.	Operational	Chairperson BSSC	Q1 2018
1.13	Develop business cases for the Top 6 priority activities identified in the business workshops to be either the most urgent or important issues impacting the effective use of technology.	The activities are: 1. Faster system performance 2. Improved integration - less clicks for information 3. One customer query system 4. Online bookings and payments 5. Field mobility 6. Flexible and mobile workplace	Operational	Manager G&I	Q1 2018
1.14	Review the IT and information risk registers and update to ensure that the most likely and potentially damaging contemporary risks are identified and under active and pragmatic management.	To ensure the Council's risk register contents are directly relevant to existing business and technology environments; reflect contemporary threat environments; and clear actions have been identified to mitigate impact in the event of the risks being realised.	Operational	Manager G&I	Q1 2018
1.15	Until such time as comprehensive investment, information and technology decision guidelines are approved to deliver strategic objectives, define rules for what is not acceptable to avoid further disparity in the environment.	To ensure interim protocols are in place while longer term principles and guidelines are being developed.	Operational	Chairperson BSSC	Q1 2018

ACTIONS - STRATEGIC PRIORITY 2 - ARCHITECTURE

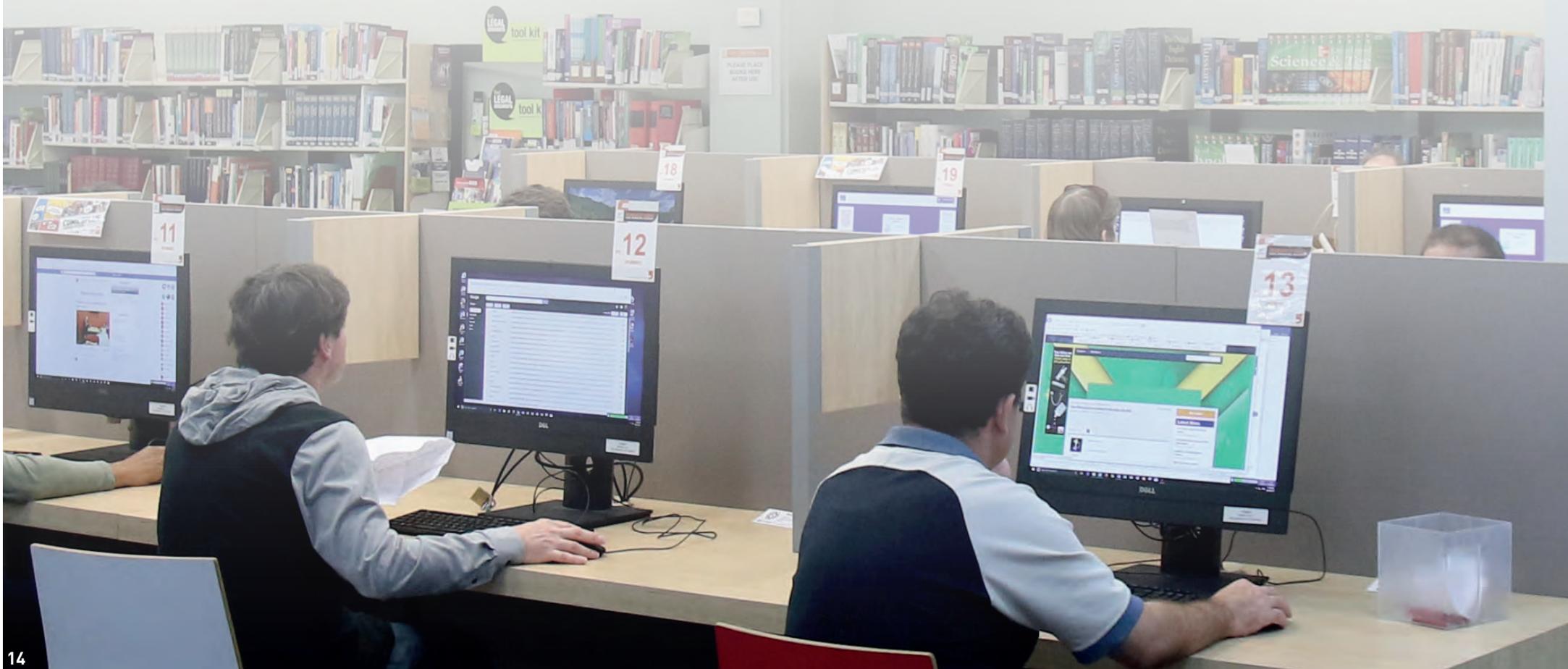


This strategic priority is focused on developing dynamic, more detailed documents that show the key components of our IMT suite, how they interact and their status in relation to current and emerging requirements. Achievement of this strategic priority will allow the impact of change at any point across the business to be assessed from a whole-of-organisation perspective reducing the risk of unforeseen consequences, duplication or limitations upon functionality due to incompatible technologies.

NO.	ACTION	RATIONALE	OPERATIONAL/ STRATEGIC	WHO	WHEN
2.1	Document the Enterprise Architecture and use as the reference point for all major technology changes.	To allow the impact of change at any point across the business to be assessed from a whole of organisation perspective reducing the risk of unforeseen consequences, duplication or limitations upon functionality due to incompatible technologies.	Strategic	Manager G&I	Q4 2018
2.2	Document the current and target state Information Architecture.	To support data and information being managed as key organisational assets. Key attributes including what data (and information) is held, sensitivity, business criticality, age, source, and authorised use, to be determined for both current and future states.	Strategic	Manager G&I	Q4 2018

ACTIONS - STRATEGIC PRIORITY 3 - IMT OPERATING MODEL

This strategic priority is focused on development of an effective, efficient, and flexible functional model that includes the services that need to be delivered to support Council's information and technology needs. It has a strong emphasis on collaboration, communication and knowledge sharing, and targeted professional development to build the capabilities of our IMT team.



NO.	ACTION	RATIONALE	OPERATIONAL/ STRATEGIC	WHO	WHEN
3.1	Endorse in principle adoption of a combined and more centralised/generally federated operating model for information and technology.	To specify functions required to deliver the information management and technology strategic objectives, the recommended organisational structure, roles and responsibilities and sourcing options where appropriate.	Strategic	EMC	Q1 2018
3.2	Develop a revised operating model and organisational structure for the delivery of information management and technology services based on a more centralised management model.	To support development of an organisational change proposal relating to the operating model for IMT.	Strategic	Manager G&I	Q2 2018
3.3	Implement a sourcing model that supplements internal resources with external services and resources to access specialised skills and develop internal capability.	To establish a sourcing model that articulates how and why resources will be engaged.	Strategic	Manager G&I	Q2 2018
3.4	Define and plan to develop the core internal capabilities required to effectively plan and manage information and technology services into the future, including the ability to assess and commercially manage externally provided services.	To ensure our IMT staff have the capability to deliver solutions that meet the business requirements of the organisation.	Strategic	Manager G&I	Q2 2018
3.5	Implement a targeted program to build core capabilities and common base management practices across all information and technology areas.	To support uplift of Council's technology environment and to maintain the effectiveness of ongoing services to business areas, core disciplines will be established across all people and teams supporting business technology.	Operational	Manager G&I	Q2 2018
3.6	Implement regular information sessions across information and technology support teams.	To share updates on projects underway, operational issues and requests for change. To identify opportunities to implement improvements to individual systems and the service models to support them. To identify and assist resolution of information related issues and risks through application management, information management and user support actions.	Operational	Manager G&I	Q1 2018
3.7	Implement customer engagement and operational governance arrangements for information and technology support areas.	These are essential elements of modern IT service delivery in the absence of which the current technology suite has evolved in a disparate fashion with significant gaps between business needs and the functionality provided.	Operational	Manager G&I	Q2 2018

ACTIONS - STRATEGIC PRIORITY 4 - SYSTEMS AND IMT ENABLED BUSINESS FUNCTIONS

This strategic priority is focussed on reviewing the strategic requirements of our existing platforms, and identifying new opportunities, to best address the business requirements of the organisation. It aims to create a converged network of information and technology supported

by mobility that allows our workforce to deliver enhanced services to our community. It requires IMT to partner with the organisation to interpret business issues and requirements, to ensure delivery of appropriate contemporary solutions.

NO.	ACTION	RATIONALE	OPERATIONAL/ STRATEGIC	WHO	WHEN
4.1	Review the strategic requirements for existing platforms and regularly update them taking into account whole-of-organisation benefits and key stakeholder perspectives.	Specific investment should be made following confirmation of the business need through consultation with business owners and development of business cases where appropriate. Priorities to be set for resolving productivity or performance issues with key operational systems and options developed to do so comprising system changes and/or business process changes.	Strategic	Chairperson BSSC	Q4 2018
4.2	Establish business: IT engagement forums that refine business strategy, set technology priorities and identify new opportunities enabled by maturing technology market offerings.	The most effective use of technology arises when technology teams understand current and emerging business strategies, and business owners and subject matter experts are aware of relevant emerging technology opportunities and their feasibility for the organisation.	Strategic	Chairperson BSSC	Q3 2018
4.3	Prioritise immediate business issues and potential remedies.	To address immediate, high priority business issues and establish quick wins.	Operational	Manager G&I	Q2 2018
4.4	Build organisational capacity for change, defined business change objectives for system changes, and hold sponsoring managers accountable for delivering them.	Internal systems are generally highly customised incurring higher development and ongoing upgrade costs than may be justifiable against the resultant benefits.	Operational	Executive Strategy Manager	Q3 2018
4.5	Identify minor upgrade or enhancement possibilities.	To identify opportunities in the existing corporate application suite to organise productivity and employee satisfaction gains through minor enhancements and changes, potentially extending the time period before a major upgrade or replacement is required.	Operational	Manager G&I	Q2 2018
4.6	Relaunch Yammer with a clear business purpose and EMC sponsorship to address prioritised organisational engagement issues.	Yammer is a highly effective engagement and change management tool, with the capacity to achieve organisation wide value by addressing some of the change management issues related to systems change.	Operational	Executive Strategy Manager	Q1 2018
4.7	Review incident tickets to identify process or system problems that can be fixed quickly.	Implementing problem management will allow the IMT team to become more proactive in identifying and addressing emerging issues.	Operational	ICT Manager	Q1 2018

Information Management & Technology STRATEGY 2018 - 2020





Our Resourcing STRATEGY
2018 - 2021