

**ATTACHMENTS FOR: AGENDA NO. 10/20
COUNCIL MEETING**

Meeting Date: Tuesday 25 August 2020
Location: Online Audio Visual Meeting
Time: 7.00pm

ATTACHMENTS FOR COUNCIL MEETING

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Draft Long Term Financial Plan

2020/21–2029/30



DOCUMENT STATUS

Ref	Version	Approving Manager / Director	Date
	1	Pav Kuzmanovski - CFO	June 2020

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EXECUTIVE SUMMARY

The City of Ryde is committed to sustainable long term financial management. This means achieving operating surpluses, servicing debt without compromising services, prudent funds management, managing operating costs, and identifying new income producing opportunities. This commitment is critical to achieving the community's aspirations as espoused in the Community Strategic Plan.

This document examines the context of the long term financial planning framework for local government and the principles and assumptions that underpin the long term financial forecasts as presented in the 2 Scenarios **within this Plan. The LTFP forms part of Council's "Resourcing Strategy"** incorporating the Workforce Management Plan (our people), the Information and Communications Technology Plan (our technology) and the Asset Management Plan (our assets).

The LTFP is a tool aimed at assisting decision-making and problem-solving. It is not intended to be set in stone – it is a guide for future action. The modelling that occurs as part of this plan will help Council to weather unexpected events. It will also provide an opportunity for Council to identify financial issues at an earlier stage and gauge the effect of these issues in the longer term.

The overall objective of this Long Term Financial Plan (LTFP) is to ensure that the Council remains financially sustainable and capable of meeting the challenges of growth and community expectations in to the future.

Given these challenges, this LTFP examines two scenarios:

1. **The Base Case Scenario (founded on 'current state')**
2. The Growth Scenario (focused on 'future state')

The Base Case Scenario is a "current state" scenario underpinned by assumptions for maintaining existing service levels. The Growth Scenario examines the likely impacts of growth using a range of assumptions as well as changes to the Base Case sensitivity analysis, risk assessment and financial performance measures.

The LTFP is assessed against a range of performance measures that inform the success of the plan and the ability for Council to meet its financial management objectives, asset management obligations and quality service delivery standards. The LTFP will be continually monitored and updated **annually as part of Council's commitment to the delivering the aspirations as** espoused in the Community Strategic Plan.

INTRODUCTION

Our City

The City of Ryde has a rich history with the traditional Aboriginal owners of the land being the Wallumedegal clan of the Dharug people.

Our city is located in Sydney's north-western suburbs 12 kilometres from the Sydney CBD. Set in scenic surrounds between the Parramatta and Lane Cove River, we are connected to other parts of metropolitan Sydney via major road systems, rail, bus and ferry services. The City of Ryde neighbours Hornsby Shire and the Ku-ring-gai council area in the north, Willoughby City, the Lane Cove River and the Hunters Hill Municipality in the east and Parramatta City in the west. Our city includes 16 suburbs; Chatswood West (part), Denistone, Denistone East, Denistone West, East Ryde, Eastwood (part), Gladesville (part), Macquarie Park, Marsfield, Meadowbank, Melrose Park (part), North Ryde, Putney, Ryde, Tennyson Point and West Ryde.

We encompass a total land area of approximately 40 square kilometres, including waterways and parklands, within this sits Macquarie Park Business Park, our Specialist Business Centre, four town centres and 29 neighbourhood centres, Macquarie University, Ryde and Meadowbank Colleges of TAFE, over 14,000 registered businesses, five public libraries, 24 primary schools, five high schools and five hospitals.

Global, national and metropolitan trends and issues present both opportunities and challenges in the way that communities, such as the City of Ryde, are planned and supported. The City of Ryde is an integrated and integral

major centre of Sydney and faces the same challenges as detailed in The **Department of Planning and Environment's 'A Plan For Growing Sydney.'** Our city is part of an ever changing dynamic global market, and our economic development, particularly the Macquarie Park Corridor, contributes **significantly to New South Wales' Global Economic Corridor.**

Integrated Planning and Reporting Framework

The Integrated Planning and Reporting framework recognises that most communities share similar aspirations: a safe, healthy and pleasant place to live, a sustainable environment, opportunities for social interaction, opportunities for employment and reliable infrastructure. The difference lies in how each community responds to these needs. It also recognises that council plans and policies should not exist in isolation and that they in fact are connected.

This framework allows Council to draw their various plans together, understand how they interact and get the maximum leverage from their efforts by planning holistically for the future. Importantly, the Long Term Financial Plan draws upon the requirements of other Resource Plans such as the Asset Management Plan, Workforce Plan and Information and Communications Technology Plan.

Together these four Plans represent Council's resource response to the Community Strategic Plan, Ryde 2028.

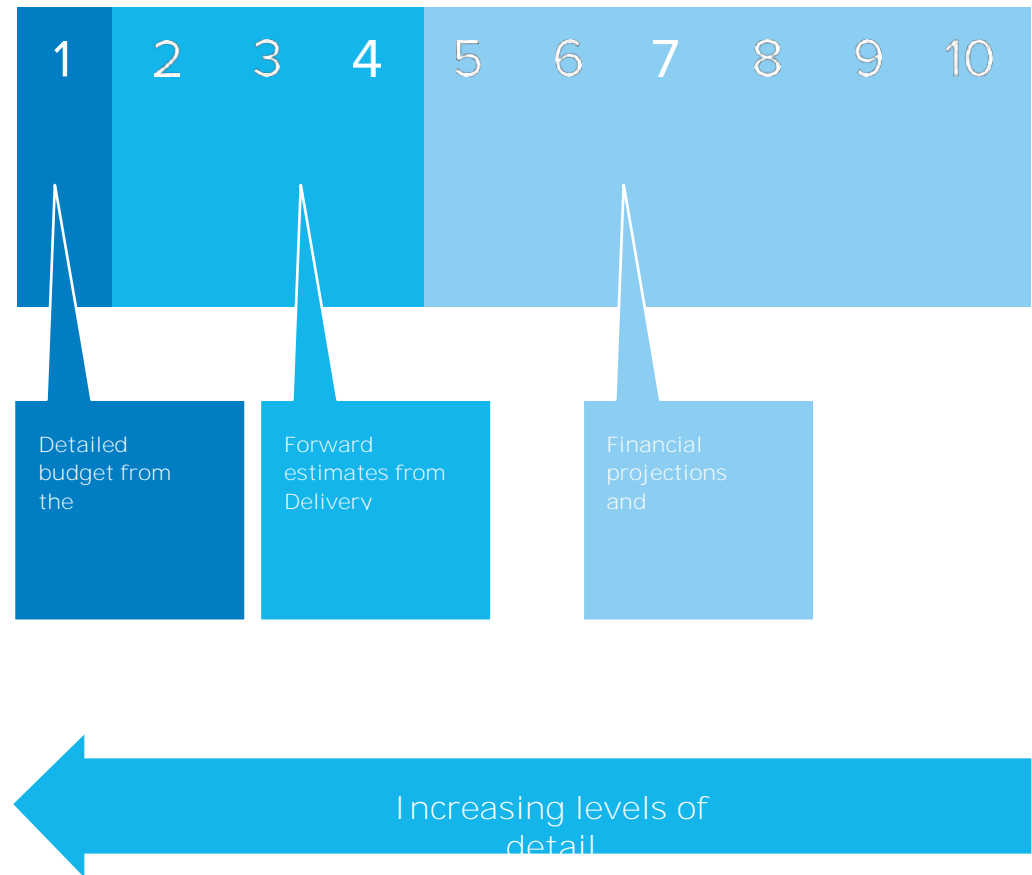
Long Term Financial Planning

This 10 Year Long Term Financial Plan (LTFP) forms part of the NSW Local Government Integrated Planning and Reporting Framework requirements of Council. The formulation of the LTFP is underpinned by the following key elements:

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

The LTFP is **reviewed and updated annually as part of Council's** Operational Plan and Delivery Program. The 10 year planning process is illustrated below:

Long Term Financial Plan – 10 Years



Purpose of the Long Term Financial Plan

The primary purpose of this Long Term Financial Plan is to facilitate effective financial decision-making to deliver the outcomes, goals and strategies that underpin the vision in the Community Strategic Plan:

The place to be for lifestyle and opportunity @ your doorstep.

This plan will model the financial implications of the Community Strategic Plan and Delivery Program, along with the ability to maintain existing facilities and infrastructure based on a range of assumptions and within known constraints.

Challenges and Opportunities

Council's Community Strategic Plan highlights the many challenges and opportunities for the City of Ryde, including:

- Our growing population
- Our changing population
- **Our part in Sydney's** future
- Valuing our cultural heritage
- Managing traffic and congestion
- Adapting to climate change.

LONG TERM FINANCIAL SUSTAINABILITY

How do we define long term financial sustainability?

A financially sustainable council is one that has the ability to fund ongoing service delivery and the renewal and replacement of assets without imposing special rate increases on future generations. This definition has been translated into five key financial sustainability principles which Council is committed to.

- Council should aspire to achieve a fully funded operating position reflecting that Council collects enough revenue to fund operational expenditure
- Council should maintain sufficient cash reserves to ensure that it can meet its short-term working capital requirements
- Council should have an appropriately funded capital works program where the source of funding is identified and secured for both capital renewal and new capital works
- Council should maintain its asset base by renewing ageing infrastructure which is identified, and by ensuring cash reserves are set asides for those works which are yet to be identified
- Council should aspire to achieve greater than the benchmark financial performance over the period of the plan.

The 2020 review of the Long Term Financial Plan highlights that Council is still on track to be financially sustainable in the longer term. This iteration of the Long Term Financial Plan factors in COVID-19 related impacts for the first six months of the Plan (up until December 2020). Any COVID-19 related **impacts on Council's budget will be monitored and reported to Council on a quarterly basis through the Quarterly Budget Review Statement process.**

How is long term financial sustainability measured?

Council must report annually the following financial indicators (prescribed by the Office of Local Government) as a part of the its Annual Financial Statements audited by the Audit Office of NSW. These performance measures are replicated in Council's Long Term Financial Plan and are detailed in the following table:

RATIO	CALCULATION	WHAT IS BEING MEASURED?	SUSTAINABLE TARGET	2018/19 ACTUAL RATIO
Operating Performance	Total operating revenue (excluding capital grants and contributions) less total operating expenditure. Divided by continuing operating revenue.	Council's achievement of containing operating expenditure within operating revenue.	>0%	10.39%
Own Source Operating Revenue	Total continuing operating revenue (excluding capital grants and contributions). Divided by continuing operating revenue .	Council's achievement of containing operating expenditure within operating revenue.	>60%	71.18%
Unrestricted current ratio	Current assets less all external restrictions. Divided by current liabilities less specific purpose liabilities.	Designed to represent a council's ability to meet short term obligations as they fall due.	> 1.5 times	2.90 times
Debt Service Cover Ratio	Operating results before capital excluding interest and depreciation. Divided by principal repayments + borrowing costs.	Indicates whether Council has excessive debt servicing costs relative to operating revenue.	>2 times	31.74 times
Rates and annual charges outstanding percentage	Rates and annual charges outstanding. Divided by rates and annual charges collectible.	To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	<5%	4.92%
Cash expense cover ratio	Current year's cash, cash equivalents and term deposits. Divided by payments from cash flow of operating and financing activities.	To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	>3 months	16.80 months
Asset Renewal Ratio (Buildings and Infrastructure)	Asset renewal expenditure divided by depreciation.	To assess the rate at which these assets are being renewed against the rate at which they are depreciating.	>100%	219% (1)
Infrastructure Backlog Ratio	Estimated cost to bring assets to a satisfactory condition. Divided by total value of infrastructure, building and other structures.	What proportion the infrastructure backlog is against the total value of a council's infrastructure.	<=2%	1.6%
Asset Maintenance Ratio	Actual asset maintenance. Divided by required asset maintenance.	Are the assets being adequately maintained?	>100%	102%
Real Operating expenditure per capita	Operating expenditure divided by population.	Operating efficiency of the Council.	Declining trend over time	Steady

Financial Management at a Glance

Guidance on financial reporting and accounting practices is provided by the **State Government in the form of the “Local Government Code of Accounting Practice and Financial Reporting”**. Applying Australian Accounting Standard, the Code aims to provide:

- A basis for providing assistance in the interpretation and application of management reporting, accounting, auditing and financial reporting requirements of Chapter 13 of the *Local Government Act 1993*(NSW) (the Act)
- A mechanism which will ensure that appropriate accounting policies and practices are implemented by all councils.
- A basis for audit and review functions to be undertaken in the context of comprehensive and approved accounting standards.
- Reliable, comparable and readily comprehensible financial information which will be invaluable for making and evaluating decisions about the allocation of scarce resources, and which will assist in assessing the performance, financial position, finances and investments of councils.
- Enhanced accountability of councils to the community.

The LTFP, Operational Plan and Delivery Program are prepared on this basis providing the following core financial reports:

- Income Statement (projected continuing operating income and expenditure)
- Statements of Financial Position (a balance sheet of assets and liabilities)
- Statement of Cash Flows (the flow of cash from operating, investing and financing activities).

The budgetary framework for the LTFP can be categorised as:

- Continuing Operations – income and expenditure
- Discretionary Projects – **generally “one-off” expenditures such as** Elections
- Capital works – renewal and new capital expenditure on assets.

Reporting on an accrual basis of accounting, our budget identifies capital sources of income that have been brought to account in prior reporting periods such as contributions from developers. Capital sources of income are held as external or internal restrictions of cash and are effectively **“drawn down” to fund future capital** expenditure.

This framework enables Council to implement, manage and monitor strategies, plans and objectives to achieve the principles of long term financial sustainability.

Population Growth Forecasts

The City of Ryde population and household forecasts present what is driving population change in the community and how the population, age structure and household types will change each year between now and 2036.

The forecasts are designed to provide community groups, Council, investors, business, students and the general public with knowledge to make confident decisions about the future.

The City of Ryde population as at 2019 was estimated at 131,000 and is forecast to grow by an additional 25,000 people to 160,000 by 2031.

Other key assumptions and forecasts are discussed within each of the 2 Scenarios considered in this Plan.

Scenarios Modelled

As part of its Resource Strategy, Council explored 2 Scenario options.

1. Scenario One – Base Case

This scenario is predicated on existing services remaining largely the same over the next 10 years with a primary reliance on developer and internal reserve funded capital works, and ongoing income streams funding the renewal of existing assets.

This Scenario has a sophisticated level of assumptions and indices applied to current and historical income and expenditure patterns in determining future budget allocations. Growth forecasts are modest and largely based on **historical trends. Similarly, growth in Council's staff establishment (Full Time Equivalent Staff)** is largely reviewed and considered as part of the annual budget process and is generally limited to addressing short term critical needs.

The base scenario also incorporates Council's Civic Centre redevelopment

known as the Ryde Central Project. Further details on the significance of this redevelopment will be outlined separately (Appendix 3).

2. Scenario Two – Growth Case

This Scenario is modelled using the following inputs and parameters:

- Population growth of 25,000 (based on a historical five year average annual population increase of 2.3%)
- Number of new dwellings is estimated to increase by approximately 10,000 (predominantly residential apartments/units)
- Growth in rates revenue and fees and charges income to reflect the growth in dwellings and population
- Growth in materials and contracts costs and other expenses to reflect increases in growth forecasts. An efficiency factor has been applied to the growth in materials and contracts, acknowledging the efficiency gains (economies of scale) that accrue from growth.
- Consequential changes to depreciation to reflect depreciation on new assets, and increased asset value
- Actual maintenance spend has been increased to reflect the new required levels of maintenance (including asset growth).
- Employee costs have been increased to reflect additional employee retention and development costs (to match industry benchmarks) and costs associated with an increased workforce based on a population increase of 25,000.
- An Efficiency / Productivity factor that includes a 1.0% productivity/ efficiency saving for materials and contracts and **'other expenses'**.
- Construction and ongoing operations relating to a new library based at Macquarie Park.

Outcomes of Modelling

In applying the 2 Scenarios, the following high level outcomes are evident:

- Rates revenue in Scenario 2 will be higher than the Base Case. This reflects the increase in revenue from the proposed growth in the rating base under Scenario 2
- Operating Surpluses (before Capital Grants and Contributions) increase over the next 10 years under Scenario 2
- \$660m in capital works (assets) over the next 10 years has been brought to account in Scenario 2
- Real operating expenditure per capita is higher under Scenario 2 due to increases in costs in line with population growth.

The Ryde Central Project

In March 2020, Council resolved to proceed with the redevelopment of the site owned by Council, referred to as Ryde Central, which previously accommodated **Council's** administration and civic centre in the Ryde Civic Centre Building and includes the Ryde Civic Hall located at Devlin Street, Ryde.

The scope of the redevelopment of the Ryde Central site is the creation of a number of major asset components as follows:

- A six-storey administration and commercial building in the south of the site (**referred to as the 'civic building'**). **The civic building is to be used as Ryde Council's main administration building and includes** a café on the ground floor, 2 floors of lettable commercial space for external tenants, 3 levels of office space for Council staff and administrative functions, a separate level for the Council chambers and publicly accessible meeting rooms, and a food outlet on the rooftop level;
- A multi-purpose community and cultural building in the north of the site (**referred to as the 'community building'**). **The community building** contains a hall with seating for up to 700 persons, activity rooms, meeting rooms, an art exhibition / function space, public amenities and a bar – all designed for community and public access and use;
- Two levels of basement car parking shared between the two

buildings. The basement contains 236 car spaces over 2 levels. There is also an

additional 78 spaces available in the existing at-grade parking area on Blaxland Road;

- Provision of a public plaza, open space areas and landscaping throughout the site. The public plaza is to be located primarily on the western side of the site and comprises open paved areas, large grassed area, seating, alfresco dining, and landscaping. A community garden is also proposed on the northern end of the site; and
- Realignment of Blaxland Road to form a new T-intersection at Parkes Street.

The Project provides Council with an opportunity to advance the strategic priorities of Council by:

- Creating and delivering a much needed and enhanced community space which is 4 times larger than that currently provided on the site with flexibility of that space to cater for a diverse range of community needs;
- **Re-establishing Council's civic and administrative presence on the site** through development of a new administration and civic centre which then negates the need for Council to rent space elsewhere;
- Enabling Council to retain 100% ownership of the site in a manner considered both affordable and feasible;
- Controlling development to ensure a thoughtful, low scale / low impact use of the site with purposefully integrated open space, landscaping and public domain; and
- Providing Council with opportunities for additional income streams from new complimentary uses leased to third parties such as additional commercial space and retail outlets.

Council has undertaken significant work to date and has identified that these objectives can be achieved in a manner that is viable and financially sustainable. Following the awarding of the Tender, Taylor Construction Group have commenced work on the project with completion currently

expected in early 2023. All capital and operating income and expenditure **relating to the Ryde Central Project has been factored into Council's Long Term Financial Plan.**

Refer to Appendix 3 for financial estimates relating to the Project.

LTFP FINANCIAL MODEL SCENARIO 1 – BASE CASE

Introduction and Assumptions

The Base Case Scenario or “current state” is predicated on:

- Continuation of existing services at current service levels
- Continuation of existing levels of investment in infrastructure maintenance and renewal
- Continuation of existing income sources
- Limited growth contemplated - no new expansionary infrastructure expenditure beyond the current Delivery Program (2018-22) and only a **limited number of new positions in Council’s staff** establishment.

Observations

Whilst Scenario 1 provides a framework for long term financial planning and modelling purposes, its inclusion of development related growth in a **strategic and deliberate manner is limited, particularly in year’s 5 to 10.**

The assumptions used in Scenario 1 are sound with the vast majority of those assumptions carrying through to Scenario 2. Similarly, Risk Assessment applied in Scenario 1 is robust and much of this analysis and assessment holds true in Scenario 2.

Base Case Scenario Financial Assumptions – Revenue

REVENUE ITEM	ASSUMPTION
Rates and Annual Charges	Rates – 2.6% rate peg for 2020/21 and 2.6% onwards. Domestic Waste –2.6% increase for 2020/21 and 2.6% from 2021/22 onwards.
User Charges and Fees	3.0% increase 2020/21 and 2.6% for 2021/22 and beyond and not including the introduction of new revenue sources.
Grants and Contributions	Income from grants and contributions is included where funding arrangements are in known. Recurring grant income tied to expenditure is increased by an index of 2.6%.
Interest and Investment Revenue	The City of Ryde’s Investment Policy is based on optimising returns from its investment portfolio within the statutory. limitations of Ministerial Orders. The City of Ryde has set a budget target to achieve 0.85% above the Bloomberg Ausbond Bank Bill index.
Other Revenue	3.0% increase 2020/21 and 2.6% for 2021/22 and beyond not including the introduction of new revenue sources.

Base Case Scenario Financial Assumptions – Expenditure

EXPENDITURE ITEM	ASSUMPTIONS
Employee Costs	<p>2.8% increase 2020/21 and 2.6% for 2021/22 and beyond. After the preparation of Council’s Operational Plan, the industrial award rates were negotiated with the following outcomes:</p> <ul style="list-style-type: none"> • 2020/21 – 1.5% • 2021/22 – 2% • 2022/23 – 2% <p>Due to the timing, these have not been included in this iteration of Council’s assumptions.</p>
Borrowing Costs	Borrowing costs for the Ryde Central Project have been included in this scenario.
Materials and Contracts	CPI of 2.0 % for 2020/21 and 2.6% thereafter has been applied throughout the LTFP with additional materials and contract related costs factored in where known.
Depreciation	Depreciation has been modelled in accordance with the Asset Management Plans and statutory accounting practices. Rates will vary dependant on asset classes and components.
Other Expenses	CPI of 2.0% for 2020/21 and 2.6% thereafter has been applied throughout the LTFP with additional ‘other expense’ related costs factored in where known.

*CPI = Consumer Price Index – Sydney All Groups, Australian Bureau of Statistics.

Base Case Scenario Risk Analysis

Council's LTFP is exposed to external impacts such as legislation, technology, the environment, a changing labour force market and vendor relationships. These external factors, in combination with the ability for Council to control the overall revenue or expenditure class, help identify the risks associated with these associated items.

CLASS REVENUE	ASSUMPTIONS	ANALYSIS	IMPACT RATING	CONTRO L RISK
Rates and Annual Charges	<p>Rates - 2.6% rate peg for 2020/21 and 2.6% onwards.</p> <p>Domestic Waste –2.6% increase for 2020/21 and 2.6% from 2021/22 onwards.</p>	<p>Rates and annual charges are the main source of Council income (58%) and fund core services including infrastructure, community services, sports and recreation, public health, environmental protection and waste collection, treatment and disposal. The NSW State Government “pegs” the maximum percentage by which rates can be increased annually. Council’s ability to levy rates and annual charges are legislated under the <i>Local Government Act 1993</i>.</p>	High	Low
User Charges and Fees	<p>3.0% increase 2020/21 and 2.6% onwards not including the introduction of new revenue sources.</p>	<p>Impact: User fees and charges generally fall into 3 categories</p> <ol style="list-style-type: none"> 1. Statutory Fees and Charges – established by the State Government. 2. Discretionary Fees and Charges 1 – Council subsidises a service by establishing fees and charges that only partially recover the costs of the service provided. 3. Discretionary Fees and Charges 2 – Council seeks to recover the full cost of the service provided. 	Medium	Medium
Interest and Investment Revenue	<p>The City of Ryde’s Investment Policy is based on optimising returns from its investment portfolio within the statutory limitations of Ministerial Orders. The City of Ryde has set a budget target to achieve 0.85% above the Bloomberg Ausbond Bank Bill index.</p>	<p>Impact: The Council has a large investment portfolio that is subject to movements in interest rates. Investments are placed and managed in accordance with the Council’s adopted Investment Policy in compliance with the <i>Local Government Act</i>. As a custodian of the community’s funds, the Council ensures funds are invested with the same care, diligence and skill that a prudent person would exercise.</p>	Medium	Medium

CLASS REVENUE	ASSUMPTIONS	ANALYSIS	IMPACT RATING	CONTROL RISK
Grants and Contributions	Income from grants and contributions is included where funding arrangements are in known. Recurring grant income tied to expenditure is increased by an index of 2.6%.	Grants and contributions are awarded for operating and capital purposes and are usually tied directly to services. Operating grants assist in providing important services to the community such as road safety and environmental initiatives. Capital grants contribute to infrastructure expansion and public amenity aligned to growth and development. If grants are not received, Council will generally not continue to provide that service unless an alternate funding source is identified.	Low	High
Other Revenues	3.0% increase 2020/21 and 2.6% onwards not including the introduction of new revenue sources.	Includes revenue from parking fines, investment property rentals and employee contributions to vehicle private use. Other revenue may fluctuate as a result of fair value increments.	Medium	Medium

CLASS EXPENDITURE	ASSUMPTIONS	ANALYSIS	IMPACT RATING	CONTROL RISK
Employee Benefits and On-Costs	<p>2.8% increase 2020/21 and 2.6% for 2021/22 and beyond. After the preparation of Council's Operational Plan, the industrial award rates were negotiated with the following outcomes:</p> <ul style="list-style-type: none"> • 2020/21 – 1.5% • 2021/22 – 2% • 2022/23 – 2% <p>Due to the timing, these have not been included in this iteration of Council's assumptions.</p>	Employee costs are the largest expenditure category (40%). Council's Workforce Strategy includes actions to secure a skilled and agile workforce committed to excellence and safety	High	Medium
Borrowing Costs	<ul style="list-style-type: none"> • Borrowing costs for the Ryde Central Project have been included in this scenario. 	While Council looks to retire its existing debt obligations, Council will look to borrow to fund the Ryde Central Project. Council will repay the vast majority of this loan obligation (interest and principal) with Section 7.11 Developer Contributions.	Medium	Low

CLASS <i>EXPENDITURE</i>	ASSUMPTIONS	ANALYSIS	IMPACT RATING	CONTROL RISK
Materials and Contracts	CPI of 2.0% for 2020/21 and 2.6% thereafter has been applied throughout the LTFP with additional materials and contract related costs factored in where known.	Council's reliance on contractors is significant and reflects the need to be agile in meeting changes in service delivery demands. Contracts are managed in a procurement framework than promotes transparency and value for money principles.	High	Medium
Depreciation and Amortisation	Depreciation has been modelled in accordance with the Asset Management Plans and statutory accounting practices. Rates will vary dependent on asset classes and components.	Depreciation is the annualised deterioration of Council assets captured in a financial context (using a straight-line methodology). Asset classes are revalued up to every 5 years which will have an impact on depreciation. Further information can be found in Council's Strategic Asset Management Plan.	High	Medium
Other Expenses	CPI of 2.0% for 2020/21 and 2.6% thereafter has been applied throughout the LTFP with additional 'other expense' related costs factored in where known.	Includes contributions to other levels of government (such as waste levies, fire control and valuation fees), insurances and utilities including street lighting, electricity and water. Whilst Council works closely with other levels of government, the ability to control or influence costs cannot be guaranteed.	Medium	Low

LTFP FINANCIAL MODEL SCENARIO 2 – PROJECTED GROWTH 25,000

Introduction and Assumptions

Scenario 2 is predicated on:

- All of the assumptions in the Base Case PLUS:
 - Population growth of 25,000 people over the 10 year period of the plan (or 1.9% compounding growth per annum)
 - Both operating income and expenditure will increase in line with the forecast population growth (as above), however some economies of scale are assumed during the growth period
 - Expansion and new Capital Works exceeding \$443 million, funded primarily by developer contributions (via cash, works in kind or voluntary planning agreements) including a new library at Macquarie Park
 - Operating expenditure (depreciation, maintenance and operating expenses) associated with the New Capital Works (as above) will increase
 - The inclusion of a 1% efficiency saving for materials and contracts and other expenses
 - An increase of 78 additional full-time equivalent (FTE) staff (from 533 in 2020/21 to 611 in 2029/30) to assist in servicing the growth.

Observations

Scenario 2 builds on the foundations of Scenario 1. The major difference with Scenario 2 is that it anticipates a more deliberate growth forecast that **impacts Council's Operating Statement, Balance Sheet and Cash Flow Statement.**

The inclusion of more than \$660 million worth capital works and an increase **of 78 additional FTE staff has a significant impact on Council's long term financial sustainability** but has a much more realistic outlook than that of Scenario 1.

Scenario 2 Sensitivity and Risk Assessment

In addition to the sensitivity and risk assessment of items identified in Scenario 1 – Base Case Scenario, the following items are considered unique to Scenario 2.

OTHER ITEMS	ASSUMPTIONS	IMPACT AND SENSITIVITY	IMPACT RATING	CONTROL RISK
Population Growth	<p>Population growth is generally reflected in an increase in the rates base (commonly referred to as supplementary rates). Growth in the rates base has traditionally been conservative.</p> <p>An assumed population growth of 25,000 has been established under Scenario 2.</p>	<p>Growth has a major impact on both income and expenditure forecasts. The primary income stream that benefits from population growth is rates revenue, though user fees and charges, operational grants and other revenue do increase proportionally.</p> <p>Population growth also impacts on employee costs, materials and contracts, depreciation and other expenses. An increased population places additional pressure on existing assets and services. New services, an expansion of existing services and the provision of new assets all have expenditure impacts that must be managed carefully.</p>	Medium	Medium
Expanded Asset Growth	<p>Total expanded asset expenditure of \$443 million has been included in Scenario 2 . These new assets will be constructed to help service the needs of the additional 25,000 population and are derived from a Draft iteration of the Section 7.11 Plan.</p>	<p>Impact: The \$443 million in new assets will not only add value to Council's Balance Sheet (non-current assets) but also its Operating Statement via additional Depreciation, Maintenance and Operating Expenses.</p>	Medium	Medium
Efficiency / Productivity Improvement Plan	<p>An Efficiency / Productivity Improvement Plan is necessary to ensure expenditure increases are moderated by targeted savings.</p>	<p>Improvement Plans provide a prudent means of focusing on efficiency targets to contain expenditure increases. The recommended Improvement Plan includes targeted expenditure savings in employee costs (staff turnover), materials and contracts and other expenses.</p>	Medium	Low
Workforce Expansion (FTE Staff)	<p>In light of the 25,000 additional population and their anticipated service needs, Council's workforce (full-time equivalent staff) is expected to grow by 61 FTE staff.</p>	<p>Impact: the additional 61 FTE Staff represents a 12% increase in Council's current staff establishment and equates to approximately \$8 million in expenditure over the next 10 years.</p>	Medium	Medium

KEY PERFORMANCE INDICATORS - FIT FOR THE FUTURE

The following measures, indicators and ratios are provided to give the reader an insight into the relative financial impacts of the 2 Scenarios when compared with one another. Financial modelling indicates that Council will continue

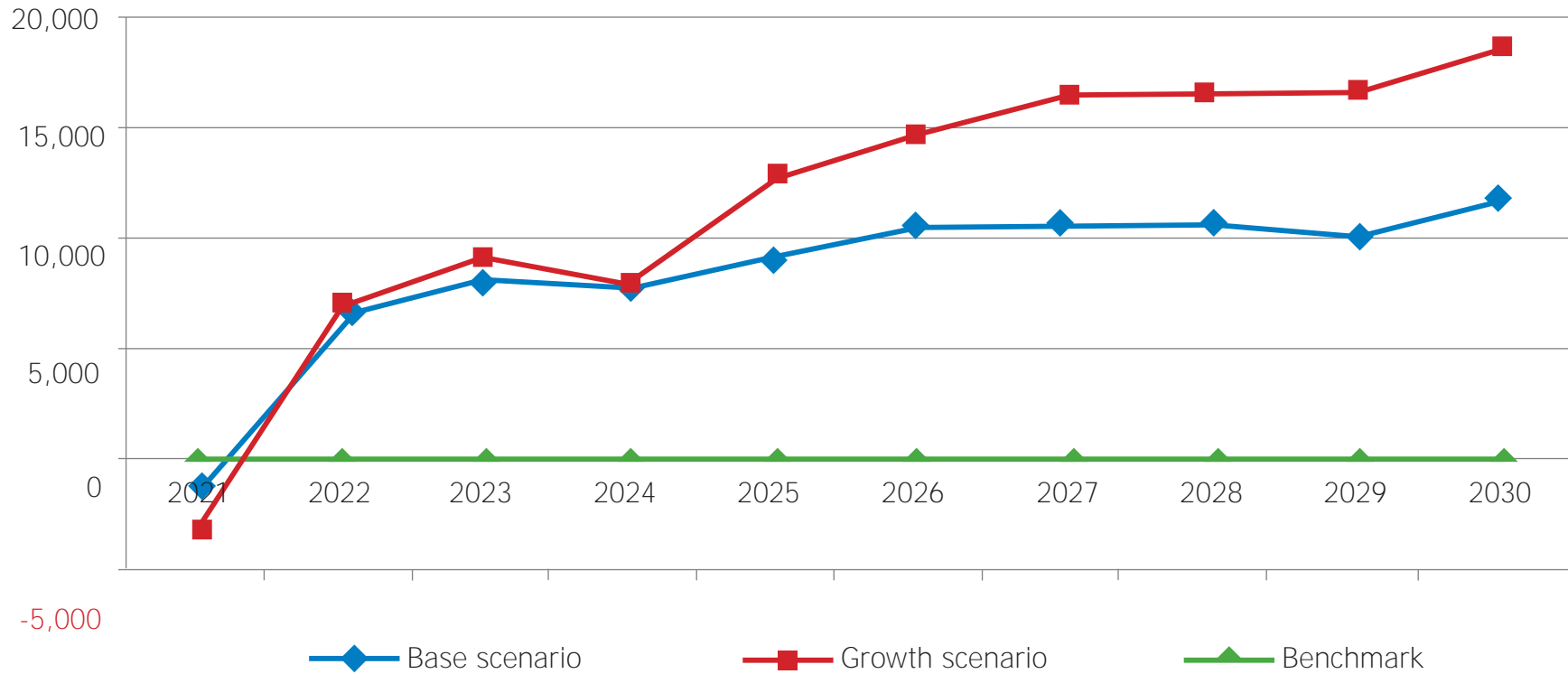
to perform well under both Scenarios over the next 10 years. All but one of **the performance measures meet 'Fit for the Future' benchmarks. The only exception is the Asset Maintenance Ratio. This is not considered a major issue as Council is forecasting an Asset Renewal Ratio well in excess of the benchmark. By reallocating funding from asset renewal to asset maintenance will resolve this issue.**

Operating Performance

This ratio measures a council's achievement of containing operating expenditure within operating revenue. It is important to emphasise that this ratio focuses on operating performance, and hence capital grants and contributions, fair value adjustments, and reversal of revaluation adjustments are excluded.

The benchmark is greater than 0%.

Operating Surplus (Deficit) General Fund (excl Capital Grants and Contributions)



NOTE:

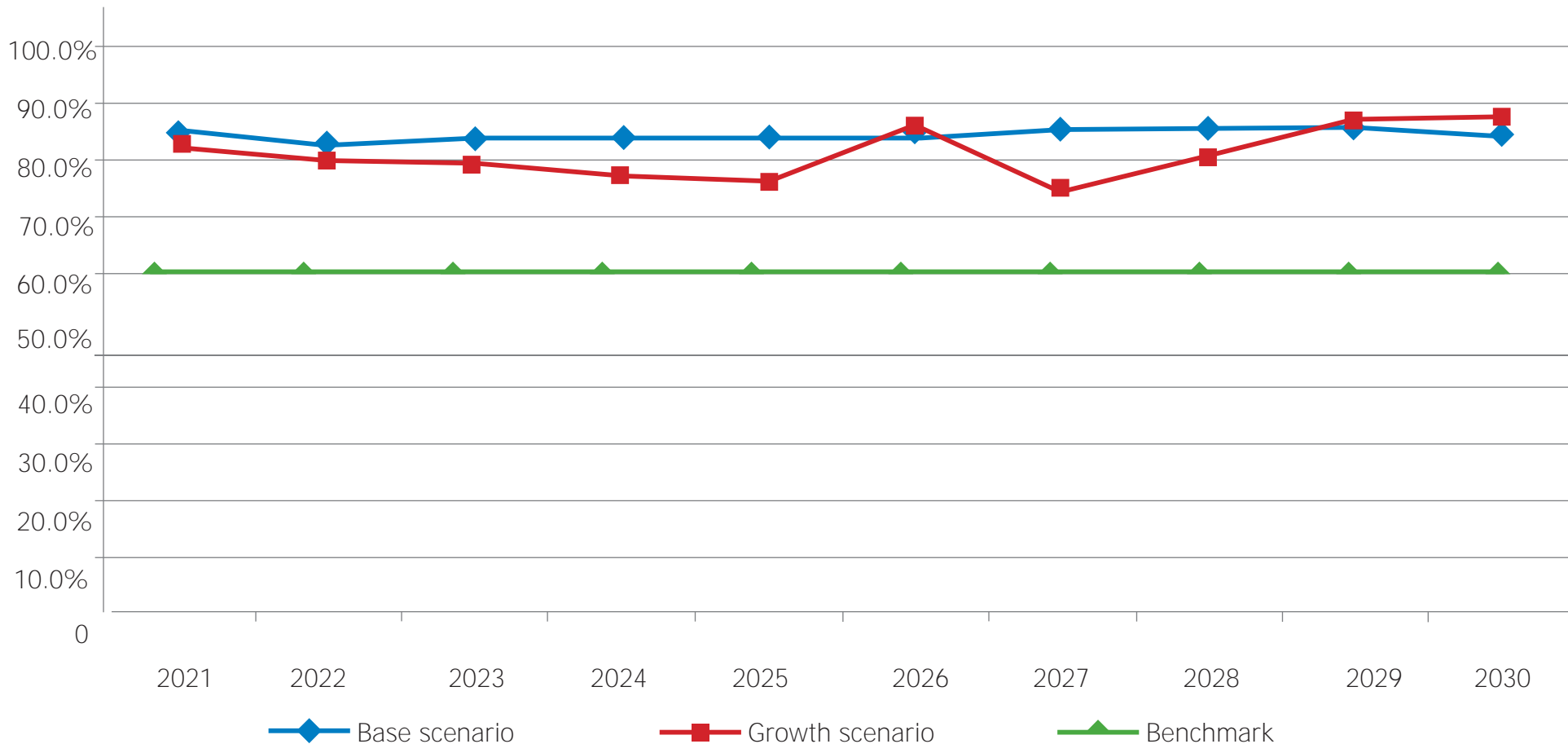
The 2020/21 financial year benchmark has not been met due to the COVID-19 pandemic on Council’s revenue sources. It is anticipated that this will recover in the 2021/22 financial year at the time of publishing this plan.

Own Source Operating Revenue

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and **contributions**. A council's financial flexibility improves as its own source revenue increases.

The benchmark is greater than 60%.

Own Source Revenue Ratio (General Fund) – Annual Measure



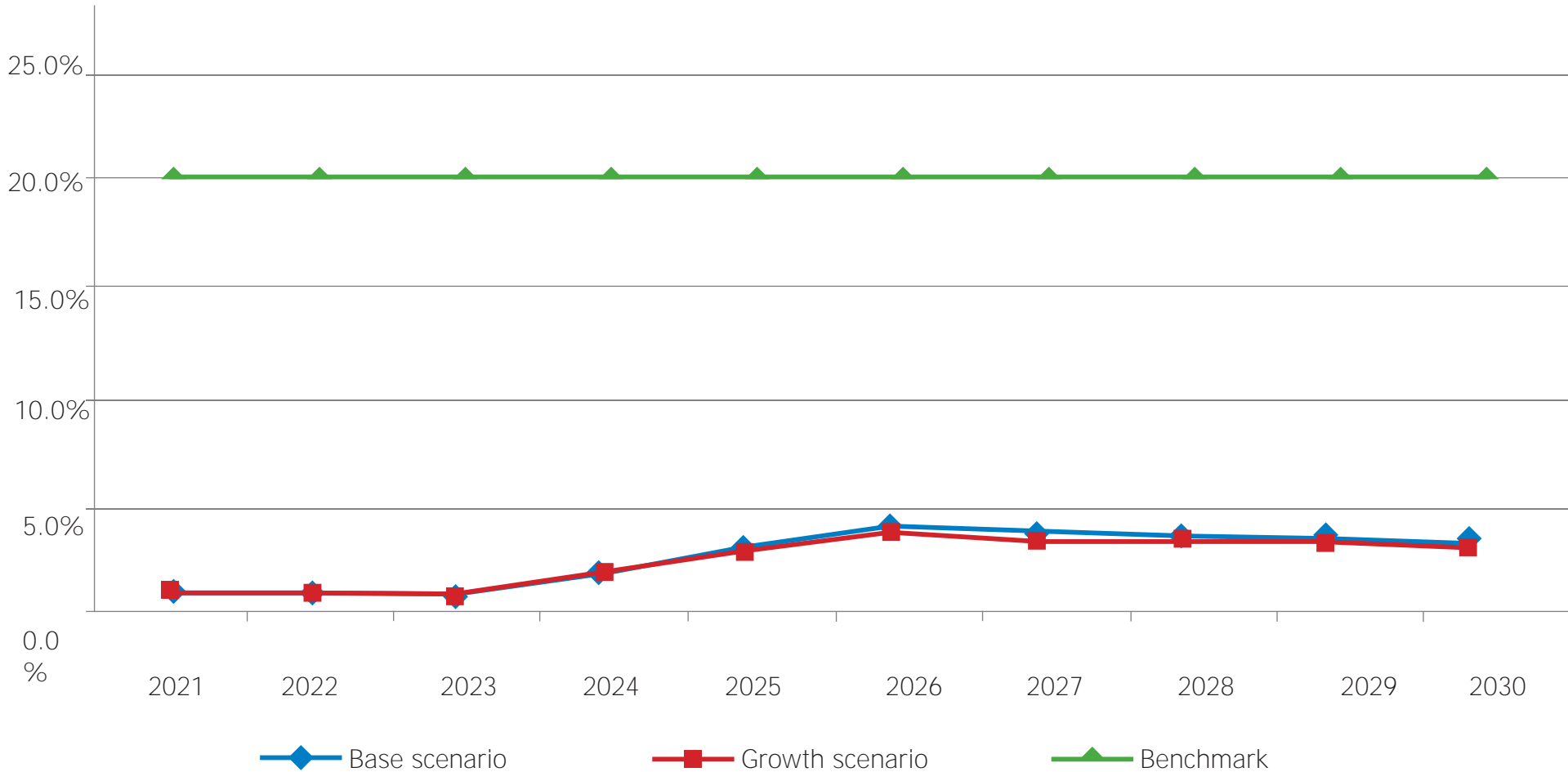
NOT:

Between 2022/23 and 2024/25, Council is expecting significant Developer Contributions (cash and non-cash) which has the effect of reducing Council's 'own source revenue' (including rate revenue) in that particular year. This is also reflected in the 2026/27 and 2027/28 financial years. General fund revenue is generally over 80% of Council's own source revenue. This ratio will generally fluctuate when larger quanta of developer contributions (cash and non-cash) are anticipated to be received.

Debt Service Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than two times.

Debt Service Ratio (General Fund) - Annual Measure



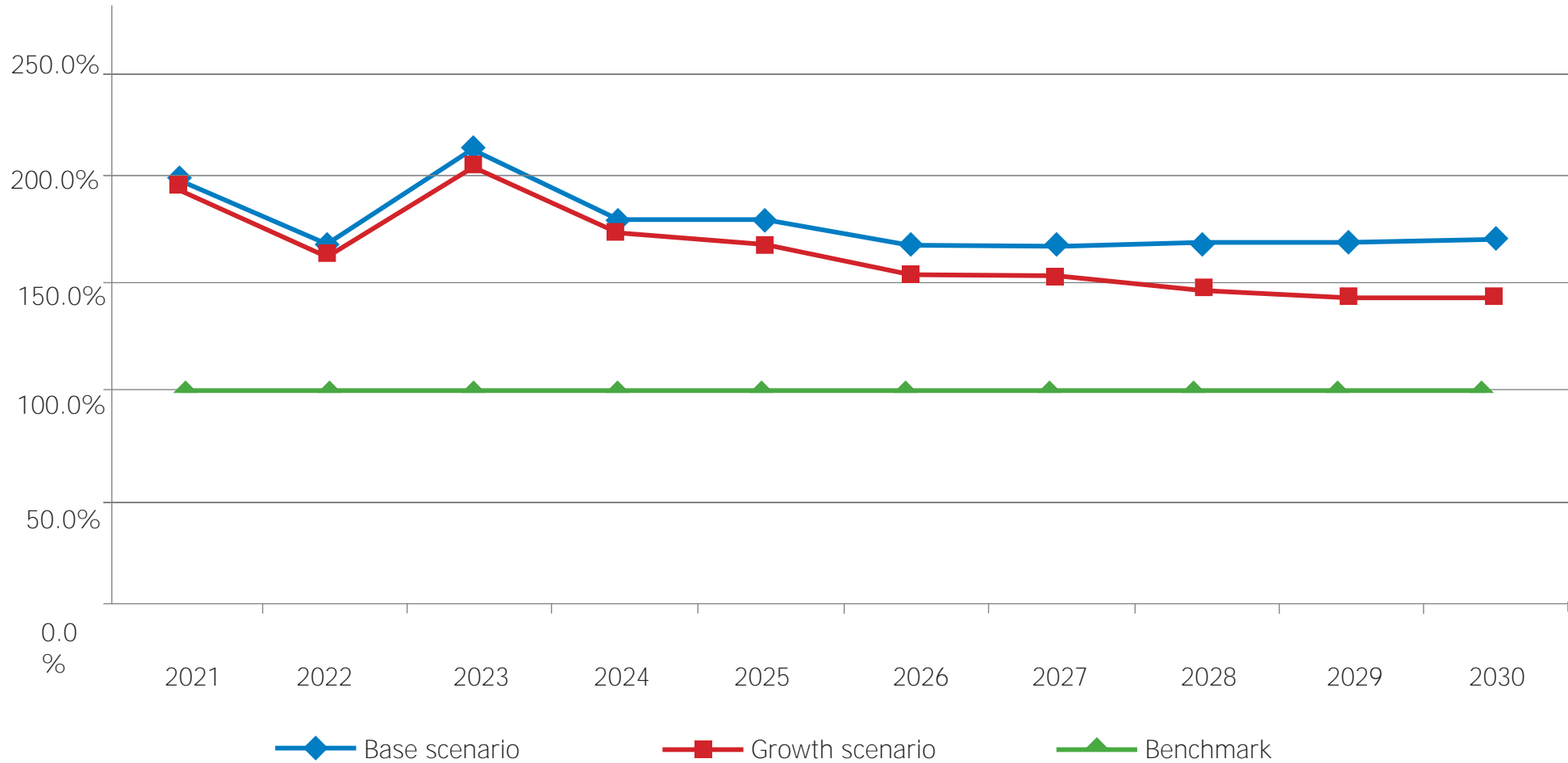
NOTE:
In the 2023/24 financial year, the increase in this ratio is attributed to commencement of loan service (Principal and Interest) for the Ryde Central project.

Buildings and Infrastructure Renewals Ratio

To assess the rate at which these assets are being renewed against the rate at which they are depreciating.

The benchmark is greater than 100%.

Buildings and Infrastructure Renewals Ratio (General Fund) – Annual Measure



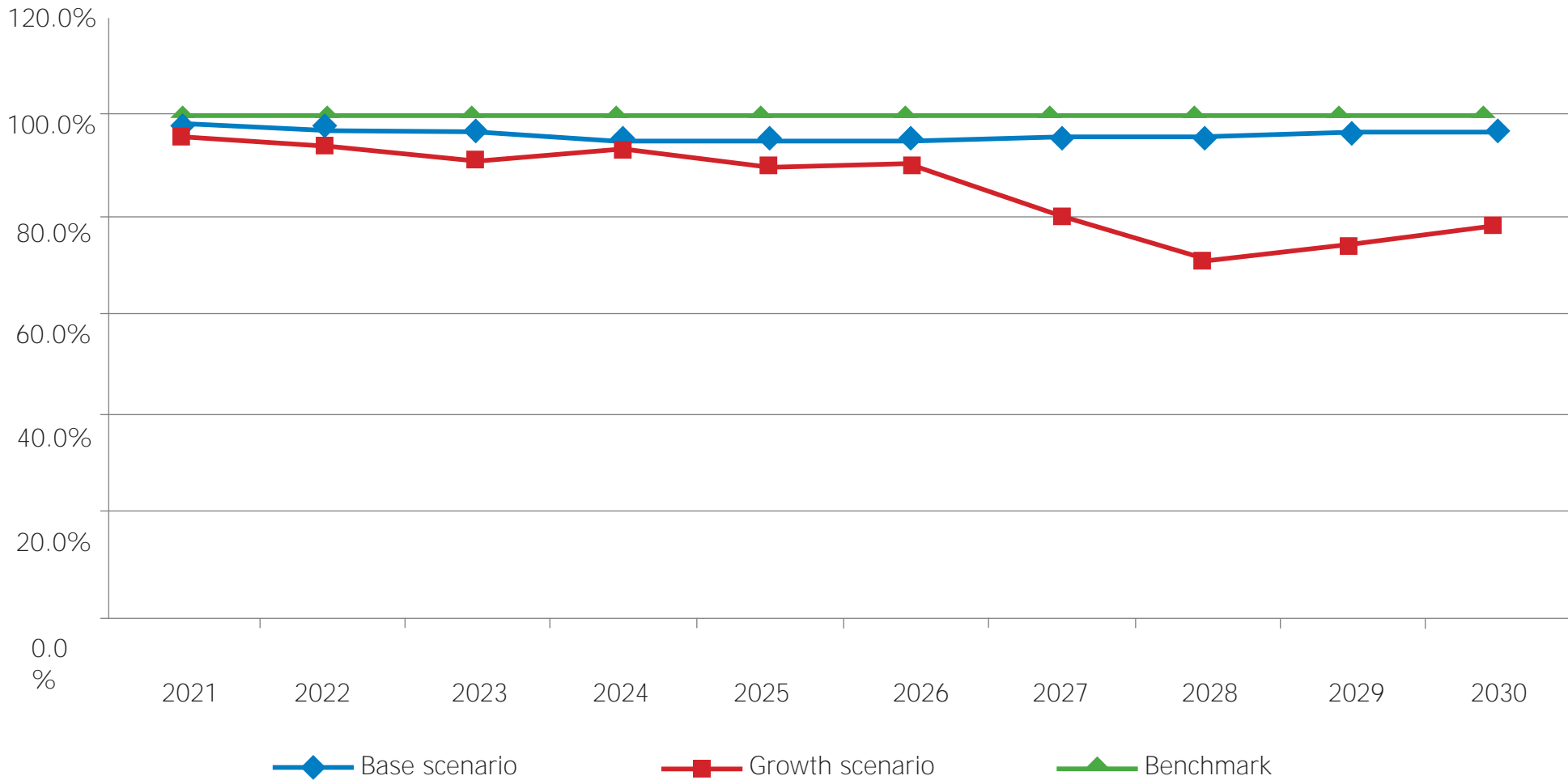
NOTE:
Any excess funds received could be redirected to service any maintenance shortfalls.

Asset Maintenance Ratio

This ratio highlights how much Council is spending on the maintenance of its assets in comparison to the asset maintenance required to be spent, as indicated in Special Schedule 7.

The benchmark is greater than 100%.

Asset Maintenance Ratio (General Fund) – Annual Measure



NOT:

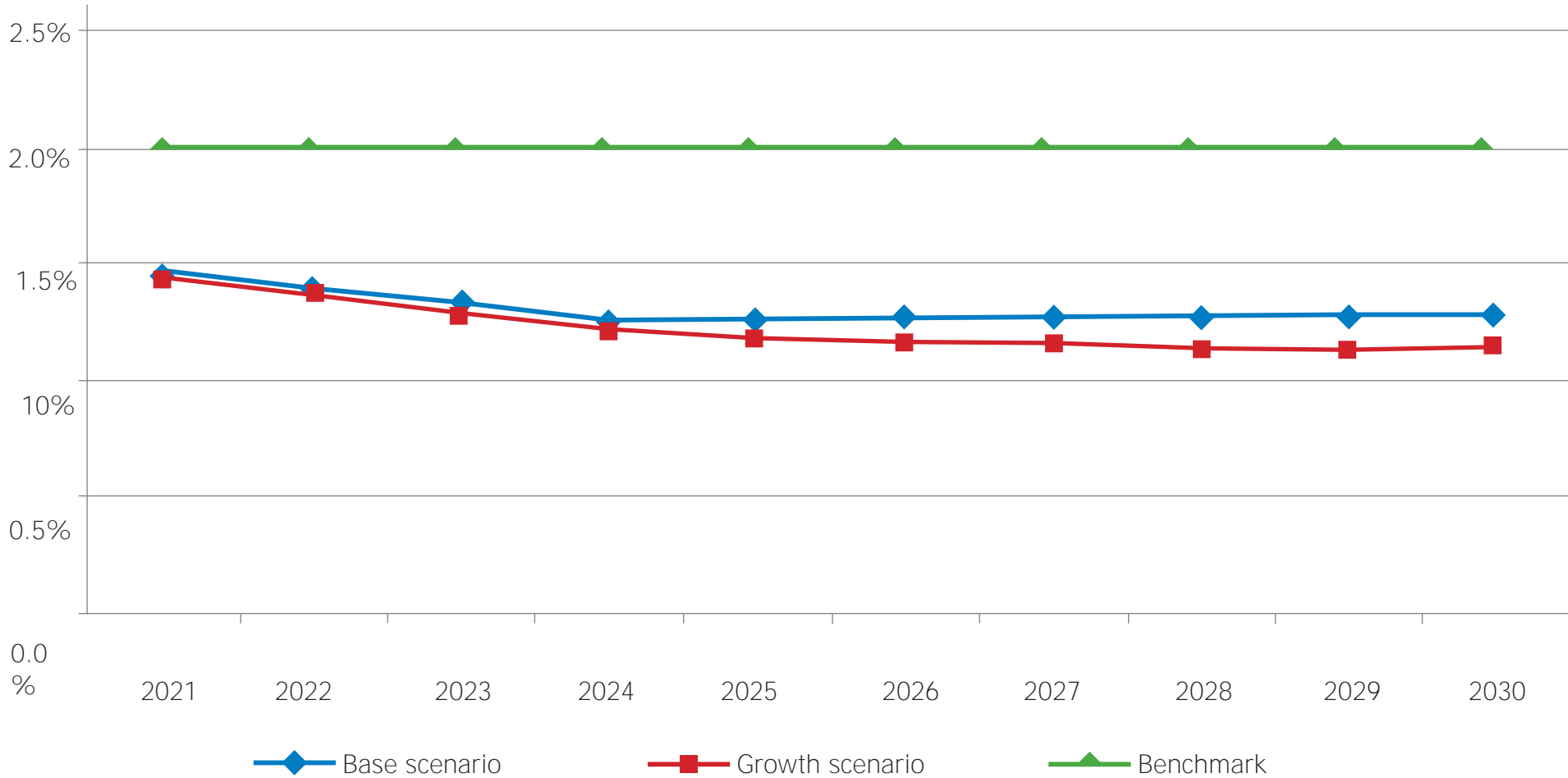
The Growth Scenario indicates the Asset Maintenance Ratio will deteriorate over the next 10 years, falling well below the 100% targeted benchmark. This will need to be corrected with a reallocation of funding from Asset Renewal (currently well above the targeted benchmark of 100%) to Asset Maintenance.

Infrastructure Backlog Ratio

This ratio shows what proportion the infrastructure backlog is **against the total value of a council's infrastructure**. 'Backlog' is defined as the sum of **Condition 5 (Poor Condition) Assets in Council's infrastructure asset network**.

The benchmark is less than 2%.

Infrastructure Backlog Ratio (General Fund) – Annual Measure

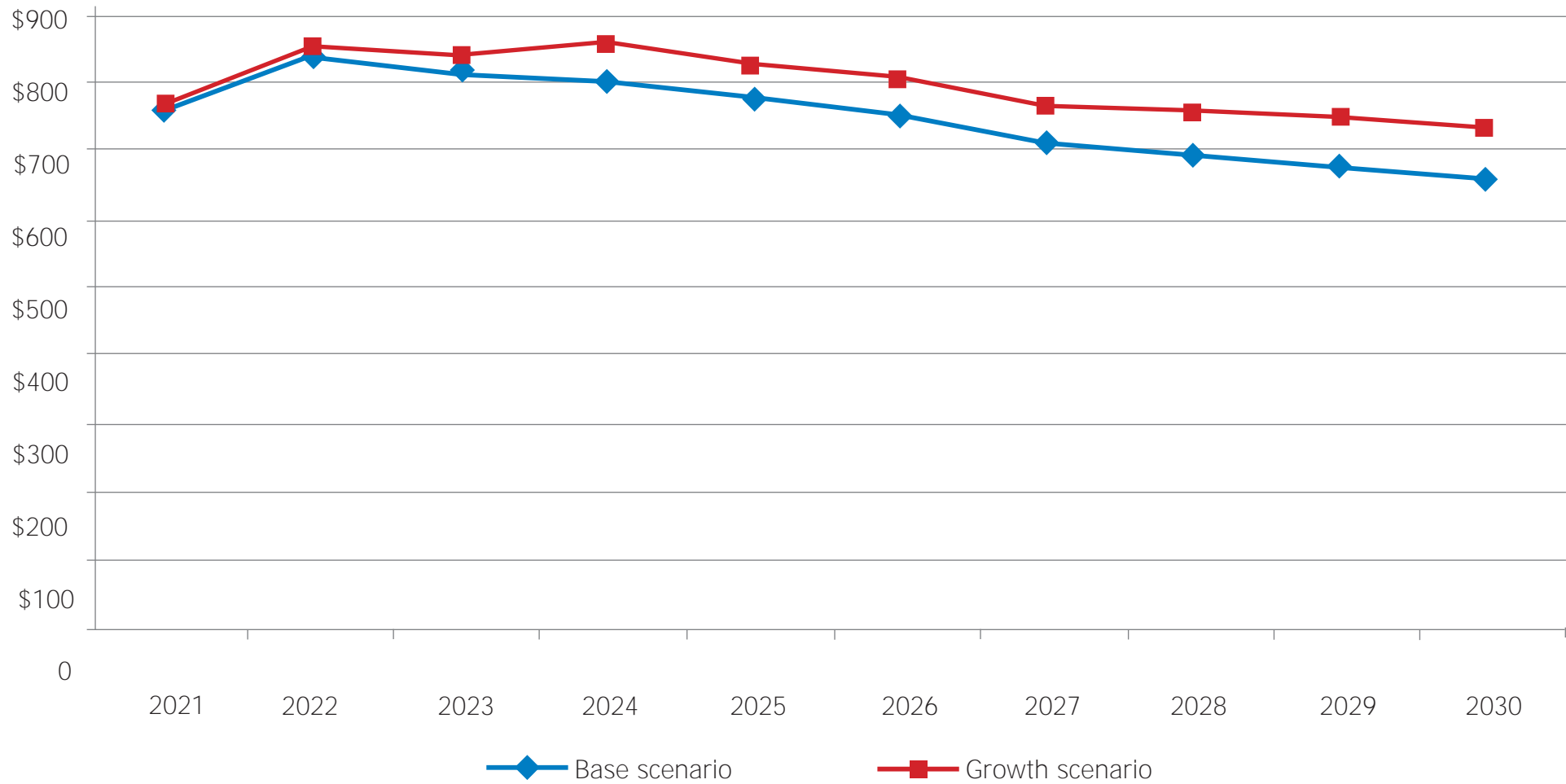


NOTE:
Council will continue to monitor the backlog as it collects accurate information on the condition of its assets.

Real Operating Expenditure Per Capita

This figure is a function of both total operating expenses and population. The benchmark is for a declining trend over time.

Real Operating Expenditure per Capita (General Fund) – Annual Measure



NOTE:
Over the term of the Long Term Financial Plan, Council will achieve an efficiency of Operating Expenditure per Capita.

CONCLUSION

In this Long Term Financial Plan, Council has outlined 2 Scenarios (each with **underlying assumptions**) that affect Council's financial sustainability in slightly different ways. Those Scenarios are as follows:

- Scenario 1 - This scenario is predicated on existing services remaining largely the same over the next 10 years with a primary reliance on developer and internal reserve funded capital works, and the ongoing SRV income stream funding the renewal of existing assets.
- Scenario 2 - This Scenario is predicated on available data indicating an additional population of 25,000 by 2028 with a direct correlation between population growth and service provision (both capital and operating) and **incorporates an efficiency dividend principally the result of Council's** focus on long term financial sustainability and the opportunities that are likely to transpire through economies of scale, asset optimisation and the use of technology over time.

The analysis in this Plan concentrates on the impacts of growth and measures those impacts against the **State Government's 'Fit for the Future'** benchmarks over the next 10 years. This Plan acknowledges that long term financial forecasting has its limitations. Detailed assumptions, impacts and sensitivity analysis accompany the Plan in an attempt to put the modelled outcomes into perspective.

Whilst both Scenarios have varying degrees of validity, Scenario 2 is considered the most probable scenario and as such will be used as a high level guide to assist in financial decision making from 2020/21 onwards.

NOTE:

For completeness, and so that readers of this LTFP can assess council's overall financial position, the projected financial statements for both Scenarios are presented in Appendix 1 and Appendix 2 to this document.

APPENDIX 1 – BASE CASE FINANCIALS

Ryde City Council
10 Year Financial Plan for the Years ending
30 June 2030

2020/2021 to 2029/2030
Base Case Scenario

INCOME STATEMENT - CONSOLIDATED	Approved Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE FROM CONTINUING OPERATIONS										
Rates and annual charges	98,259	101,005	103,601	108,165	108,895	111,696	114,570	117,519	120,544	123,648
User charges and fees	13,429	19,685	20,197	20,722	21,261	21,814	22,381	22,963	23,560	24,172
Interest and investment revenue	3,723	1,542	1,393	2,022	2,706	2,751	2,795	2,834	2,855	2,866
Other revenues	10,254	13,825	14,101	15,817	16,210	16,621	17,042	17,474	17,918	18,372
Grants & contributions - Operating	6,394	6,442	6,599	6,731	6,906	7,085	7,269	7,458	7,652	7,851
Grants & contributions - Capital	15,764	20,420	20,927	20,538	20,449	20,461	20,473	20,485	20,498	20,511
In-Kind Contributions - Capital (non-cash)										
Net gain from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL INCOME FROM CONTINUING OPERATIONS	147,823	162,919	166,818	171,995	176,427	180,428	184,531	188,733	193,027	197,421
EXPENSES FROM CONTINUING OPERATIONS										
Employee benefits and on-costs	53,569	56,445	57,912	59,868	61,426	63,025	64,666	66,349	68,076	69,848
Borrowing costs	183	119	106	1,561	1,486	1,423	1,358	1,292	1,224	1,155
Materials and contracts	35,537	36,166	35,399	37,566	38,327	38,534	39,571	40,636	42,596	42,856
Depreciation and amortisation	21,804	22,302	22,811	22,918	23,453	24,002	24,565	25,141	25,732	26,338
Impairment										
Other expenses	22,431	20,725	21,269	21,499	22,061	22,636	23,227	23,834	24,456	25,094
Interest and Investment losses										
Net loss from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL EXPENSES FROM CONTINUING OPERATIONS	133,523	135,756	137,497	143,413	146,753	149,620	153,387	157,252	162,085	165,292
OPERATING RESULT FROM CONTINUING OPERATIONS	14,300	27,163	29,321	28,582	29,674	30,807	31,144	31,481	30,942	32,129
OPERATING RESULT FROM DISCONTINUED OPERATIONS										
NET OPERATING RESULT FOR THE YEAR	14,300	27,163	29,321	28,582	29,674	30,807	31,144	31,481	30,942	32,129
Attributable to:										
Council	14,300	27,163	29,321	28,582	29,674	30,807	31,144	31,481	30,942	32,129
Minority interests										
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	-1,464	6,743	8,394	8,044	9,225	10,346	10,671	10,995	10,444	11,618
"Cash" generated towards capital works	20,341	29,044	31,205	30,962	32,678	34,348	35,236	36,137	36,177	37,956

Ryde City Council
10 Year Financial Plan for the
Years ending 30 June 2030

2020/2021 to 2029/2030
Base Case Scenario

BALANCE SHEET- CONSOLIDATED	Approved Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
BALANCE SHEET										
CURRENT ASSETS										
Cash and cash equivalents	12,848	12,070	11,751	11,638	12,276	13,025	13,894	14,680	15,493	16,241
Investments	77,500	72,807	70,882	70,203	74,053	78,568	83,809	88,551	93,457	97,971
Receivables	4,926	5,275	5,419	5,553	5,696	5,843	5,994	6,148	6,307	6,470
Inventories	746	746	746	746	746	746	746	746	746	746
Other	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951
Non-current assets classified as held for sale										
TOTAL CURRENT ASSETS	98,970	93,849	91,749	91,092	95,723	101,133	107,394	113,076	118,954	124,379
NON-CURRENT ASSETS										
Investments	104,302	87,886	85,395	84,482	89,663	105,740	112,794	119,174	125,778	131,853
Receivables	7	8	8	8	9	9	9	9	10	10
Inventories										
Infrastructure, property, plant and equipment	1,288,801	1,366,423	1,430,778	1,450,885	1,489,192	1,490,025	1,509,354	1,531,353	1,551,890	1,575,118
Investments accounted for using equity method										
Investment property	118,170	118,170	118,170	118,170	118,170	118,170	118,170	118,170	118,170	118,170
Intangible assets										
Other			0							
TOTAL NON CURRENT ASSETS	1,511,280	1,582,587	1,644,352	1,663,546	1,687,034	1,713,944	1,740,326	1,768,707	1,795,847	1,825,150
TOTAL ASSETS	1,610,250	1,676,435	1,736,100	1,754,637	1,782,757	1,815,077	1,847,720	1,881,782	1,914,801	1,949,530
CURRENT LIABILITIES										
Payables	43,973	50,560	48,971	38,147	35,465	35,769	36,027	37,332	38,097	39,348
Borrowings	332	348	2,807	2,552	2,567	2,632	2,698	2,766	2,836	
Lease Repayments	2,115	2,189	-0							
Provisions	20,594	23,914	27,321	30,843	34,457	38,164	41,969	45,872	49,877	53,986
TOTAL CURRENT LIABILITIES	67,013	77,011	79,099	71,541	72,489	76,565	80,694	85,970	90,809	93,334
NON-CURRENT LIABILITIES										
Payables										
Borrowings	759	31,911	60,104	57,553	54,986	52,354	49,656	46,890	44,054	44,054
Lease Repayments	2,189	-0	0	-0	-0	-0	-0	-0	-0	-0
Provisions	375	435	497	561	627	695	764	835	908	982
TOTAL NON-CURRENT LIABILITIES	3,322	32,346	60,602	58,114	55,612	53,048	50,419	47,724	44,962	45,036
TOTAL LIABILITIES	70,335	109,357	139,701	129,655	128,101	129,613	131,113	133,694	135,771	138,370
NET ASSETS	1,539,916	1,567,078	1,596,400	1,624,982	1,654,656	1,685,463	1,716,607	1,748,088	1,779,030	1,811,159
EQUITY										
Retained earnings	1,299,822	1,326,784	1,356,106	1,384,888	1,414,362	1,445,189	1,476,313	1,507,794	1,538,736	1,570,865
Revaluation Reserves	240,294	240,294	240,294	240,294	240,294	240,294	240,294	240,294	240,294	240,294
Council equity interest	1,539,916	1,567,078	1,596,400	1,624,982	1,654,656	1,685,463	1,716,607	1,748,088	1,779,030	1,811,159
Minority equity interests										
TOTAL EQUITY	1,539,916	1,567,078	1,596,400	1,624,982	1,654,656	1,685,463	1,716,607	1,748,088	1,779,030	1,811,159

Ryde City Council
10 Year Financial Plan for the Years
ending 30 June 2030

2020/2021 to 2029/2030
Base Case Scenario

CASH FLOW STATEMENT - CONSOLIDATED	Approved Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts										
Rates and Annual Charges	99,569	100,855	103,457	106,031	108,752	111,549	114,419	117,364	120,385	123,485
User Charges and Fees	13,429	19,685	20,197	20,722	21,261	21,814	22,381	22,963	23,560	24,172
Investment and Interest Revenue Received	3,723	1,542	1,393	2,022	2,708	2,751	2,795	2,834	2,855	2,868
Grants and Contributions	22,158	26,862	27,526	27,269	27,355	27,546	27,743	27,944	28,150	28,362
Bonds, Deposits and Retention amounts received										
Other	10,254	13,825	14,101	15,817	16,210	16,621	17,042	17,474	17,918	18,372
Payments										
Employee benefits and on-costs	(50,360)	(53,064)	(54,443)	(56,282)	(57,747)	(59,250)	(60,792)	(62,375)	(63,998)	(65,664)
Materials and contracts	(28,847)	(29,578)	(36,988)	(48,391)	(41,009)	(38,230)	(39,313)	(39,331)	(41,831)	(41,605)
Borrowing costs	(183)	(119)	(106)	(1,561)	(1,486)	(1,423)	(1,358)	(1,292)	(1,224)	(1,155)
Deposits and retentions										
Other	(22,431)	(20,725)	(21,269)	(21,499)	(22,061)	(22,636)	(23,227)	(23,834)	(24,456)	(25,094)
Net cash provided from (or used) in operating activities	46,312	59,083	53,868	44,127	53,982	58,742	59,689	61,747	61,358	63,739
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Sale of investments	32,882	11,008	4,516	1,592						
Sale of infrastructure, property, plant and equipment	1,420	1,455	1,490	1,525	1,565	1,605	1,647	1,690	1,734	1,779
Sale of interests in joint ventures/associates										
Proceeds from boundary Adjustment										
Other										
Payments										
Purchase of investments					(9,032)	(10,591)	(12,295)	(11,122)	(11,510)	(10,589)
Purchase of property, plant and equipment	(80,640)	(101,378)	(88,657)	(44,550)	(43,325)	(46,440)	(45,540)	(48,831)	(48,003)	(51,345)
Purchase of interests in joint ventures/associates										
Other										
Net cash provided from (or used in) investing activities	(46,338)	(88,915)	(82,651)	(41,433)	(50,792)	(55,426)	(56,189)	(58,263)	(57,779)	(60,156)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Borrowings and advances		31,500	31,000							
Other										
Payments										
Borrowings and advances repaid	(317)	(332)	(348)	(2,807)	(2,552)	(2,567)	(2,632)	(2,698)	(2,766)	(2,836)
Lease liabilities	(1,981)	(2,115)	(2,189)							
Other										
Net cash provided from (or used in) financing activities	(2,298)	29,053	28,464	(2,807)	(2,552)	(2,567)	(2,632)	(2,698)	(2,766)	(2,836)
Net increase/(decrease) in cash & cash equivalents	(2,324)	(778)	(319)	(112)	638	748	869	786	813	748
Cash & cash equivalents at beginning reporting period	15,171	12,848	12,070	11,751	11,638	12,276	13,025	13,894	14,680	15,493
Cash & Cash Equivalents at end of Reporting Period	12,848	12,070	11,751	11,638	12,276	13,025	13,894	14,680	15,493	16,241
<i>plus: Investments on hand - EOY</i>	181,802	170,794	166,277	164,685	173,717	184,308	196,603	207,725	219,235	229,824
Total Cash, Cash Equivalents and Investments	194,649	182,863	178,028	176,323	185,993	197,332	210,497	222,405	234,728	246,066

APPENDIX 2 – GROWTH CASE FINANCIALS

Ryde City Council 10 Year Financial Plan for the Years ending 30 June 2030

2020/2021 to 2029/2030 Growth Case Scenario

INCOME STATEMENT - CONSOLIDATED	Approved Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE FROM CONTINUING OPERATIONS										
Rates and annual charges	98,259	102,574	106,844	111,189	115,819	120,644	125,669	130,908	136,361	142,044
User charges and fees	13,429	19,991	20,829	22,603	23,550	24,538	25,567	26,639	27,756	28,920
Interest and investment revenue	3,723	1,580	1,581	2,430	3,238	3,518	3,614	3,444	3,487	3,543
Other revenues	10,404	14,027	14,307	17,390	17,822	18,273	18,737	19,212	19,699	20,199
Grants & contributions - Operating	6,394	6,442	6,599	6,731	6,908	7,085	7,269	7,458	7,652	7,851
Grants & contributions - Capital	15,764	20,420	20,927	20,538	20,449	20,461	20,473	20,485	20,498	20,511
In-Kind Contributions - Capital (non-cash)	2,445	7,280	11,000	17,932	23,187	597	30,600	16,713		
Net gain from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL INCOME FROM CONTINUING OPERATIONS	150,418	172,313	182,088	198,812	210,973	195,117	231,930	224,858	215,454	223,068
EXPENSES FROM CONTINUING OPERATIONS										
Employee benefits and on-costs	53,569	56,445	58,978	61,604	63,658	66,101	68,149	70,796	72,983	75,499
Borrowing costs	183	46	30	1,561	1,486	1,423	1,358	1,292	1,224	1,155
Materials and contracts	36,898	37,810	37,258	41,230	42,517	43,428	45,421	47,676	51,162	53,130
Depreciation and amortisation	21,804	22,887	23,499	23,621	24,292	25,006	25,234	26,202	26,717	26,997
Impairment										
Other expenses	22,631	20,396	21,037	24,260	22,565	23,347	24,192	25,105	26,093	27,165
Interest and Investment losses										
Net loss from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL EXPENSES FROM CONTINUING OPERATIONS	135,085	137,583	140,803	152,276	154,518	159,306	164,355	171,071	178,178	183,945
OPERATING RESULT FROM CONTINUING OPERATIONS	15,333	34,730	41,285	46,535	56,454	35,811	67,575	53,786	37,275	39,124
OPERATING RESULT FROM DISCONTINUED OPERATIONS										
NET OPERATING RESULT FOR THE YEAR	15,333	34,730	41,285	46,535	56,454	35,811	67,575	53,786	37,275	39,124
Attributable to:										
Council	15,333	34,730	41,285	46,535	56,454	35,811	67,575	53,786	37,275	39,124
Minority interests										
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	-2,876	7,030	9,358	8,065	12,817	14,752	16,502	16,588	16,777	18,613
"Cash" generated towards capital works	18,929	29,917	32,857	31,686	37,109	39,759	41,736	42,790	43,494	45,609

Ryde City Council
10 Year Financial Plan for the
Years ending 30 June 2030

2020/2021 to 2029/2030
Growth Case Scenario

BALANCE SHEET- CONSOLIDATED	Approved Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
BALANCE SHEET										
CURRENT ASSETS										
Cash and cash equivalents	12,780	11,912	11,870	11,519	11,897	12,834	13,966	14,807	16,381	18,152
Investments	77,094	71,856	70,398	69,484	71,766	77,418	84,246	89,320	98,812	109,499
Receivables	4,928	5,349	5,577	5,835	6,076	6,325	6,584	6,854	7,135	7,427
Inventories	746	746	746	746	746	746	746	746	746	746
Other	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951	2,951
Non-current assets classified as held for sale										
TOTAL CURRENT ASSETS	98,496	92,815	91,343	90,535	93,436	100,274	108,493	114,678	126,025	138,775
NON-CURRENT ASSETS										
Investments	103,755	96,708	94,745	93,514	96,585	104,192	113,382	120,210	132,985	147,367
Receivables	7	8	8	9	9	10	10	10	11	11
Inventories										
Infrastructure, property, plant and equipment	1,291,245	1,378,497	1,453,157	1,493,667	1,544,523	1,565,964	1,618,234	1,663,472	1,676,293	1,690,731
Investments accounted for using equity method										
Investment property	118,170	118,170	118,170	118,170	118,170	118,170	118,170	118,170	118,170	118,170
Intangible assets										
Other										
TOTAL NON CURRENT ASSETS	1,513,177	1,593,381	1,666,080	1,705,360	1,759,287	1,788,335	1,849,796	1,901,862	1,927,459	1,956,280
TOTAL ASSETS	1,611,674	1,686,196	1,757,423	1,795,895	1,852,722	1,888,609	1,958,289	2,016,540	2,053,484	2,095,055
CURRENT LIABILITIES										
Payables	44,363	51,721	49,666	40,720	39,832	38,515	39,170	42,092	40,155	40,916
Borrowings	332	348	2,807	2,552	2,567	2,632	2,698	2,766	2,836	
Lease Repayments	2,115	2,189								
Provisions	20,594	23,914	27,384	31,008	34,753	38,642	42,651	46,816	51,109	55,551
TOTAL CURRENT LIABILITIES	67,403	78,171	79,857	74,280	77,152	79,789	84,519	91,673	94,099	96,467
NON-CURRENT LIABILITIES										
Payables										
Borrowings	759	31,911	60,104	57,553	54,986	52,354	49,656	46,890	44,054	44,054
Lease Repayments	2,189	-0	-0	-0	-0	-0	-0	-0	-0	-0
Provisions	375	435	498	564	632	703	776	852	930	1,011
TOTAL NON-CURRENT LIABILITIES	3,322	32,346	60,603	58,117	55,618	53,057	50,432	47,741	44,984	45,065
TOTAL LIABILITIES	70,725	110,517	140,460	132,397	132,770	132,846	134,951	139,415	139,083	141,531
NET ASSETS	1,540,949	1,575,678	1,616,963	1,663,498	1,719,953	1,755,763	1,823,339	1,877,125	1,914,400	1,953,524
EQUITY										
Retained earnings	1,300,655	1,335,384	1,376,689	1,423,204	1,479,659	1,515,469	1,583,045	1,636,831	1,674,106	1,713,230
Revaluation Reserves	240,294	240,294	240,294	240,294	240,294	240,294	240,294	240,294	240,294	240,294
Council equity interest	1,540,949	1,575,678	1,616,963	1,663,498	1,719,953	1,755,763	1,823,339	1,877,125	1,914,400	1,953,524
Minority equity interests										
TOTAL EQUITY	1,540,949	1,575,678	1,616,963	1,663,498	1,719,953	1,755,763	1,823,339	1,877,125	1,914,400	1,953,524

Ryde City Council
10 Year Financial Plan for the Years
ending 30 June 2030

2020/2021 to 2029/2030
Growth Case Scenario

CASH FLOW STATEMENT - CONSOLIDATED	Approved Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts										
Rates and Annual Charges	98,569	102,149	106,817	110,930	115,579	120,394	125,410	130,635	136,080	141,751
User Charges and Fees	13,429	19,991	20,829	22,603	23,550	24,538	25,567	26,639	27,756	28,920
Investment and Interest Revenue Received	3,723	1,580	1,581	2,430	3,238	3,518	3,614	3,444	3,487	3,543
Grants and Contributions	22,158	26,862	27,528	27,269	27,355	27,548	27,743	27,944	28,150	28,362
Bonds, Deposits and Retention amounts received										
Other	10,404	14,027	14,307	17,390	17,822	18,273	18,737	19,212	19,699	20,199
Payments										
Employee benefits and on-costs	(50,360)	(53,064)	(55,445)	(57,914)	(59,845)	(62,142)	(64,067)	(66,555)	(68,611)	(70,978)
Materials and contracts	(29,819)	(30,452)	(39,312)	(50,176)	(43,405)	(44,744)	(44,767)	(44,754)	(53,099)	(52,369)
Borrowing costs	(183)	(46)	(30)	(1,561)	(1,486)	(1,423)	(1,358)	(1,292)	(1,224)	(1,155)
Deposits and retentions										
Other	(22,631)	(20,396)	(21,037)	(24,260)	(22,565)	(23,347)	(24,192)	(25,105)	(26,093)	(27,165)
Net cash provided from (or used) in operating activities	45,290	60,651	55,035	46,709	60,243	62,614	66,686	70,168	66,145	71,111
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Sale of investments	33,835	12,286	3,419	2,145						
Sale of infrastructure, property, plant and equipment	1,420	1,455	1,490	1,525	1,565	1,605	1,647	1,690	1,734	1,779
Sale of interests in joint ventures/associates										
Proceeds from boundary Adjustment										
Other										
Payments										
Purchase of investments					(5,353)	(13,260)	(16,018)	(11,902)	(22,267)	(25,069)
Purchase of property, plant and equipment	(80,638)	(104,314)	(88,650)	(47,724)	(53,525)	(47,455)	(48,552)	(56,416)	(41,272)	(43,214)
Purchase of interests in joint ventures/associates										
Other										
Net cash provided from (or used in) investing activities	(45,383)	(90,573)	(83,740)	(44,054)	(57,313)	(59,110)	(62,923)	(66,628)	(61,805)	(66,504)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Borrowings and advances		31,500	31,000							
Other										
Payments										
Borrowings and advances repaid	(317)	(332)	(348)	(2,807)	(2,552)	(2,567)	(2,632)	(2,698)	(2,766)	(2,836)
Lease liabilities	(1,981)	(2,115)	(2,189)							
Other										
Net cash provided from (or used in) financing activities	(2,298)	29,053	28,464	(2,807)	(2,552)	(2,567)	(2,632)	(2,698)	(2,766)	(2,836)
<i>Net increase/(decrease) in cash & cash equivalents</i>	<i>(2,391)</i>	<i>(668)</i>	<i>(242)</i>	<i>(152)</i>	<i>378</i>	<i>937</i>	<i>1,132</i>	<i>841</i>	<i>1,574</i>	<i>1,772</i>
<i>Cash & cash equivalents at beginning reporting period</i>	<i>15,171</i>	<i>12,780</i>	<i>11,912</i>	<i>11,670</i>	<i>11,519</i>	<i>11,897</i>	<i>12,834</i>	<i>13,966</i>	<i>14,807</i>	<i>16,381</i>
Cash & Cash Equivalents at end of Reporting Period	12,780	11,912	11,670	11,519	11,897	12,834	13,966	14,807	16,381	18,152
<i>plus: Investments on hand - EOY</i>	<i>180,849</i>	<i>168,562</i>	<i>165,143</i>	<i>162,998</i>	<i>168,351</i>	<i>181,610</i>	<i>197,628</i>	<i>209,530</i>	<i>231,797</i>	<i>256,866</i>
Total Cash, Cash Equivalents and Investments	193,629	180,474	176,813	174,516	180,248	194,444	211,594	224,338	248,178	275,018

APPENDIX 3 – RYDE CENTRAL FINANCIALS

RYDE CENTRAL											
Capital Income and Expenditure											
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL
Contract Payments	\$34,000,000	\$48,500,000	\$39,000,000								\$121,500,000
Project Management Costs	\$1,000,000	\$1,000,000	\$1,000,000								\$3,500,000
Ryde Central Reserve	-\$15,000,000	-\$3,000,000	-\$1,500,000								-\$20,000,000
Section 7.11 Reserve	-\$20,000,000	-\$15,000,000									-\$35,000,000
Asset Renewal Reserve			-\$7,500,000								-\$7,500,000
Loan Borrowing		-\$31,500,000	-\$31,000,000								-\$62,500,000
Loan Repayment			\$1,995,088	\$3,990,177	\$3,990,177	\$3,990,177	\$3,990,177	\$3,990,177	\$3,990,177	\$3,990,177	\$29,926,326
Section 7.11 Loan Repayment			-\$1,709,028	-\$3,418,056	-\$3,418,056	-\$3,418,056	-\$3,418,056	-\$3,418,056	-\$3,418,056	-\$3,418,056	-\$25,635,420
Asset Replacement Reserve			-\$286,060	-\$572,121	-\$572,121	-\$572,121	-\$572,121	-\$572,121	-\$572,121	-\$572,121	-\$4,290,906
Sub Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

RYDE CENTRAL

Operating Income and Expenditure

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL
Fees											
Council				\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$383,123
Water/sewerage				\$40,000	\$41,200	\$42,436	\$43,709	\$45,020	\$46,371	\$47,762	\$306,498
Insurance				Corporate	Corporate	Corporate	Corporate	Corporate	Corporate	Corporate	\$0
Anchor points certification				\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478	\$3,582	\$22,987
Electricity											
Usage				\$500,000	\$515,000	\$530,450	\$546,364	\$562,754	\$579,637	\$597,026	\$3,831,231
Maintenance				\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$1,149,369
Tubes, lamps, globes				\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$38,312
Fire services											
Fire contract				\$20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$153,249
Brigade monitoring				\$2,000	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319	\$2,388	\$15,325
Training evacuation				\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$76,625
Repairs				\$2,000	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319	\$2,388	\$15,325
Gas				\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$38,312
Cleaning											
General cleaning				\$450,000	\$463,500	\$477,405	\$491,727	\$506,479	\$521,673	\$537,324	\$3,448,108
Pest				\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$11,494
Consumables toilet tissue etc.				\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389	\$17,911	\$114,937
Sanitary services				\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389	\$17,911	\$114,937
Lift											
Contract Fee				\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$766,246
Repairs and Maintenance				\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$76,625
Fees				\$200	\$206	\$212	\$219	\$225	\$232	\$239	\$1,532
Plant HVAC											
Maintenance contract				\$45,000	\$46,350	\$47,741	\$49,173	\$50,648	\$52,167	\$53,732	\$344,811
Water Treatment				\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$11,494
Repair-maintenance											
Plumbing											
(backflow etc.)				\$35,000	\$36,050	\$37,132	\$38,245	\$39,393	\$40,575	\$41,792	\$268,186
Maintenance				\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$191,562
Security											
Repair locks etc.				\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$76,625
Building access system/CCTV				\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$34,778	\$35,822	\$229,874
Patrols/concierge				\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$766,246
Plants (living)				\$30,000	\$30,900	\$31,827	\$32,782	\$33,765	\$34,778	\$35,822	\$229,874
General Maintenance				\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$383,123
Waste				\$20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$153,249
External areas											
Landscaping				\$72,000	\$74,160	\$76,385	\$78,676	\$81,037	\$83,468	\$85,972	\$551,697
Public Domain cleaning				\$36,000	\$37,080	\$38,192	\$39,338	\$40,518	\$41,734	\$42,986	\$275,849
Cultural & Community Centre											
Staff Community Centre				\$450,000	\$463,500	\$477,405	\$491,727	\$506,479	\$521,673	\$537,324	\$3,448,108
Music use licence				\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$38,312
Creative Programs & Productions				\$85,000	\$87,550	\$90,177	\$92,882	\$95,668	\$98,538	\$101,494	\$651,309
Marketing and promoting				\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$383,123
Sub Total Expenditure				\$2,423,200	\$2,495,896	\$2,570,773	\$2,647,896	\$2,727,333	\$2,809,153	\$2,893,428	\$18,567,678
OPERATING INCOME											
Cultural & Community Centre				-\$900,000	-\$927,000	-\$954,810	-\$983,454	-\$1,012,958	-\$1,043,347	-\$1,074,647	-\$6,896,216
Lease Income from Retail				-\$128,000	-\$131,840	-\$135,795	-\$139,869	-\$144,065	-\$148,387	-\$152,839	-\$980,795
Lease Income from Commercial				-\$452,000	-\$465,560	-\$479,527	-\$493,913	-\$508,730	-\$523,992	-\$539,712	-\$3,463,433
Lease income from Top Ryde				-\$120,000	-\$123,600	-\$127,308	-\$131,127	-\$135,061	-\$139,113	-\$143,286	-\$919,495
Sub Total Income				-\$1,600,000	-\$1,648,000	-\$1,697,440	-\$1,748,363	-\$1,800,814	-\$1,854,839	-\$1,910,484	-\$12,259,939
Sub Total	\$0	\$0	\$0	\$823,200	\$847,896	\$873,333	\$899,533	\$926,519	\$954,314	\$982,944	\$6,307,739
GRAND TOTAL	\$0	\$0	\$0	\$823,200	\$847,896	\$873,333	\$899,533	\$926,519	\$954,314	\$982,944	\$6,307,739



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8 City of Ryde



STRATEGIC Asset Management Plan

Version 1 July 2020

 City of Ryde

Lifestyle and opportunity
@ your doorstep

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EXECUTIVE SUMMARY

At present, Council manages over 150 services and is responsible for \$1.5 billion worth of assets with an annual budget of more than \$200 million.

These assets include land, buildings, infrastructure (roads, bridges, footpaths, and drainage systems), parks, sporting and recreational facilities and other associated operating assets that provide services essential to our community's quality of life.

The Strategic Asset Management Plan

This Strategic Asset Management Plan (SAMP) forms part of Council's 'Resourcing Strategy' suite of documents and enables us to show how:

- Our asset portfolio will meet the service delivery needs of its community into the future;
- Our asset management policies are to be achieved; and
- The asset management system will integrate with the Ryde 2028 Community Strategic Plan (CSP).

The SAMP is prepared following a review of the Council's service delivery practices, financial sustainability indicators, asset management maturity and fit with Council's vision for the future outlined in the CSP.

The CSP ties in with Council's Four Year Delivery Plan and One Year Operational Plan. The Four Year Delivery Plan provides a four year outlook of what will be done to achieve the vision and outcomes in the CSP while the One Year Operational Plan maps the actions and projects Council plans to deliver over the financial year including the resources needed to deliver them and the annual capital works program.

The SAMP outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to bring Council to a minimum 'core' level of asset maturity and competence.

The plan summarises activities and expenditure projections from four (4) asset management sub-plans to achieve the asset management objectives.

Strategic issues

Over the coming decade, it is predicted that the City of Ryde will undergo significant change. It is anticipated that the City of Ryde Local Government Area (LGA) will house an additional 25,000 people by 2028 and 50,000 more by the year 2036 as forecast by the Northern District Plan.

The future will see the economy growing, more people will be working and studying within our LGA and it is forecast that up to a more than a third more cars will be utilising our already busy roads.

Current situation

Our aim is to continually improve maturity of asset management activities where the benefits exceed the costs. Costed improvement actions and target dates have been identified and documented in the Improvement Plan (Section 5.10).

This SAMP is based on a low to medium level of confidence information. Successful implementation of the Improvement Plan will increase the levels of confidence.

Financial projections are predicated on existing service levels remaining largely the same over the next 10 years whilst catering for the predicted increase in population.

Importantly, Council has resolved to redevelop the Civic Centre site by demolishing the existing buildings and replacing them with a range of modern assets including a new multipurpose community and cultural centre, a new administration building with both civic and commercial elements, a new public domain that connects the two major buildings, on-site basement parking, extensive landscaping and surrounding road re-alignment works.

Financial implications

The projected operating outlays necessary to provide the services covered by this SAMP are based on best projections made in Council's Long Term Financial Plan growth forecasts.

Based on the projections the following can be determined:

- The projected operations and maintenance of existing and new assets over the 10 year planning period is estimated at \$312.4M or \$31.2M on average per year.
- The projected required renewal costs (including upgraded and new assets) over the 10 year planning period is estimated at \$216.9M or \$21.7M on average per year.
- The projected expansion and acquisition (factored into the LTFP) over the 10 year planning period is estimated at \$443.3M or \$44.3M on average per year.

The combined projection of asset management

expenditure (including operating costs) over the next 10 years is estimated at \$972.6M or \$97.3M on average per year.

The estimated available funding for this period is \$952.4M or \$95.2M on average per year as per the long term financial plan. This is a shortfall of approximately \$20.1M over the life of the plan, primarily associated with the commissioning of a potential new library in the outer years of the Long Term Financial Plan. These projections will be reviewed and refined progressively every year.

The reality is that only what is funded in the long term financial plan can be provided. The emphasis of this SAMP is to communicate the consequences that this will have on the service provided and risks, so that decision making is “informed” and determine a funding strategy where required.

The allocated funding shows a deficit of \$2M on average per year of the projected expenditure required to provide services in the AM Plan compared with planned expenditure currently included in the Long Term Financial Plan. This is shown in the figure below.

It is also important to note that the 3 key asset management ratios over the next 10 years.

Council’s Backlog Ratio will continue to exceed the benchmark, while the Infrastructure Asset Renewal Ratio will continue to comfortably exceed its target of 100%. The Asset Maintenance Ratio is expected to diminish below the benchmark of 100% (primarily from a shortfall in unbudgeted operational costs in future years) which could be partially offset by a redistribution of renewal funds to asset maintenance. Excluding operational costs, the ratio should comfortably exceed 100% in the future without a significant detrimental impact on the Infrastructure Asset Renewal Ratio.

Opportunities

By the end of 2020, Council will finalise the majority of its Asset Management data capture to ensure that funds are being appropriately allocated to correct asset classes while ensuring service levels are being maintained. This will ensure optimum service levels are maintained for each asset class and funding allocated accordingly.

Risks

There are risks associated with providing the service and not being able to complete all identified initiatives and projects. We have identified major risks as:

- Fragmented data and systems;
- Lack of confidence in the recorded quantity and condition of assets within the LGA;
- Low confidence decision support; and
- Resourcing of ongoing in-service monitoring and evaluation.
- We will endeavour to manage these risks within available funding by:
- Continuing to capture an updated profile of all assets within the LGA;
- Continuing to implement a consolidated asset data system;
- Prioritising and allocating resources to critical assets; and
- Implementing priority actions from the Improvement Plan.

Asset management approach

The key outcomes from the SAMP include:

- An Improvement Plan to manage risk, reduce lifecycle cost and achieve target service levels;
- Enabling data and system improvements;
- Governance and business process improvement via a Knowledge Management Strategy; and
- The alignment of best practice asset management with the IP&R Resourcing Strategy.

The next steps

Implementation of the SAMP will include the following improvement activities:

- Regular reporting of service and asset performance against set targets;
- Implement an Integrated Asset Management System as part of an enterprise software solution.; and
- Implement a resourcing plan to support enhanced levels of asset capital and maintenance planning, reporting and general strategic asset management.

1. | INTRODUCTION

The Strategic Asset Management Plan (SAMP) “includes documented information that specifies how organisational objectives are to be converted into asset management objectives, the approach for developing asset management plans and the role of the asset management system in supporting achievement of the asset management objectives”¹.

This SAMP is an integral part of our planning framework. This includes the organisational (Community) Strategic Plan, asset management (AM) policy, AM strategy/SAMP, AM plans for individual portfolios and operational plans and work programs. There is a clear alignment from the organisational vision and objectives, AM policy, AM objectives, AM plans, operational plans, work programs through to performance measures as shown in Figure 1.

Figure 1: Asset Management Planning Framework

Source, IIMM Fig 4.2.2, p 4|22.



The SAMP underpins a business process vital to the achievement of the strategic objectives, much in the same way as a financial strategy.

1.1 Scope of Asset Management System

1.1.1 Asset Management System

The AM system is “the set of inter-acting elements of an organisation to establish AM policies and objectives, and processes to achieve those objectives”².

The AM system is applied to the delivery of the AM objectives and services from the following four (4) asset portfolios:

1. Buildings (including Ryde Aquatic Leisure Centre and Libraries);
2. Parks, Sporting and Recreational Facilities;
3. Road Infrastructure;
4. Stormwater.

The AM system scope is determined after consideration of:

- AM objectives;
- External and internal issues relevant to the purpose of the organisation;
- Stakeholder requirements;
- Interaction/linkages with other management systems; and
- Criteria for AM decision making³.

1.2 Purpose and Structure of Asset Management System

The AM system is to assist the organisation achieve its AM objectives. It includes “all the functions, people, processes, information and tools that deliver AM objectives”⁴. The AM objectives are the results to be achieved from the AM system. AM objectives are guided by organisational objectives and the AM policy and drive AM practices undertaken by the organisation⁵.

The AM system structure includes

- AM Policy;
- AM Plans for the asset portfolios detailed in Sec 1.1;
- Integration of AM processes, activities and data with other organisational functions including service delivery, quality, accounting, risk management, safety, and human resources;
- Reporting of AM objectives and resources to achieve the objectives in annual budgets; and
- Reporting of AM objectives achievements in annual reports.

¹ IPWEA, 2015, IIMM, Sec 4.2.3, p 4|28.

² 2IPWEA, 2015, IIMM, Sec 2.1.1, p 2|3.

³ 3IPWEA, 2015, IIMM, Sec 2.1.1, p 2|3.

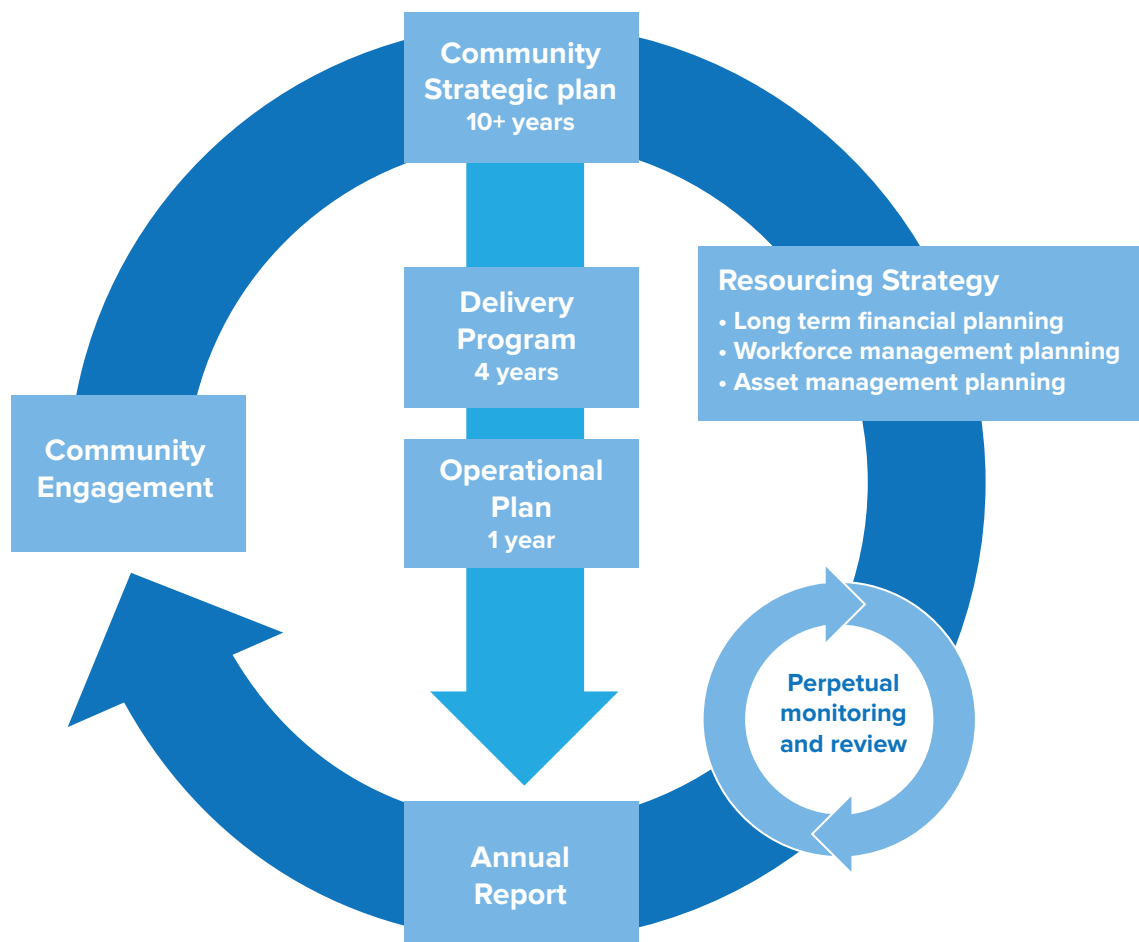
⁴ IPWEA, 2015, IIMM, Sec 2.1.1, p 2|3

⁵ IPWEA, 2015, IIMM, Sec 2.1.3, p 2|13

1.3 The Planning Framework

Local councils in NSW are required to undertake their planning and reporting activities in accordance with the *Local Government Act 1993* and the *Local Government (General) Regulation 2005* and are required to be working within the Integrated Planning and Reporting framework as shown below.

Figure 2: NSW Local Government Integrated Planning and Reporting Framework



An outline of the three key planning elements of the framework is described below:

Community Strategic Plan

The Community Strategic Plan is the highest-level plan that a Council will prepare. The purpose of the plan is to identify the community’s main priorities and aspirations for the future and to plan strategies for achieving these goals.

Resourcing Strategy

The Community Strategic Plan provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources – time, money, assets, and people – to actually carry them out.

The Resourcing Strategy consists of four components:

- Long Term Financial Planning;
- Workforce Management Planning;
- Information and Communications Technology Planning, and
- Asset Management Planning.

This Asset Management Strategy is a requirement of the Asset Management Planning component.

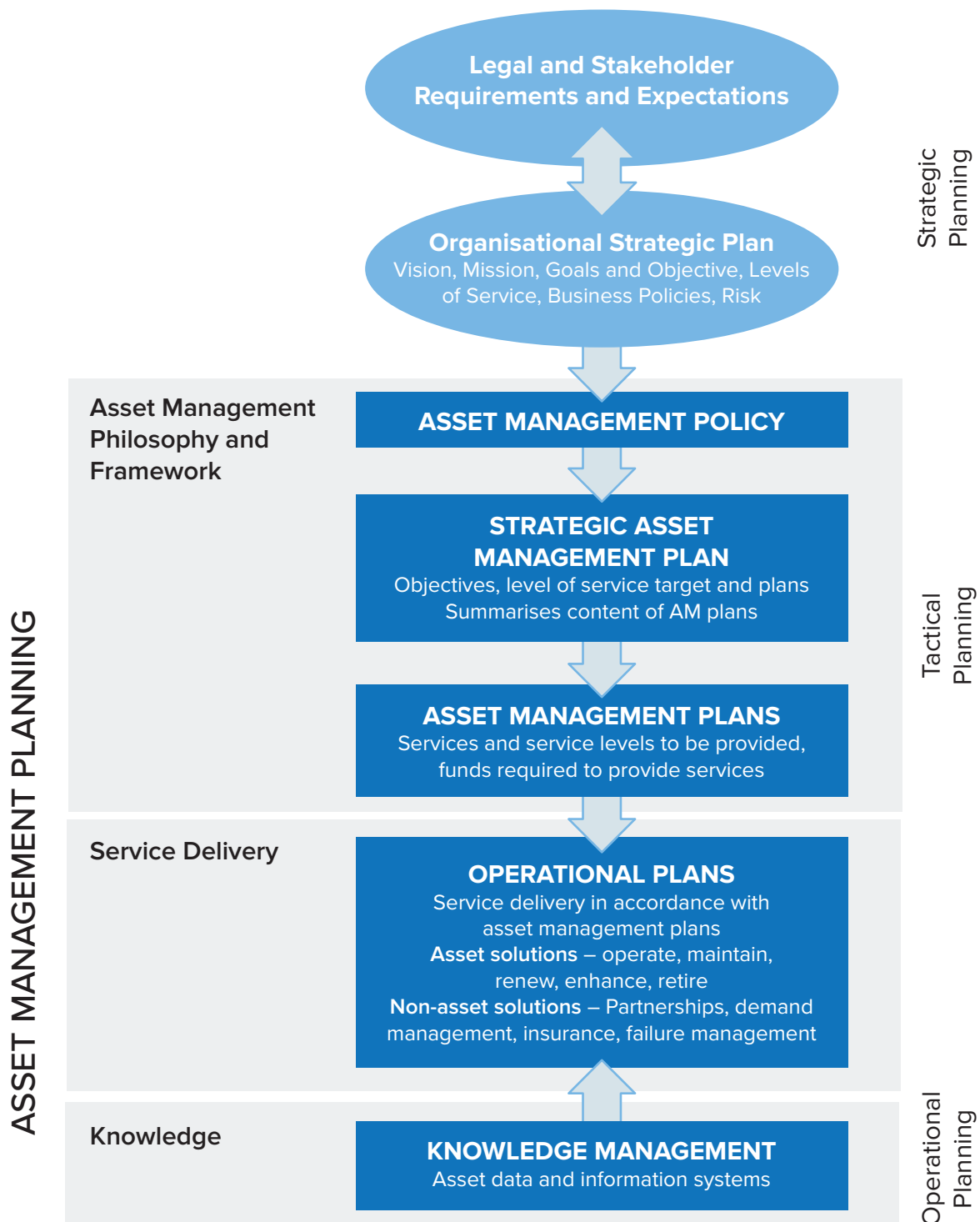
Delivery Program and Operational Plan

This is the point where the community’s strategic goals are systematically translated into actions. These are the principal activities to be undertaken by the council to implement the strategies established by the Community Strategic Plan within the resources available under the Resourcing Strategy.

The SAMP is an integral component of this planning framework. It is derived from our Community Strategic Plan and sets the structure for AM Plans for included asset portfolios. The AM Plans are linked to the long-term financial plan which forms the basis for development of annual budgets to deliver agreed levels of service for available resources. The annual budget sets the framework for annual work plans and division and staff performance targets.

Figure 2 shows how the AM system fits within our planning framework.

Figure 3: Strategic Asset Management fit in Planning Process



1.4 Asset Management Objectives

The AM objectives are developed from our strategic plan and include a:

- Review of risks including the potential impacts from failure of:
 - Assets, or
 - AM activities on achieving AM objectives, individually or in combination
- Review of the importance of assets related to their intended outcomes, objectives and product or service requirements;
- Check on the applicability of AM objectives during the AM planning process⁶.

AM objectives are to be specific, measurable, achievable, relevant and time bound (SMART). AM objectives are developed in Section 4.

AM plans are to be formulated and documented to achieve the AM objectives. This includes documentation of decision making criteria, processes for managing the complete life cycle of assets, addressing risks and opportunities, activities to be undertaken, resources, responsibilities, timelines, performance criteria and financial implications⁷.

1.5 Responsibility for the SAMP

The Manager of Assets and Infrastructure is responsible for development and maintenance of the SAMP. The SAMP will be reviewed at regular intervals by top management as part of the AM System review with review outcomes reported to the Council.

1.6. Planning Timeline

The SAMP has a planning horizon of 10 years. It is based on detail in AM plans developed with a 10 year planning horizon.

The SAMP is reviewed periodically and aligns with the current 4-year Delivery program and Operational Plan. This SAMP will also be updated upon changes to the Asset portfolio or LTFP funding.

⁶ ISO 2014, ISO 55002, Sec 6.2.1, p 9

⁷ IPWEA, 2015, IIMM, Sec 4.2.3, p 4|29

2. | STRATEGIC ORGANISATIONAL CONTEXT

This section details the most significant issues and risks and opportunities facing the organisation over the period of the plan and presents options for addressing those issues including those that cross all parts of the organisation (HR, ICT, finance, etc.) as they are likely to impact on our ability to achieve our AM objectives.

2.1 Services Provided

We manage over 150 services for the residents, visitors and businesses in the City of Ryde community including:

- Roads and Catchment programs maintain infrastructure to the agreed standards;
- Waste and Recycling programs maintain a clean and sustainable City;
- Our Open Space and Sport and Recreation programs include active and healthy living initiatives;
- The Community and Cultural Program which celebrates our rich diversity; and
- Land Use Planning and Economic Development programs that plan for our future and growing employment.

These services are an essential component to the liveability and economic prosperity of the community.

2.2 Our Stakeholder/Customer Expectations and Issues

We provide services to a range of stakeholders, customers and community users. These include:

- Residents;
- Visitors staying in the area;
- Businesses and industry within the area;
- Business and industry users and visitors passing through the area, and
- Governments and regulators.

Customer expectations are challenging the organisation to respond to changing economic conditions and preferences. These can include implementing strategies to improve economic conditions and increase attractiveness in the area while keeping costs down. Customer Experience is gauged formally every 2 years and is monitored in an on-going basis through customer requests and complaints.

When the performance gap between importance and satisfaction of community priorities is analysed, traffic flow and congestion the area of least relative satisfaction and amongst the highest importance. Other service areas ranking highly include long-term planning, community input to decision making and financial management amongst others tabled below.

Table 1: Current customer expectation challenges.

RANKING	SERVICE / FACILITY	IMPORTANCE MEAN	SATISFACTION MEAN	PERFORMANCE GAP
1	Traffic flow / congestion	4.51	2.74	1.77
2	Long-term planning for the area	4.52	2.80	1.72
3	Community input to council decision-making	4.40	2.91	1.49
4	Financial management	4.37	3.05	1.32
5	Road safety	4.74	3.50	1.24
6	Maintaining local roads	4.43	3.23	1.20
7	Development and building applications	3.98	2.78	1.20
8	Illegal dumping	4.43	3.30	1.13
9	Provision of council information to the community	4.35	3.25	1.10
10	Maintaining footpaths	4.38	3.30	1.08

Our challenge is to provide services expected by the community at an appropriate level that is financially sustainable.

2.3 Strategic Challenges

Demographic Challenges

Table 1 shows the demographic change expected over the planning period. This included changes in population and changes in population characteristics such as ageing of the population, migration, or loss of younger residents to other areas.

Table 2: Demographic Change and Demand Impact

ITEM	PRESENT POSITION	EXPECTED POSITION	DEMAND IMPACT
Population	In 2020, the population of Ryde was estimated to be 131,000.	By 2031, the population is forecast to grow by 23% to more than 160,000.	Increasing pressure to maintain existing infrastructure and provide upgrade/new assets.
Population Characteristics	In 2016, approximately 22% of people residing in the City were children (aged under 19 years), 47% were young adults (20 to 49), 31% were older adults (50 years and over).	By 2031, the proportion of people in the 20 to 49 age group are expected to decline 3% to 34% and the proportion of people in the 50 years and over age group are expected to increase 2% to 33%. Additionally By 2036 there is expected to be an increase of approximately 45% of the number of people 0-24 years old and an increase of approximately 85% increase of those aged 65+ ⁸ .	Could reduce demand for certain facilities and increase for others.

A growing and changing population will require new workplaces and investment in transport, services, green spaces and community facilities to maintain the current standard of liveability and lifestyle that is currently offered.

Managing Traffic Flow and Congestion

City of Ryde residents use their own car for approximately 70% of trips that they make. Almost 80% of people coming to the City of Ryde use their car.

Every weekday there are up to 200,000 vehicle movements on the four major state roads that traverse the City of Ryde and more than 110,000 Opal Card taps on more than 1,200 bus, train, and ferry services.

All major roads in the City are at or near capacity during peak times. Limited availability of parking can restrict access to our centres and jobs.

By 2036, the number of journeys across Greater Sydney are projected to increase by 40% (from 2016). This means that by 2031 an additional 76,000 private vehicle trips per day will be made by residents, if people's choices about how they travel do not change.

The economic, social, and environmental impacts of traffic congestion in the City of Ryde can be significant, and the evidence available indicates that they are increasing. If not managed effectively, excessive congestion can ultimately impede mobility and adversely affect the City's attractiveness as a place to live and invest.

⁸ Northern District Plan- March 2018 Planning Priority N3-P27/28

Asset Management Systems and Reporting

Knowledge exists in many corporate locations that are currently managed by business managers in various departments. Each application that has a knowledge management component should have a system owner with an overarching governance structure that enables informed and transparent decisions.

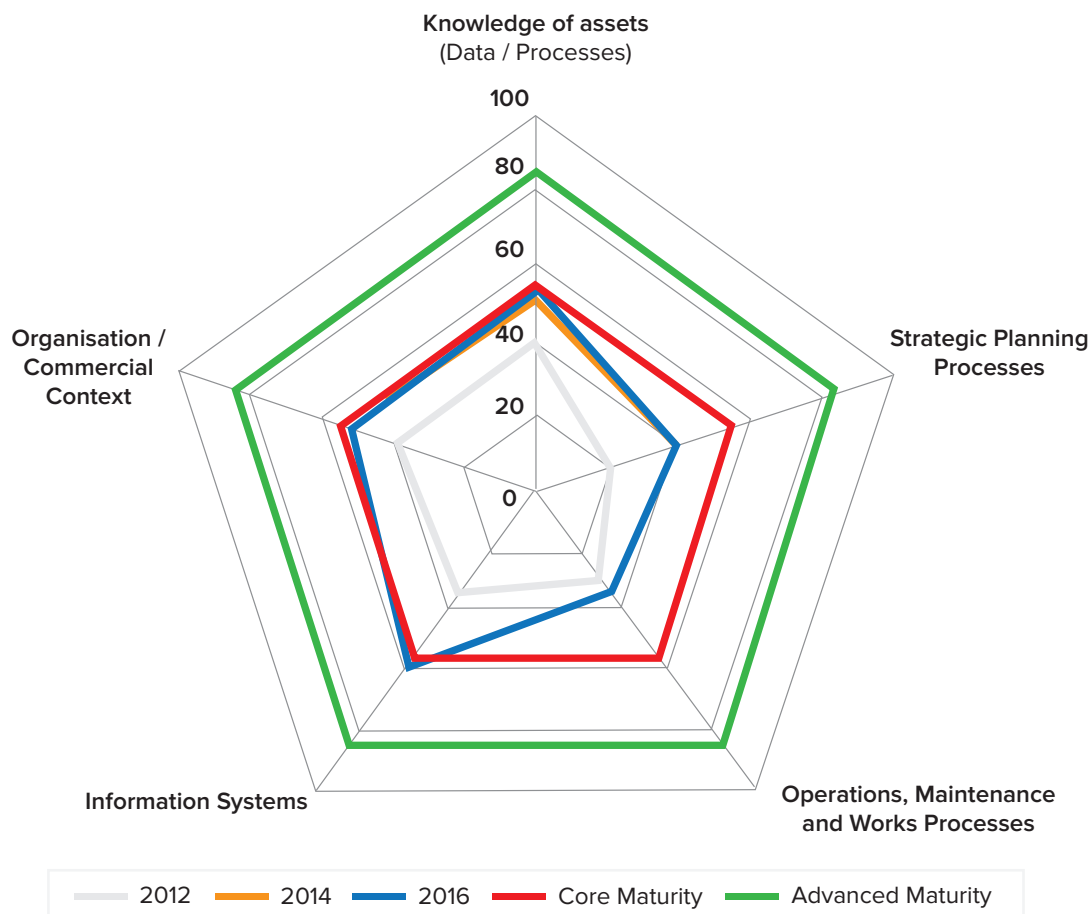
The current system owner concept is a “best of breed” approach to enterprise applications. This has led to a fragmented approach to knowledge management and there is acknowledgement that migrating to a single enterprise software model will improve this situation.

The development of accessible, integrated corporate knowledge across all information topics is essential to efficient evidence based decision making.

Fragmentation of systems, data and business processes remains the main barrier to efficient and effective decision support.

We have taken steps to improve our asset and financial management performance including assessing our asset management maturity using the IIMM Asset Management Gap Analysis Assessment tool. Our target is to achieve and maintain ‘Core’ maturity. Figure 3 shows the current and target assessment for the five elements of the assessment tool.

Figure 3: Maturity Assessment



Improvement in ‘core’ maturity is indicated by movement of the blue ◆ (current maturity) line to the red ■ (‘core’ maturity) and green line ▲ (desired or aspirational target maturity).

As shown in the radar chart, Council has achieved core maturity in some areas and but still requires improvement in Strategic Planning, Operations, Maintenance, and Works Processes. Council has made improvements from the past assessment completed in 2016 across most areas and is continuing to review its practices.

In recent times, the focus has been dealing with the development boom and increase in contributed assets as well as applying appropriate condition audits to works programs.

Review of the Maturity Assessment will be undertaken with the implementation of revised asset data in the 2020/21 financial year in conjunction with the implementation of a new Asset Management System.

Our Strategic Planning, Operations, Maintenance, and Works Processes are below 'core' level maturity and investment is needed to improve this position.

Financial Context

The purpose of this Strategic Asset Management Plan is to develop the strategies to achieve the asset management objectives through balancing of asset service levels, cost and risk. The development of appropriate strategies needs to be undertaken in the context of limited financial resources and competing funding priorities.

An allocation has also been included in Council's LTFP for a potential new Library at Macquarie Park. Ryde's future growth brings with it additional capital, renewal, maintenance and operational costs and places pressure on general revenue to adequately maintain service levels for the community.

Opportunities and Risks

We have identified opportunities relevant to the services included in this strategic asset management plan including:

- Integration of inventory, performance, and service level data

Relevant risks to the strategic asset management plan in the future are:

- Data and system fragmentation;
- Lack of confidence in the recorded quantity and condition of assets within the LGA
- Low confidence decision support; and
- Resourcing of ongoing in-service monitoring and evaluation

Infrastructure risk management plans for these and other relevant risks are summarised with risk management activities and resource requirements incorporated in the relevant asset management plans.

The Ryde Central Project

Council, at its meeting on 24 March 2020, resolved to proceed with the redevelopment of the site owned by Council, referred to as Ryde Central, which previously accommodated Council's administration and civic centre in the Ryde Civic Centre Building and includes the Ryde Civic Hall located at Devlin Street, Ryde (the Project).

The Project's primary objective is to reactivate the Ryde Central site after many years of planning and a number of previous proposals that did not proceed for various reasons. After the Ryde Civic Centre was vacated by Council in 2016, Council offices were relocated to leased premises in North Ryde. The Civic Hall was until recently the only active space remaining on the site but was closed due to the COVID-19 pandemic and is near the end of its lifespan.

The scope of the redevelopment of the Ryde Central site is the creation of a number of major asset components as follows:

- A six-storey administration and commercial building in the south of the site (referred to as the 'civic building'). The civic building is to be used as Ryde Council's main administration building and includes a café on the ground floor, 2 floors of lettable commercial space for external tenants, 3 levels of office space for Council staff and administrative functions, a separate level for the Council chambers and publicly accessible meeting rooms, and a food outlet on the rooftop level;
- A multi-purpose community and cultural building in the north of the site (referred to as the 'community building'). The community building contains a hall with seating for up to 700 persons, activity rooms, meeting rooms, an art exhibition / function space, public amenities and a bar – all designed for community and public access and use;

- Two levels of basement car parking shared between the two buildings. The basement contains 236 car spaces over 2 levels. There is also an additional 78 spaces available in the existing at-grade parking area on Blaxland Road;
- Provision of a public plaza, open space areas and landscaping throughout the site. The public plaza is to be located primarily on the western side of the site and comprises open paved areas, large grassed area, seating, alfresco dining, and landscaping. A community garden is also proposed on the northern end of the site; and
- Realignment of Blaxland Road to form a new T-intersection at Parkes Street.
- The Project provides Council with an opportunity to advance the strategic priorities of Council by:
 - creating and delivering a much needed and enhanced community space which is 4 times larger than that currently provided on the site with flexibility of that space to cater for a diverse range of community needs;
 - re-establishing Council's civic and administrative presence on the site through development of a new administration and civic centre which then negates the need for Council to rent space elsewhere;
 - enabling Council to retain 100% ownership of the site in a manner considered both affordable and feasible;
 - controlling development to ensure a thoughtful, low scale / low impact use of the site with purposefully integrated open space, landscaping and public domain; and
 - providing Council with opportunities for additional income streams from new complimentary uses leased to third parties such as additional commercial space and retail outlets.

Council has undertaken significant work to date and has identified that these objectives can be achieved in a manner that is viable and financially sustainable.

Following the awarding of the Tender, Taylor Construction Group have commenced work on the Project with completion currently expected in early 2023.

3. | ASSET PORTFOLIO

3.1 Financial Status

We manage many assets to provide services to our community. The assets provide the foundation for the community to carry out its everyday activities, while contributing to overall quality of life. The financial status of the Council’s assets is shown in Table 5. At the end of June 2019, the total replacement value of council controlled assets is calculated at almost \$1.08 billion with a Depreciated Replacement Cost of almost \$1.07 billion and an Annual Depreciation expense of \$14.1M

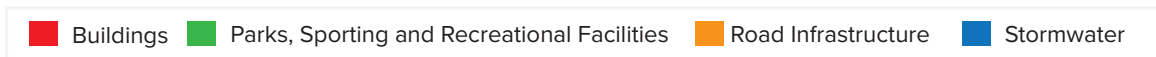
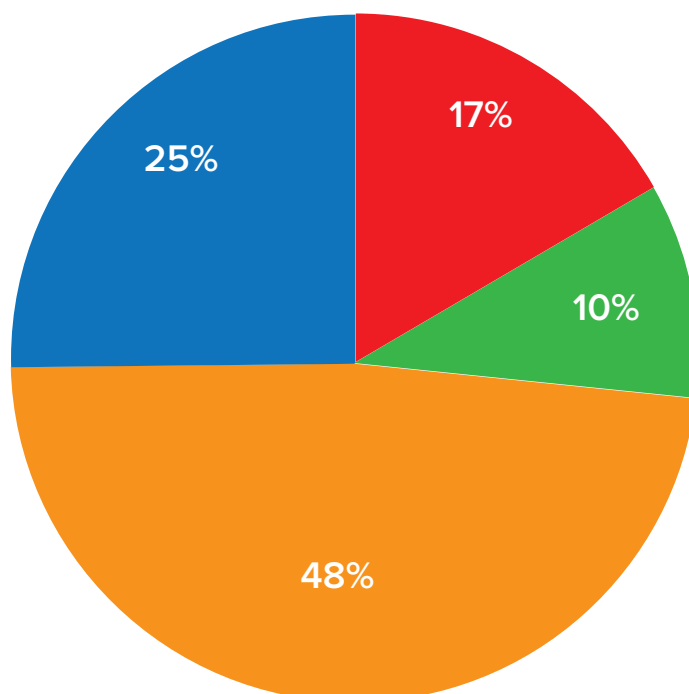
Table 3: Asset Portfolio Financial Status

ASSET CLASS/ CATEGORY	REPLACEMENT VALUE	DEPRECIABLE AMOUNT	DEPRECIATED VALUE	ANNUAL DEPRECIATION
Buildings	\$180,743,000	\$180,743,000	\$90,569,000	\$2,592,000
Parks, Sporting and Recreational Facilities	\$107,823,000	\$97,558,000	\$81,832,000	\$1,753,000
Road Infrastructure	\$517,259,000	\$516,104,000	\$402,717,000	\$7,940,000
Stormwater	\$271,512,000	\$271,512,000	\$204,166,000	\$1,823,000
Total	\$1,077,377,000	\$1,065,917,000	\$779,284,000	\$14,108,000

*Note: Does not include values for Operational, Community or Crown Lands.

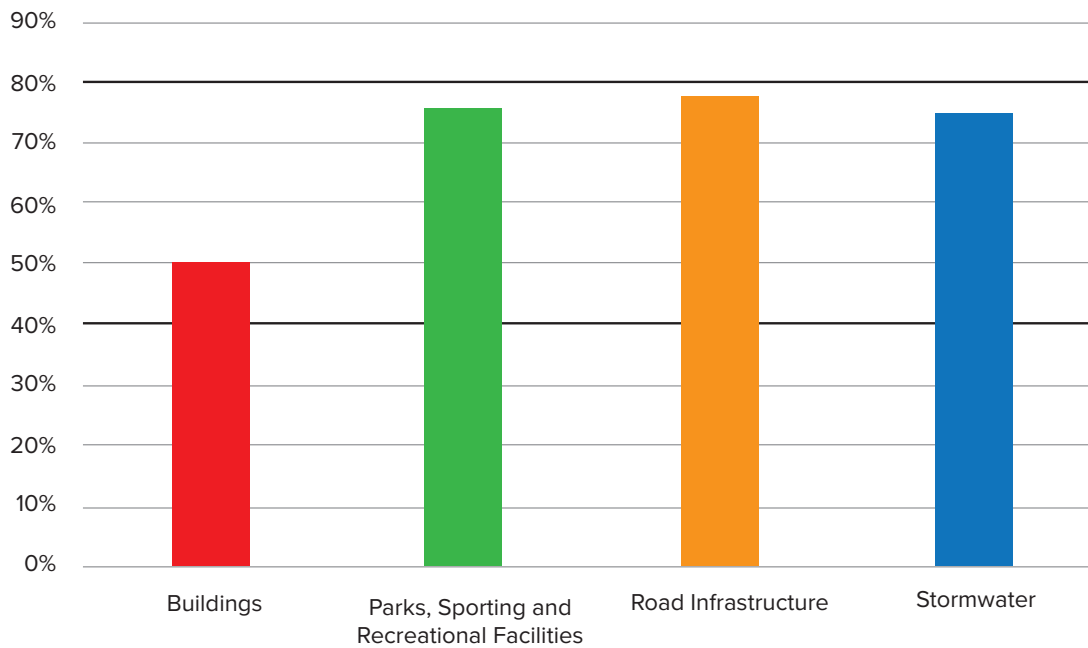
Figure 5 shows the replacement value of our infrastructure assets (i.e. non-current fixed assets).

Figure 5: Asset Replacement Values by percentage



The asset consumption ratio of each asset category (average proportion of ‘as new’ condition left in assets) is shown in Figure 5A. The chart shows the depreciated replacement cost less residual value of the organisation’s depreciable assets relative to their depreciable amount.

Figure 5A: Asset Consumption Ratio



The Asset Consumption Ratio seeks to highlight the aged condition of Council’s physical assets with the target ranging between 40% and 80%. The chart shows most assets have more than 70% of life remaining with Buildings which accounts for less than 10% of total asset value is on 50%.

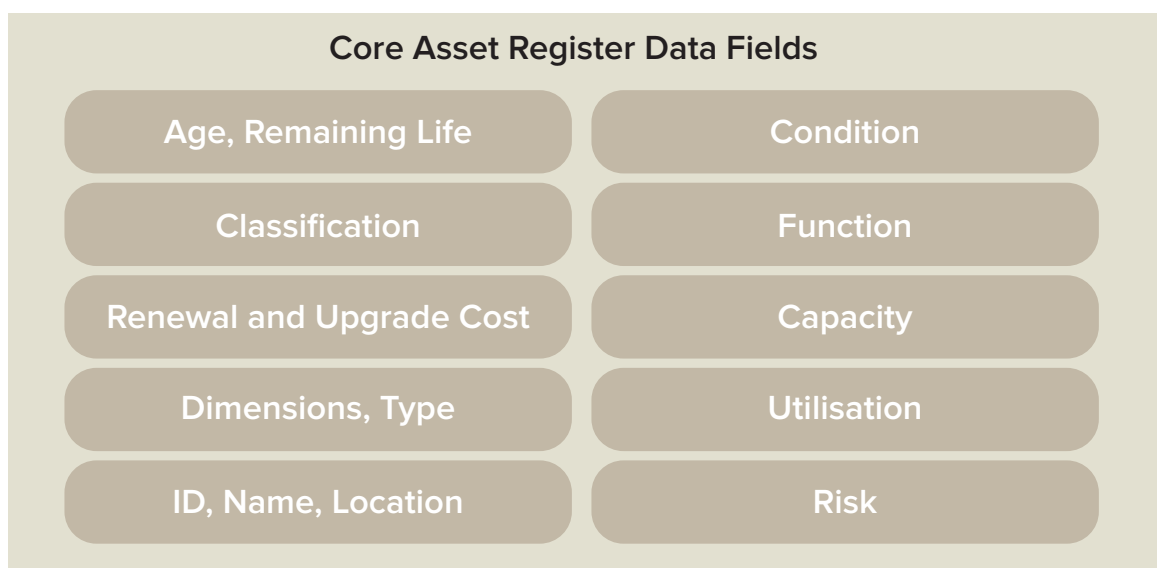
The Australian Infrastructure Financial Management Guidelines inform us if a local government is responsibly maintaining and renewing / replacing its assets in accordance with a well-prepared asset management plan, then the fact that an Asset Consumption Ratio may be relatively low and/or declining should not be cause for concern – providing it is operating sustainably.

3.2 Asset register

This SAMP is based on the best available information from our infrastructure asset registers and corporate systems. Access to reliable asset information is critical to the success of good asset management in the organisation.

The International Infrastructure Management Manual promotes the use of a minimum group of data fields in a single source point for decision support as shown below.

Figure 6A: Core Asset Register Attributes



Council has undertaken a comprehensive asset data collection exercise in the 2019/20 financial year. This data has not yet been finalised, but will be used to update the 2020/21 financial year figures.

4. | ASSET MANAGEMENT OBJECTIVES

The AM objectives developed in this SAMP plan provide the essential link between the organisational objectives and the AM plans that describe how those objectives are going to be achieved. The AM objectives are developed from our strategic plan and a range of requirements including corporate goals and stakeholder, regulatory and legislative requirements.

The AM objectives are aligned to the organisational objectives in the strategic plan, with the objective of establishing alignment from the organisational objectives through the AM objectives to AM initiatives, projects, and performance measures.

The AM objectives incorporate our desire to ensure that infrastructure assets are managed in an efficient and sustainable manner and asset cost is optimised over the asset's lifecycle. AM objectives transform the required outcomes (product or service) to be provided by the assets, into activities typically described in the asset management plans.

4.1 Where do we want to be?

Organisational Objectives

This SAMP is prepared under the objectives set out in Council's Community Strategic Plan; its vision, mission, outcomes and priorities.

Our vision of Ryde in 2028 is:

The place to be for lifestyle and opportunity @ your doorstep

Our mission is:

Working with our community and partners to provide strategic leadership, effective projects and quality customer service.

Asset Management Vision

To ensure the long-term financial sustainability of the organisation, it is essential to balance expectations for services with the ability to fund infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, we aspire to develop and maintain asset management governance, skills, process, systems, and data in order to provide the level of service needed at present and in the future.

In line with the vision, the objectives of the strategic asset management plan are to:

- Ensure that our infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to our financial sustainability;
- Safeguard our physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets;
- Adopt the long term financial plan as the basis for all service and budget funding decisions
- Meet legislative requirements for all our operations;
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated;
- Ensure operational and service delivery risks are adequately managed;
- Continually improve our asset, risk and financial management and service delivery performance; and
- Provide high level oversight of financial and asset management responsibilities through regular reporting to the Council on development and implementation of the Strategic Asset Management Plan, the Long Term Financial Plan and Council's Annual Financial Statements.

Strategies to achieve this position are outlined below.

How will we get there?

This Strategic Asset Management Plan proposes strategies to enable the organisational objectives and asset management policies to be achieved.

Table 4: Asset Management Strategies

No.	STRATEGY	DESIRED OUTCOME
1	Reduce life cycle costs while managing risk by the alignment of a 4-year rolling program for capital and operating expenditure with long term financial plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations and the long-term implications of all services are considered in annual budget deliberations.
2	Report our service level, financial and risk performance against organisational objectives in the Annual Report.	Performance information is available for the Council and Community.
3	Develop and maintain a long term financial plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide our services.
4	Develop and periodically review the strategic asset management plan covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by our customers and the required funding to optimise 'whole of life' costs.
5	Review and update the Strategic Asset Management Plan and Long Term Financial Plans when adoption Council's Operational Plan. Communicate any consequence of funding decisions on service levels and service risks.	We are aware of changes to service levels and costs arising from budget decisions.
6	Develop and maintain a risk register of operational and service delivery risks showing current risk levels, risk management treatments and report regularly to the Council on current high-level risks.	Risk management of operational and service delivery risks is an integral part of governance.
7	Ensure Council decisions are made from accurate and current information in the asset register, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on our resources and operational capability to deliver the services needed by our customers in the annual report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an improvement plan to realise 'core' maturity for the financial and asset management competencies within two years.	Improved financial and asset management capacity within the organisation.

Taking the Continual Improvement Approach

Continuous improvement should be driven through monitoring and review processes. Continuous improvement of the AM System can occur in a variety of different ways:

- At the whole 'system' level;
- At the network performance level; and
- At the business process level.

ISO 55001 also requires evaluation of performance at different levels with Cl. 9.1 referencing the need to evaluate asset performance, AM performance and the effectiveness of the AM System.

Risks if actions are not completed

There are risks for the Council if the improvement actions are not completed. These include:

- Inability to achieve strategic and organisational objectives;
- Inability to achieve financial sustainability for the organisation's operations;
- Current risks to infrastructure service delivery are likely to eventuate and response actions may not be appropriately managed; and
- We may not be able to accommodate and/or manage changes in demand for infrastructure services.

4.2 What does it cost?

The required outlays (operations, maintenance, renewal and upgrade/new expenditure) necessary to sustain services per asset category over the next 10 years is estimated to cost in the order of \$972.6M or \$97.3M on average per year⁹.

The estimated available funding for this period is \$952.4M or \$95.2M on average per year as per the long term financial plan.

This is a shortfall of approximately \$20.1M over the life of the plan, primarily associated with the commissioning of a potential new library in the outer years of the Long Term Financial Plan. These projections will be reviewed and refined progressively every year. The 10 year expenditure forecast for each asset category is shown in Table 5 below.

Table 5: 10-Year Required Outlays to sustain services by Asset Category

Service	OPERATIONS AND MAINTENANCE (\$'000)	CAPITAL RENEWAL EXPENDITURE (\$'000)	EXPANSION / NEW EXPENDITURE (\$'000)	TOTAL (\$'000)
Buildings	146,475	69,969	214,640	431,085
Parks, Sporting and Recreational Facilities	103,783	30,761	130,031	264,574
Road Infrastructure	60,311	113,791	88,133	262,235
Stormwater	1,784	2,293	10,582	14,659
Total	312,353	216,814	443,386	972,552
LTFP	261,546	247,481	443,386	952,412
Difference	50,807	(30,667)	-	20,140
	84%	114%	100%	98%

Knowing the extent and timing of any required increase in outlays and the service consequences of funding shortfalls will assist us in providing adequate services to our communities in a financially sustainable manner. This is the purpose of the AM Plans and Long Term Financial Plan.

⁹ In real terms net of inflation.

5. | ASSET MANAGEMENT PLANNING APPROACH (ACTION PLAN)

The AM planning approach provides direction for AM Plans to achieve the organisational objectives. This includes documentation of decision making criteria, processes for managing the complete life cycle of assets, addressing risks and opportunities, activities to be undertaken, resources, responsibilities, timelines, performance criteria and financial implications.

5.1 Levels of Service

We have defined service levels in two terms.

Community Levels of Service measure how the community receives the service and whether the organisation is providing community value.

Community levels of service measures used in the asset management plan are:

1. Condition *...How good and/or safe is the service?*

Our current and projected community levels of service for the services covered by this strategic asset management plan are shown in the AM Plans summarised in this strategic asset management plan.

Technical Levels of Service - Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that the organisation undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as availability, cleansing, mowing, etc.;
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (e.g. road patching, building and structure repairs);
- Renewal – the activities that return the service capability of an asset like that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement); and
- Upgrade/New – the activities to provide a higher level of service (e.g. widening a road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

The role of the Business Manager is to plan, implement and control technical service levels to influence the customer service levels. Feedback from the community along with the technical assessment of assets allows the Business Manager to determine if levels of service establish the level of performance and costs are performing as expected or require further analysis.

Our current and projected technical levels of service for the services covered by this Strategic Asset Management Plan are shown in the AM Plans summarised in this strategic asset management plan.

5.2 Demand Management

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

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures. Examples of non-asset solutions include providing joint services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified for demand management are shown in Table 6.

Table 6: Demand Management Opportunities

Service Impact	DEMAND MANAGEMENT PLAN
Limited availability of parking can restrict access to our centres and jobs.	Raise awareness of sustainable transport options, such as walking, cycling and car-pooling amongst both staff and the community.
Increasing traffic and congestion.	Raise awareness of sustainable transport options, such as walking, cycling and car-pooling amongst both staff and the community.
Changing demographics could reduce demand for certain facilities and increase for others.	Monitor community expectations and communicate service levels and financial capacity with the community to balance priorities for infrastructure with what the community is prepared to pay for.

5.3 Infrastructure Risk Management

An assessment of risks associated with service delivery from infrastructure assets conducted for each relevant asset management plan identified critical risks that will result in loss or reduction in service from infrastructure assets or a ‘financial shock’ to the organisation. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as ‘Very High’ - requiring immediate corrective action and ‘High’ – requiring prioritised corrective action identified accordingly. These risks are regularly reported to management and Council.

5.4 Operations and Maintenance Strategies

Operations activities affect service levels including quality and function, such as cleanliness and appearance through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating such as road patching and excludes rehabilitation or renewal.

Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in the respective AM Plan and service risks considered in the Infrastructure Risk Management Plan.

We will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. Proposed operations and maintenance strategies in this SAMP are:

- Scheduling operations activities to deliver the defined level of service in the most efficient manner;
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes.
- Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 – 70% planned desirable as measured by cost);
- Maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting high risks and their residual risks after treatment are applied to management;
- Review current and required skills base and implement workforce acquisition, training and development to meet required operations and maintenance needs;
- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options;

- Maintain a current hierarchy of critical assets and required operations and maintenance activities;
- Develop and regularly review appropriate emergency response capability; and
- Review management of operations and maintenance activities to ensure we are obtaining best value for resources used.

5.5 Renewal/Replacement Strategies

Renewal and replacement expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

Renewal and replacement strategies proposed under this SAMP are:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner
- Undertaking project scoping for all capital renewal and replacement projects to identify:
 - The service delivery 'deficiency', present risk and optimum time for renewal/replacement
 - The project objectives to rectify the deficiency;
 - The range of options, estimated capital and life cycle costs for each option that could address the service deficiency;
 - And evaluate the options against evaluation criteria adopted by Council ; and
 - Select the best option to be included in capital renewal programs.
- Maintain a current infrastructure risk register for assets and service risks associated (by infrastructure class) and reporting high risks and their residual risks after treatment plan is applied;
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs;
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required; and
- Review management of capital renewal and replacement activities to ensure we are obtaining best value for resources used.

Renewal ranking criteria was developed from consideration of renewal/replacement need for assets that:

- Have a high consequence of failure;
- Have a high utilisation and subsequent impact on users would be greatest;
- The total value represents the greatest net value to the organisation;
- Have the highest average age relative to their expected lives;
- Have high operational or maintenance costs; and
- Where replacement with modern equivalent assets would yield material savings.

Criteria used for ranking renewal and replacement proposals are documented in the applicable AM Plans and will be prioritised based on funding.

5.6 New and Upgrade Assets Strategies

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets (donated or gifted assets) may also be acquired at no cost to the organisation from land development or arising from government grants.

Strategies for creation, acquisition of new assets and upgrade of existing assets proposed in this SAMP are:

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner;
- Undertake project scoping for all capital upgrade/new projects to identify;
 - The service delivery 'deficiency', present risk and required timeline for delivery of the upgrade / new asset;
 - The project objectives to rectify the deficiency including value management for major projects
 - The range of options, estimated capital and life cycle costs for each option that could address the service deficiency;
 - Management of risks associated with alternative options;
 - And evaluate the options against evaluation criteria adopted by Council; and
 - Select the best option to be included in capital upgrade/new programs.
- Review current and required skills base and implement staff acquisition, training and development to meet required construction and project management needs; and
- Review management of capital project management activities to ensure we are obtaining best value for resources used.

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or customer/community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop preliminary Capital expenditure and Operational expenditure estimates. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in the respective asset management plans.

5.7 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation.

Assets identified for possible decommissioning and disposal are shown in the respective asset management plans summarised in this strategic asset management plan. Presently, there are no assets earmarked for disposal.

5.8 Service Consequences and Risk

The organisation has prioritised decisions made in adopting the asset management plans summarised in this Strategic Asset Management Plan to obtain the optimum benefits from its available resources.

The AM plans are based on balancing service performance, cost and risk to provide an agreed level of service from available resources in our long-term financial plan.

Deferred initiatives and projects, their service and risk consequences are yet to be determined and will be provided in future revisions of this Plan.

5.9 Assumptions and Confidence Levels

This section details the key assumptions made in presenting the information contained in this strategic asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan and risks that these may change are shown in Table 7.

Table 7: Key Assumptions made in Strategic Asset Management Plan and Risks of Change

KEY ASSUMPTIONS	RISKS OF CHANGE TO ASSUMPTIONS
The assets will remain in the organisations ownership and control throughout the planning period.	Low
Planned and reactive maintenance is to take place in accordance with relevant guidelines/standards.	Low
Financial projections are based on historical expenditure and revenue trends and assume there will no significant change.	Medium
Regulations/standards relating to operations will remain the same over the planning period.	Medium

The expenditure and valuations projections in this strategic asset management plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management.

The estimated confidence level for and reliability of data used in this strategic asset management plan is shown in Table 8.

Table 8: Data Confidence Assessment for AM Plans summarised in Strategic AM Plan

AM PLAN	CONFIDENCE ASSESSMENT	COMMENT
Buildings Parks, Sporting and Recreational Facilities Road Infrastructure Stormwater	Uncertain to Reliable.	Data based on sound records, procedures, investigations, and analysis which is incomplete or unsupported, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is substantially complete but up to 25% is extrapolated data and accuracy estimated $\pm 20\%$.

Over all data sources, the data confidence is assessed as low to medium confidence level for data used in the preparation of this Strategic Asset Management Plan.

Actions to mitigate the adverse effects of data quality are included within Table 9 Improvement Plan.

5.10 Improvement Plan

The asset management improvement tasks identified from an asset management maturity assessment and preparation of this strategic asset management plan are shown in Table 9.

Table 9: Improvement Plan

TASK No.	TASK	RESPONSIBILITY	RESOURCES REQUIRED	TIMELINE
1	Asset Register Assess the Remaining Life of all assets on a priority basis and align with up to date performance data and knowledge.	Assets and Infrastructure	Existing budget Staff time	Ongoing
2	Review and update the year of acquisition or date of last renewal and replacement cost data in the asset register on a priority (value) basis.	Assets and Infrastructure	Existing budget Staff time	December 2021
3	Adopt and implement an Infrastructure Asset Hierarchy as a basis for consistent reporting across the organisation.	Assets and Infrastructure	Existing budget Staff time	June 2021
4	Review the accuracy and currency of location and inventory related data.	Assets and Infrastructure	External Contractors	December 2020
5	Develop and maintain a unit rates table on annual basis to ensure valuations are up to date.	Assets and Infrastructure	Existing budget Staff time / External Consultants	December 2020
6	Review and implement Function, Capacity and Use across all assets.	Assets and Infrastructure	Existing budget Staff time	December 2021
7	Forward Projections Ensure funding models reflect the resources required meeting the timely renewal of existing assets and those identified and implemented under the Strategic Plan.	Finance	Existing budget Staff time / External Consultants	June 2021
8	Develop and adopt a prioritisation framework for renewal and upgrade/new projects.	Assets and Infrastructure	Existing budget Staff time/ External Consultants	March 2021
9	Increase confidence and prioritise renewal and upgrade/new estimates based on risk.	Assets and Infrastructure	Existing budget Staff time	December 2020

TASK No.	TASK	RESPONSIBILITY	RESOURCES REQUIRED	TIMELINE
10	<p>Levels of Service</p> <p>Develop and confirm current and desired customer/community and technical levels of service to understand and report on a sustainable service delivery model.</p>	Assets and Infrastructure / Customer Service	Existing budget Staff time	December 2020
11	<p>State of the assets reporting to show current and 10-year target and affordable service levels for condition, function and capacity indicators.</p>	Assets and Infrastructure	Existing budget Staff time	June 2021
12	<p>AM Plan</p> <p>Maintain an annual review of the plan incorporating an update of service level performance, financial and expenditure projections and risk.</p>	Assets and Infrastructure	Existing budget Staff time	December 2021
13	<p>Implement a continuous improvement strategy to assess and report on the performance of controlled assets.</p>	Assets and Infrastructure	Existing budget Staff time	March 2021

6. | FINANCIAL SUMMARY

This section contains the collective financial requirements resulting from all the information presented in the previous sections of this SAMP and subordinate AM Plans and is designed to provide a whole of organisation perspective. The funding allocation will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

6.1 Financial Indicators and Projections

The Asset Renewal Funding Ratio indicates whether projected capital renewal and replacement expenditure are able to be financed in the long-term financial plan. It is calculated by dividing the projected capital renewal expenditure shown in the AM Plans by the estimated capital renewal budget provided in the long-term financial plan. Over the next 10 years, we are forecasting that we will have 177% of the funds required for the optimal renewal and replacement of assets.

6.2 Funding Strategy

The funding strategy to provide the services covered by this strategic asset management plan and supporting asset management plans is contained within the organisation’s financial strategy incorporated into Council’s Long Term Financial Plan.

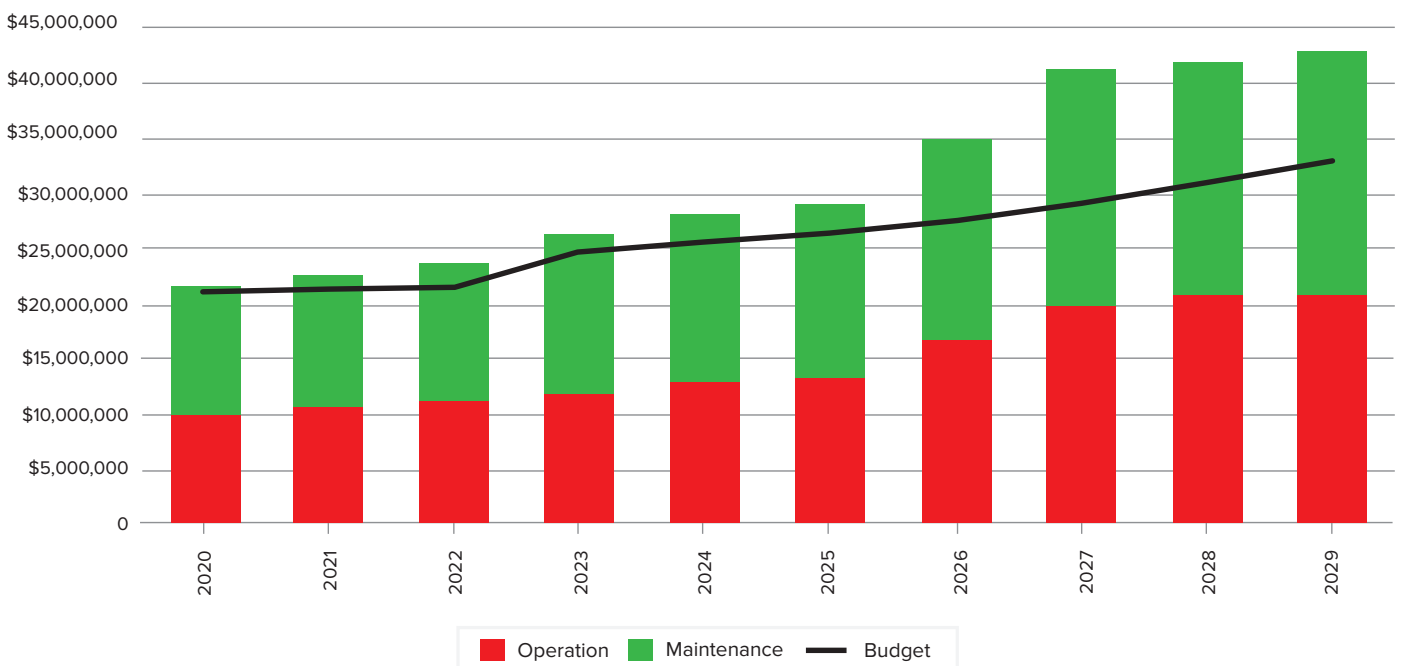
6.3 Expenditure Forecasts

Operations and Maintenance Expenditure Projections

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 7. The projected operations and maintenance of existing and new assets over the 10 year planning period is estimated at \$312.3M or \$31.2M on average per year. The estimated available operating funds for this period is \$261.6M or \$26.2M on average per year as per the long term financial plan.

This translates to an average Asset Maintenance Ratio of 86% (target is 100%). The \$50.7M (\$5 M per year) represents a funding shortfall primarily driven in the outer years of Council’s Long Term Financial Plan. This is due to the potential commissioning of a new Library based in Macquarie Park (forecast to be commissioned in the 2026 financial year). However, as previously noted, Council’s 10 year long term financial plan projects operating surpluses that have not yet been allocated to asset related projects or operations between year’s 5 and 10.

Figure 7: Operations and Maintenance Expenditure Projections

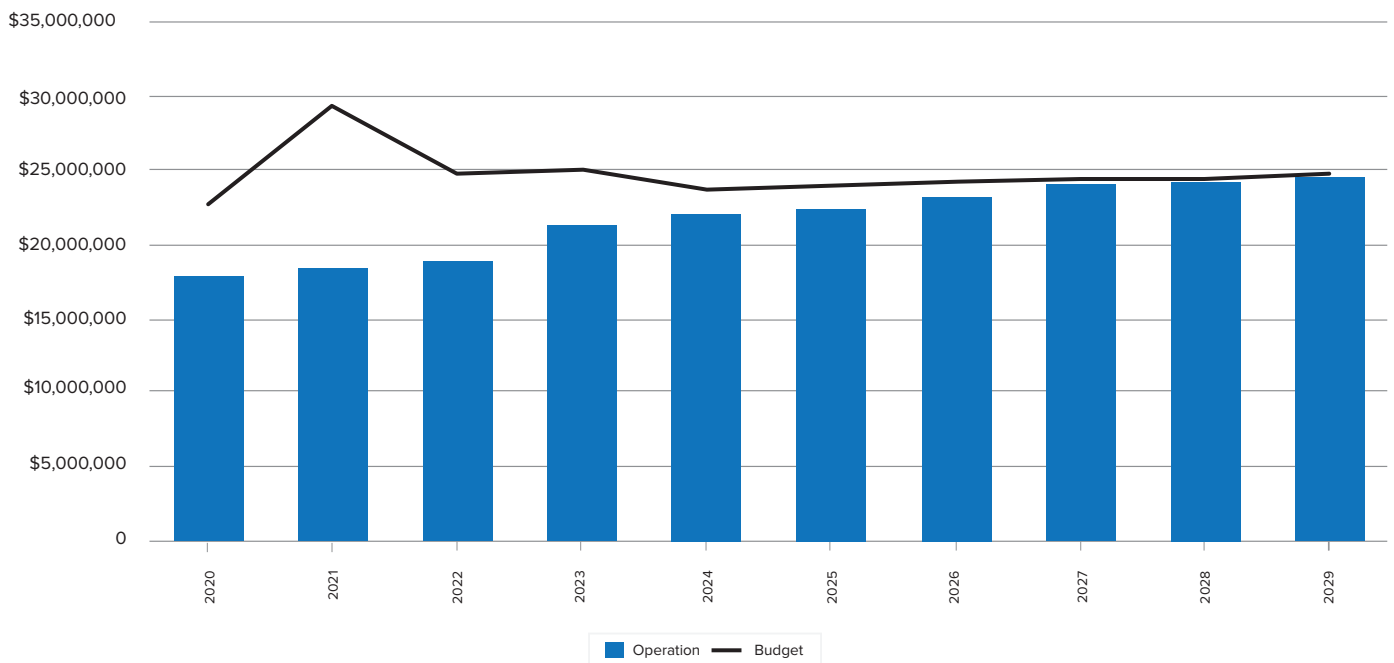


Capital Renewal Expenditure Projections

Figure 8 shows the projected future renewal and replacement expenditures are forecast to increase over time as the asset stock ages. The projected capital renewal of existing assets over the 10-year planning period is estimated at \$216.8 or \$21.7M on average per year. The estimated available renewal funding for this period is \$247.4M or \$24.7M on average per year as per the long term financial plan.

Based on the current projections, there are surplus funds equating to \$30.7M over the period the Long Term Financial Plan or \$3.1M per year allocated towards the cost of asset renewal over the planning period. This surplus could be used to offset some of the funding shortfall relating to asset maintenance expenses.

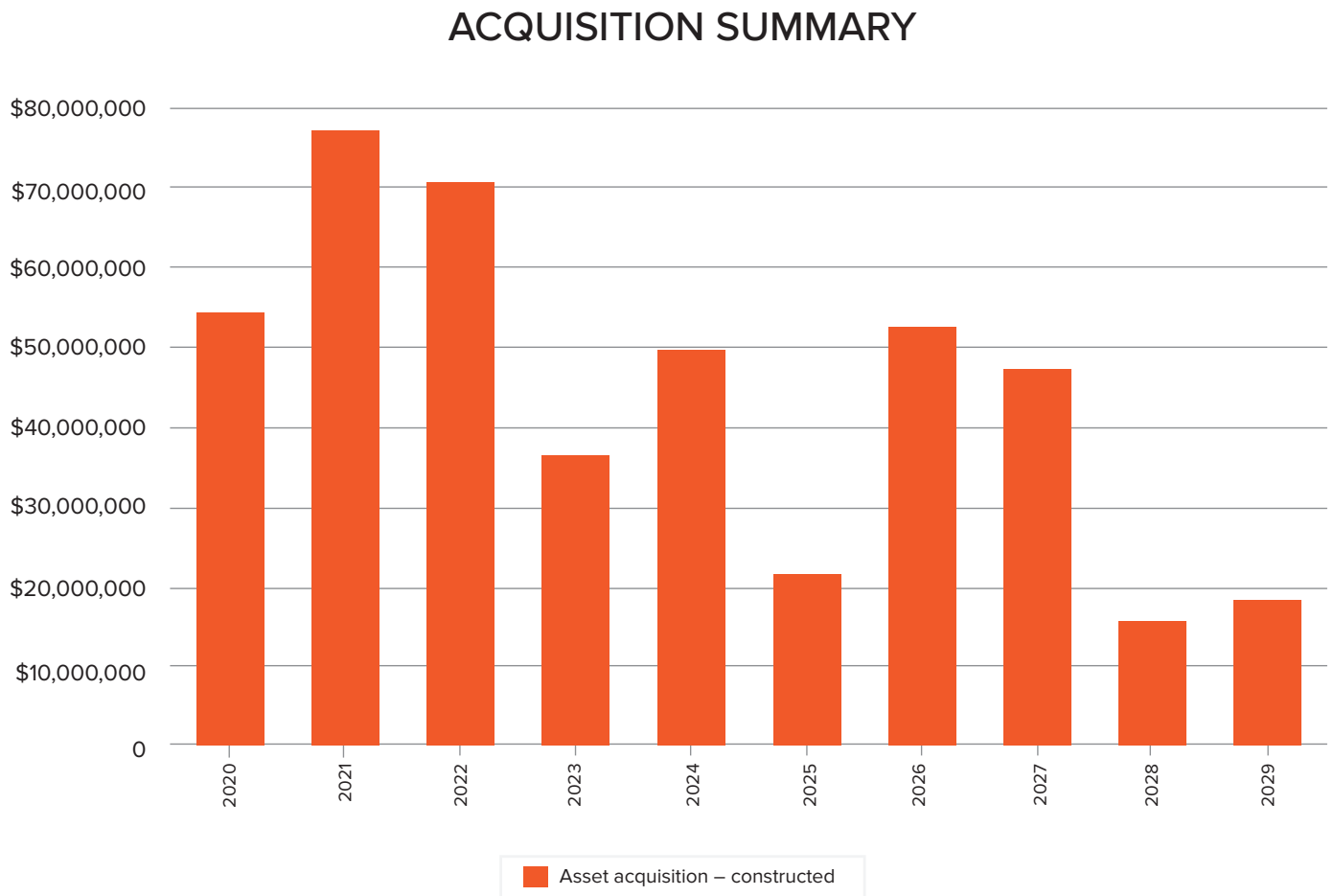
Figure 8: Capital Renewal Projected Expenditure



Capital New / Upgrade Projections

The Long Term Financial Plan includes \$443.4M worth of new capital assets being commissioned over the next 10 years, primarily funded by Section 7.11 contributions or Voluntary Planning Agreements. Projected upgrade/new asset expenditures and estimated long-term financial plan outlays are summarised in Figure 9. The provision of upgrade/new assets over the 10 year planning period to meet growth and demand and has been fully accommodated in the organisation's Long Term Financial Plan through those nominated funding sources.

Figure 9: Capital New/Upgrade Projected Expenditure



7. | CONCLUSION

The Strategic Asset Management Plan is reviewed and updated in line with the adoption of Council's Delivery Program and Operational Plan. The Manager Assets and Infrastructure is responsible for ongoing maintenance and review of the SAMP.

The effectiveness of this Strategic Asset Management Plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in this strategic asset management plan are incorporated into the organisation's long term financial plan;
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures consider the 'global' works program trends provided by the summarised asset management plans;
- The degree to which the existing and projected service levels and service consequences (for what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans; and
- The Asset Maintenance Ratio and the Asset Renewal Ratio achieving a target of 100%, whilst maintaining the Asset Backlog Ratio below a target of 2%.

8. | REFERENCES

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