RESOURCING STRATEGY

SUPPORTING THE COMMUNITY STRATEGIC PLAN, ONE - CENTRAL COAST



INTRODUCTION

THE AIM OF THE RESOURCING STRATEGY IS TO ENSURE THAT THE RESOURCES ARE ALLOCATED TO ACHIEVE THE OBJECTIVES OF THE COMMUNITY STRATEGIC PLAN INCLUDING:

- FINANCES LONG TERM FINANCIAL PLAN
- ASSETS ASSET MANAGEMENT PLANNING
- HUMAN RESOURCES WORKFORCE MANAGEMENT PLAN

The Integrated Planning and Reporting Framework

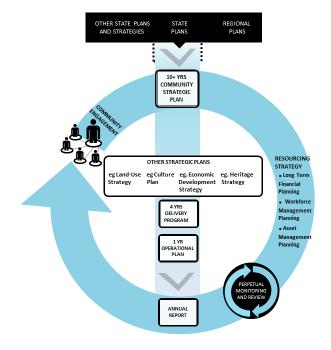
In response to the Integrated Planning and Reporting (IP&R) guidelines of the Local Government Act 1993, Central Coast Council is required to undertake a range of planning processes aimed at understanding and responding to the Community's vision.

The Integrated Planning and Reporting Framework requires that Council prepare:

- A 10-year Community Strategic Plan in consultation with the community, State Government agencies and other key stakeholders. This plan must establish the community's main priorities and aspirations for the future and to plan strategies for achieving these goals.
- A four (4) year Delivery Program details all activities Council will be committing to over the next four years to work towards achieving its long term objectives as documented in the Community Strategic Plan.
- An annual Operational Plan that specifies individual activities Council will be undertaking during the year together with details of income and expenditure estimates for the year. These activities are drawn from the Delivery Program which is based on the Community Strategic Plan.
- A Resourcing Strategy to ensure that the resources time, money, assets and people – required to achieve the Community Strategic Plan are available as and when required. The Resourcing Strategy is focussed purely on Council's responsibilities.

The framework is designed so that the Council and community both have a clear picture of:

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



The planning and reporting process ensures that Council's planning is aligned with the community's vision for the future, and that the planning process and the implementation of the Delivery Plan is transparent with clear accountability for delivery. The Resourcing Strategy is a key aspect of the Integrated Planning and Reporting framework and is Council's means of supporting the Community Strategic Plan through effective resource allocation. This document brings together Council's three inter-related strategies in relation to resources.

These strategies and plans facilitate how to best manage our assets and infrastructure, plan for replacement and ensure that adequate funding and skills are available for service delivery and operations. This eliminates wasted effort, unnecessary maintenance and will improve efficiencies with project delivery.

Long Term Financial Plan

The Long Term Financial Plan (10 years) show how Council forecasts the financial capacity to deliver assets, services and operations in response to the strategies outlined in the Community Strategic Plan.

This document provides the evidence for the constraints and opportunities with which Council and the community will work to achieve the objectives over the next 10 years. Financial sustainability is one of the key issues facing local government due to a range of factors including population growth, changing demands for community services and facilities, constrained revenue growth due to rate pegging and ageing infrastructure.

Asset Management Plan

The Asset Management Strategy (10 years) and supporting Asset Management Plans details the actions necessary to understand and improve the asset management capability for the long-term. This planning process includes identification of Council's key assets, service levels and risk management, and projected maintenance, renewal and replacement costs.

Asset Management is a process used to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lifecycle. In simplest terms, asset management is about the way in which the Council looks after its assets, both on a day-to-day basis (through maintenance and operations) and in the medium to long term (through strategic and forward planning).

Workforce Management Plan

Workforce planning is an essential component of the Resourcing Strategy designed to ensure Council is able to meet the current and future service and operational needs of the Central Coast community. Workforce planning will ensure that council is appropriately staffed to handle the changes and challenges that will need to be faced over the 4 years of the Delivery Program, and more generally over the 10 years of the Community Strategic Plan.

To achieve this it is essential that the Workforce Strategy be aligned directly with the objectives detailed within the Community Strategic Plan and Council's Delivery Program. An effective Workforce Management Strategy will enable Council to plan its future workforce needs to deliver agreed goals, focus beyond the short term to the medium and long term and provide a framework for dealing with challenges in a consistent way. In essence, workforce planning is about predicting Council's future labour market needs.

One major challenge is for Council to minimise its employment costs while ensuring it has the right people in the right place at the right time, with the right skills to meet the community's desired needs and its operational objectives.

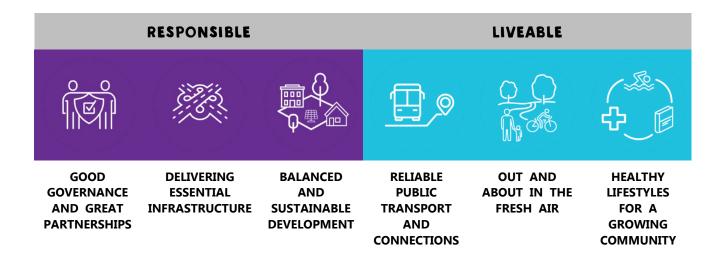
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RELATIONSHIP WITH THE COMMUNITY STRATEGIC PLAN

The Community Strategic Plan, *One - Central Coast* aims to enhance the day-to-day lives and opportunities of the local community through effective decision-making, planning and service delivery across all government and non-government agencies. The product of an extensive community consultation process, *One - Central Coast* identifies five key themes that reflect the needs and values of the people who live on the Central Coast.

COMMUNITY STRATEGIC PLAN THEMES AND FOCUS AREAS

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OUR COMMUNITY SPIRIT IS OUR STRENGTH	CREATIVITY, CONNECTION AND LOCAL IDENTITY	A GROWING AND COMPETITIVE REGION	A PLACE OF OPPORTUNITY FOR PEOPLE	ENVIRONMENTAL RESOURCES FOR THE FUTURE	CHERISHED AND PROTECTED NATURAL BEAUTY



The related strategies that comprise the Resourcing Strategy have been aligned to these Themes and Focus Areas





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SUMMARY

THE LONG TERM FINANCIAL PLAN (LTFP) IS A KEY COMPONENT OF COUNCIL'S LONG TERM RESOURCING STRATEGY. THE PLAN ENABLES THE COMMUNITY'S ASPIRATIONS FOR SERVICE TO BE TESTED AGAINST THE FINANCIAL REALITY.

The LTFP 2018-19 to 2027-28 reflects our desire and capacity to deliver the strategies, initiatives, works and programs identified in the Community Strategic Plan (CSP), through the four year delivery program and annual operational plan (Strategic Plan).

As required by the NSW Government's Integrated Planning and Reporting (IP&R) Framework, in order to achieve the community's long term aspirations as identified in the CSP, we need to assess our current and forecasted capacity and resources (money, people and assets) to execute this plan.

Purpose of the Long Term Financial Plan

The purpose of the LTFP is to provide the financial resources needed to achieve the objectives of the CSP.

The LTFP ensures Council's financial sustainability and informs decision making, in collaboration with other resourcing strategies. It translates financial strategy into financial statements to support the delivery of the CSP.

The LTFP seeks to answer the following key questions:

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

Structure and Regulatory Environment

Council is unique as it is both a Local Government Authority regulated by the *Local Government Act 1993* and a Water Supply Authority regulated by the *Water Management Act 2000*. This means that Council not only delivers the diverse range of services associated with local government such as roads, open space, community facilities and waste management.

Council has funds to ensure appropriate reporting of services based on restrictions. The Consolidated Fund refers to the total of all services provided by Council and includes all of the funds. The Water Supply reporting includes the water, sewer and drainage funds.

Fund	Consolidated	Water Supply
General	\checkmark	
Water	✓	✓
Sewer	✓	✓
Drainage	✓	✓
Domestic Waste	✓	

Strategic Financial Objectives

Council's Strategic Financial Objectives and the resulting Long Term Financial Plan are all driven by the overriding principle of financial sustainability. Balancing and meeting these Strategic Financial Objectives will ensure we achieve financial sustainability now and into the future. Our Strategic Financial Objectives, the sub-objectives and Key Performance Indicators (KPIs) are as follows:



STRATEGIC FINANCIAL OBJECTIVES

FINANCIAL SUSTAINABILITY

Positive Operating Performance

- Council continues to deliver a modest surplus Achieve surplus in all funds
- Operating Performance Ratio > 0
- Balanced Budget
- Own Source Operating Ratio >60%

Strong Liquidity

- Maintain a strong Cash position
- Restricted Cash and liabilities fully funded Sufficient unrestricted cash to seize opportunity
- Unrestricted Current Ration >1.5 Rate and Charges Outstanding < 5%
- Cash Expense Cover Ratio >3

Focus on Assets **Fully Funded** Capital Plan

- Align to Asset Management Policy and Strategy Capital ambitions fully funded
- Attract funding from Government and Partners
- Reduce and eliminate the Asset backlog
- Asset Renewal Ratio >1
- Asset Maintenance Ratio >1
- Infrastructure Backlog < 2% Capital Expenditure Ratio >1.1

Reduce Debt Levels

- Reduce Debt Levels over the Medium Term
- Focus on Intergenerational equity Reduce funding costs

- Debt Service Coverage Ratio >2
- Debt Ratio <15%

Leverage Assets

- Build a strategic property portfolio to supplement
- Return on Invested Capital
- Improvements in Property Portfolio
- Increased rental income and gains on sale
- Jobs Growth

Maintain or **Enhance** Service Levels

- Alignment to CSP Objectives Prioritised Spend

- Reduced Net Cost of Service
- Asset Management Ratio >1
- All plans adopted by Council are incorporated into and integrated with the Long Term Financial Plan

Financial Sustainability

explanation on the purpose, and the mathematical formula for each of these ratios appears as Appendix 1 to the LTFP. Under the Financial Ratios prescribed by the NSW Government to assess Financial Sustainability, Central Coast Council is working towards achieving each of the benchmarks. The following table shows our current and planned performance Tracking of the Key Performance Indicators (KPIs) aligned to each of the Strategic Objectives is how Council will monitor its financial performance and sustainability. A detailed resulting from the Long Term Financial Plan, compared to the prescribed NSW Government benchmarks:

			CEN	CENTRAL COAST	. COAST COUNCIL CONSOLIDATED PERFORMANCE	DNSOLIDATE	D PERFORM	ANCE					
NSW Government Ratio	NSW Government Benchmark	2016-17 (Actual)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	202627	2027-28
Positive Operating Performance													
Operating Performance Ratio	0 <	10.71%	-1.49%	-0.40% X	0.20%	0.63%	1.32%	1.74%	2.16%	2.25%	2.94%	3.35%	3.75%
Own Source Operating Revenue	% 09 <	76.45%	87.44%	85.01%	86.73%	86.64%	86.63%	86.65%	86.57%	86.35%	86.40%	86.45%	86.27%
Strong Liquidity													
Unrestricted Current Ratio	> 1.5	2.71	1.94	1.52	1.56	1.64	2.03	2.35	2.67	2.94	3.26	3.64	3.92
Cash Expense Coverage Ratio	m	8.99	9.72	7.72	7.37	7.10	7.92	8.98	9.76	10.65	11.57	12.47	13.60
Rates and Annual Charges Outstanding Percentage	2.00%	5.93% ×	5.20% ×	5.10% X	4.54%	4.57%	4.57%	4.56%	4.54%	4.54%	4.53%	4.52%	4.50%

NSW Government Ratio	NSW Government Benchmark	2016-17 (Actual)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	202627	2027-28
Infrastructure and Service Management	ţ												
Infrastructure Backlog Ratio	<2% (.02)	2.61%	2.70%	2.76%	2.91%	2.92%	2.92%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
		×	×	×	×	×	×	×	×	×	×	×	×
Asset Maintenance Ratio	100% (1)	110%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
		>	>	•	•	>	>	>	>	>	>	>	>
Building and Infrastructure Renewals Ratio	н	142.19%	100.25%	101.91%	100.23%	101.05%	112.98%	104.21%	104.26%	104.59%	102.94%	102.23%	101.36%
Debt Management													
Debt Service Cover Ratio	> 2.0	4.55	2.94	2.80	2.35	2.53	3.26	4.21	4.08	4.05	3.87	3.82	3.95

Operating Performance Ratio is just under the Office of Local Government (OLG) benchmark of 0.0% for 2018-19 financial year. To achieve the OLG benchmark Council will be looking at securing additional operational grant funding or finding additional cost savings of \$2.3 million.

working with ratepayers to reduce their outstanding debts. The Policy for Debt Recovery and Hardship is in place and is a socially responsible framework for debt collection balancing Rates and Annual Charges Outstanding Ratio is above the OLG benchmark of 5% in the 2018-19 financial year, however Council is working on reducing this ratio responsibly by between hardship and collecting the outstanding debts.

process in April 2018. In the capital expenditure planning for future years we have maintained the current levels of expenditure. The expenditure will be reviewed once IPART has Infrastructure Backlog Ratio – strategies are in place to reduce the backlog which includes increased renewal funding and alternative intervention methods. Forward funding past 2019-20 for water, sewer and drainage assets is dependent on a regulated process that Council is legislate to undertake through the Independent Pricing and Regulatory Tribunal (IPART). Costs of renewal and maintenance for water, sewer and drainage cannot be confirmed until this exercise is completed. Council commenced public consultation for this made a determination. For further details in relation to the Infrastructure and Service Management Ratios refer to the Asset Management Strategy.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths

Financial Sustainability

As noted under the Financial Sustainability section, Council is working towards the State Government Benchmarks for Financial Sustainability during the ten year time horizon of this Long Term Financial Plan (LTFP).

In alignment with these ratios, Council has forecasted operating surpluses (before capital grants) each year of this LTFP.

This means Council is in a very strong financial position to manage and correct existing weaknesses and to manage and absorb future threats. In addition, Council is in a unique position to seize and maximise opportunities and leverage off existing strengths.

Financial Management

Careful planning, management and focus on Council's Strategic Financial Objectives will ensure the current strong position continues and improves into the future.

Management will continue to focus on best value service delivery within financial realities. This will involve business improvement initiatives, benchmarking, automation, improved processes and examining alternative operating models.



Strength of Balance Sheet

Council has a very strong balance sheet with significant Total Assets and Net Assets (assets less liabilities), conservative and serviceable debt levels, fully recognised and funded liabilities, fully funded restricted cash, and minimal risk of loss existing in the asset portfolio.

At 30 June 2017, we held \$9.7 billion of Total Assets and \$6.9 billion in Net Assets.

Debt levels are low compared to Total Assets. Our Consolidated Debt Ratio (Total Debt / Total Assets) is a very conservative 3.9%. The majority of debt resides in Water and Sewer and was originally undertaken to support the principle of "intergenerational equity".

These debts are serviceable, as indicated by the estimated 2018-19 Debt Service Cover Ratio of 2.80 (this ratio measures the availability of operating cash to service debt including interest and principle and 2.80 meets the benchmark set by the NSW Government).

Council's Investment Portfolio, totalling \$437.3 million (as at 31 March 2018), is in compliance with the Ministerial Investment Order endorsed in February 2011 and Office of Local Government Investment Policy Guidelines published in May 2010.

Diversity of Income Streams

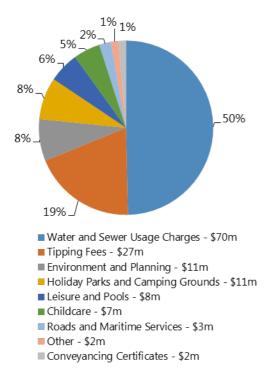
Council has a very strong own source operating ratio of 85%. This indicates a very high level of fiscal flexibility and very low reliance on external funding sources such as operating grants and contributions.

\$350.0 million (63%) of the 2018-19 planned Total Revenue of \$561.5 million is derived from Rates and Annual Charges (ordinary and special rates, domestic waste management charge, water, sewerage and drainage service charges).

¹ Spreading the cost of major infrastructure works over the many generations that will benefit from the works

In addition, a further \$140.5 million (25%) of revenue is derived from User Charges and Fees from delivery of a broad number of services including childcare, holiday parks, leisure centres and pools, waste tipping fees and building and development fees.

2018-19 User Charges and Fees



While some of these fees are regulated, others are contestable businesses in their own right and are subject to supply and demand pressures.

Acumen in benchmarking against external competitors and an increased understanding of unit costs has been an area of focus, with Council focussing on cost recovery, self-funding and positive return models.

Weaknesses

IPART Water and Sewer Pricing

Water, sewerage and drainage prices are regulated by IPART. As the pricing regulator, IPART undertakes periodic reviews and determines maximum price levels for the services provided for a predetermined number of years, also known as the price path.

All prices for water, sewerage, drainage and ancillary services for 2018-19 have been calculated in accordance with IPART's Water Determinations May 2013 for the former Councils. Following the formation of Central Coast Council, IPART has extended the period of application for the May 2013 determinations until 30 June 2019.

This means that the Council's maximum 2016-17 prices, as specified in the 2013 determinations, will continue to apply until 30 June 2019 within the former local government areas. These prices are not indexed for inflation.

Investment Interest Rates

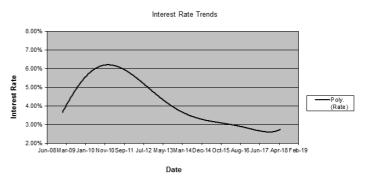
Our current policy for Investment Management provides the framework for balancing the most favourable rate of interest with due consideration of risk (including Ministerial Directives) and liquidity. The policy limits investment to secure interest bearing instruments with Authorised Deposit-Taking Institutions (ADIs).

In addition, the need to maintain liquidity means that most investment term deposits have maturities of less than 12 months, negating the opportunity to "fix" higher rates when they were historically available.

As such, nearly all investments are fixed rate term deposits and the interest rates received reflect current market conditions in Australia.

Fixed interest rates on investment term deposits (and resulting income from invested cash) have been declining since 2010-11. Trends since 2008 demonstrate recovery from the Global Financial Crisis however changes to monetary policy and market influences in recent years has seen rates declining.

This trend has continued throughout the 2017-18 financial year and is forecast to continue to decline, with the low return environment expected to continue throughout the three year Delivery Program.



Fixed Rate Debt

The significant majority of Council's debt (concentrated in Water and Sewer) originated when interest rates were substantially higher and were fixed at those rates for periods between 10 and 20 years (on the principle of intergenerational equity).

This means that Council's weighted average cost of funding at 6.7% is significantly higher than current market borrowing rates.

Refinancing opportunities are under continual review, but break costs have been judged to be prohibitively high so debt is being paid down steadily at current rates. Consequentially Council is negatively impacted by a negative interest margin between the cost of its debt against prevailing market borrowing rates.

Significant "balloon payments" are due in the next few years between 2019 and 2022. Council will investigate the need to refinance, which gives Council an opportunity to secure lower rates through both market forces and the structure of borrowing.

State and Federal Government Impacts

Cost Shifting

Cost shifting is where the responsibility and / or costs of providing a certain service, asset or regulatory function, are shifted from a higher level of government to a lower level of government. The cost is shifted without providing corresponding funding or adequate revenue raising capacity.

Cost shifting continues to place a significant burden on Councils' financial situation. Despite the recognition of cost shifting and its adverse impacts on NSW Local Government, cost shifting is estimated to be around 6% of Councils' total income before capital amounts.

For example, contributions to the NSW Fire and Rescue, NSW Rural Fire Services and NSW State Emergency Service, lack of adequate funding for public libraries and the failure to fully reimburse councils for mandatory pensioner rebates.

Section 88 Waste Levy

Included in the cost shifting analysis, but worthy of specific mention, is the NSW Government's Waste Levy in s. 88 of the *Protection of the Environment Operations Act 1997*. This levy requires Council to pay a contribution to the NSW Government for each tonne of waste received for disposal at our facilities. It presents a particularly material impost to Councils. In 2018-19 the budgeted expenditure on the Waste Levy is \$32.1 million.

Traditionally this State Government tax has been passed on to consumers and businesses through the Domestic Waste Management Charge (for kerb-side collections), and tipping fees (for waste received over the weighbridge at Council's Waste Management Facilities).

Tipping revenues will be impacted by the increasing Waste Levy, as both domestic and commercial tippers find less expensive disposal methods and / or resort to illegal dumping.

We will continue to analyse the feasibility of alternate waste management techniques in an attempt to reduce the volume of waste going to land-fill and increase the amount of waste diverted. This will reduce the total Waste Levy charged as the levy only applies to waste going to landfill.

Financial Assistance Grants

Council receives grant funding under the Australian Government's Financial Assistance Grant (FAG) program to assist with general operations in accordance with local priorities. Council has no control over the formula used to determine the amount of the FAG allocation and have no control over the timing of the receipt, but all of these factors have a material impact on our financial performance.

In May 2018, just prior to the Draft Plan being placed on public exhibition, the Australian Government announced that it was altering timing for payment of the Financial Assistance Grant (FAG) for 2018-19. Specifically, the Australian Government announced that half of the FAG amount (\$12.8 million) for 2018-19 would be paid in June 2018. The nature of FAG funding requires Council to recognise the grant funding as income when received in accordance with AASB 1004. It should be noted that Council will still receive the 2018-19 FAG to assist in the provision of services, however the timing of the payment will determine the financial year the grant funding is recognised as income. At this time Council is not going to make any budget adjustments in the Draft Plan regarding the FAG timing change as the prepayment of the FAG has occurred for several years in a row. Council's budget position will be reviewed quarterly throughout 2018-19 and, based on any subsequent announcements from the Australian Government, determine whether a budget adjustment is required.

The FAG is essential as it allows Councils to provide a reasonable level of service and infrastructure to local residents. Pausing indexation or reducing the overall amount of FAGs is not within the control of Council, however decisions made by other levels of government impact on the budget and service delivery can be profoundly negative.

Opportunities

Optimising Property Portfolio Performance

Observation of the Local Government sector indicates that the majority of those Councils, who are performing well financially and have built a sustainable future, have commonly done so by maximising the potential of their property portfolio.

Projected Population Growth

The population of the Central Coast is more than 330,000, with projections for 415,000 people by 2036. To meet the projected population growth it is estimated that an additional 41,500 dwellings and 24,600 new jobs will be needed to support the increase in the population. This creates significant challenges but we view this growth, coupled with coherent strategy and available resources for growth, as an opportunity to deliver for our community.

Our region has both the location and resources to leverage from this growth. Located one hour north of Sydney and one hour south of Newcastle, along major transport links, the Central Coast is ideal for encouraging increased commercial and industrial development.

Development Applications

Development activity is closely aligned to the broader economic climate with high levels of development activity which is evidenced through the number of development applications received and construction commencement around the Central Coast. While the current trend is positive it remains difficult to project future trends.

With a number of development applications in the pipeline it is expected that there will be an increase in developer contribution income over the next few years.

Debt Restructure

Council's debt portfolio totalled \$289 million of external borrowings at 30 June 2017. The majority of these loans were established when interest rates were far higher than they are now, pre-dating the Global Financial Crisis, and the average rate on these loans is higher than present market rates.

The majority of current debt was established to finance long term water and sewerage network assets and is held as a liability within the Water Supply Authority functions. The average duration of the loan portfolio is reducing at a faster rate than the depreciation of the corresponding infrastructure assets and will require refinancing in the short to medium term.

We undertake regular debt reviews to determine the costs and benefits associated with extinguishing existing debt and investigating favourable refinancing options. To date break costs have been judged to be prohibitively high so debt is being paid down steadily at current rates.

New borrowing requirements in recent years (specifically the Water Fund in the former Wyong Shire Council) have been satisfied by borrowing internally from the other funds (General and Sewer) that have sufficient unrestricted cash. Council has subsidised borrowings under the NSW Government's Local Infrastructure Renewal Scheme (LIRS). Both avenues have allowed Council to access funds below standard market rates.

Significant "balloon payments" are due in the years between 2019 and 2022. Council will review the need to refinance, which gives us an opportunity to secure lower rates through both market forces and the structure of borrowing.

Threats

State or Federal Legislation

All aspects of Council operations are heavily regulated and are therefore highly sensitive to State or Federal Government legislative changes. As already evidenced in respect of the Waste Levy, and Cost Shifting in general, legislative decisions have a material impact on our financial position.

More specifically, every service we offer can potentially be materially impacted by legislative change. For example changes to child care staff ratios impact the costs associated with delivering the service.

Ageing Population

There has been noticeable legislative change in response to the ageing population situation such as phased increases to the age pension retirement age and the level of the superannuation guarantee charge.

As detailed in the Workforce Management Strategy, the current compulsory superannuation levy of 9.5% is expected to increase to 12% by 2025-26 financial year. The financial implications of these changes include compounding increases in employee costs. Key considerations need to be given to how we will manage this generational diversity and provide financially sustainable solutions in the area of workforce management.

An overall increase in the ageing population will increase revenue pressures generated by additional pensioner rebates which are partially subsided by the State Government. Councils which have a higher percentage of pensioners than the State average will need to fund more in pensioner rebates.

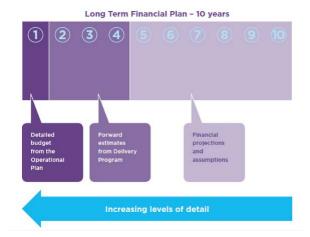
Our region has a higher proportion of aged pensioners compared to other local government authorities. The lack of indexation on pensioner rate rebates represents another example of cost shifting as Council must fund a larger amount of pensioner rebates.

ASSUMPTIONS

Assumptions – General

The LTFP is a ten year plan that includes the one year Operational Plan and the Three Year Delivery Program (based on a shortened term for the current Council due to the amalgamation). It is revised annually to reflect changing financial aspects impacting Council and is aligned to optimal delivery of services contained within the CSP.

The projected components contained within the key financial statements relating to income, expenses, assets, and liabilities are based on assumptions that are modelled within the LTFP.



General Assumption

Population Growth

Although projected population growth within the region is set to rise over the next 20 years (415,000 by 2036); population growth does not always lead to growth in Council's rateable base.

In recent years, our rateable property base has grown by approximately 0.5% per annum and this escalation has been factored into the assumptions within the LTFP for income and expenditure projections

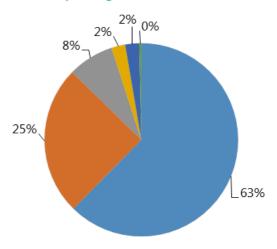
Inflation

A number of indices used in the LTFP have been based on the Reserve Bank of Australia's Consumer Price Index (CPI) inflation forecast of 2% - 3% from the February 2018 Statement on Monetary Policy.

We have considered this forecast and used a 2.5% escalation in most LTFP income and expense categories, with the exception of regulated income and expense items that are set by IPART

Assumptions – Income

2018-19 Operating Income



- Rates and Annual Charges \$350m
- User Charges and Fees \$140m
- Operating Grants and Contributions \$43m
- Other Revenue \$13m
- Interest and Investment Revenue \$13m
- Net Gain on Disposal of Assets \$2m

Rates and Annual Charges

Rates and annual charges include the following revenue types:

- Ordinary rates (including pensioner rebates)
- Special rates
- Domestic waste management charge
- Water service charge
- Sewerage service charge
- Drainage service charge

Income Assumption

Ordinary and Special Rates

Council's Special Rates fund activities that directly support business activities in certain areas. This will continue to be levied on the same basis as Ordinary Rates for those applicable properties as follows:

- The Entrance Area
- Toukley Area
- Wyong Area
- Gosford Parking
- Gosford Central Business
 District Improvement Special
 Rate

Income Assumption

- Business/Tourism Development Special Rate
- Terrigal Tourism/Business Special Development Rate

Ordinary and special rates account for 46% of the rates and annual charges income (after pensioner rebates have been applied).

Domestic Waste Management Charge

All residential properties attract an annual domestic waste management charge recouped for the provision of waste collection, recycling services and remediation of closed landfill sites.

Domestic waste management charges account for approximately 20% of the overall rates and annual charges income

Water, Sewerage and Drainage Charges

All prices for water, sewerage, drainage and ancillary services for 2018-19 have been calculated in accordance with IPART's Water Determinations May 2013 for the former Councils.

Following the formation of Central Coast Council, IPART has extended the period of application for the May 2013 determinations until 30 June 2019. This means that the Council's maximum 2016-17 prices, as specified in the 2013 determinations, will continue to apply until 30 June 2019 within the former local government areas.

The water, sewerage and drainage charges account for 34% of the rates and annual charges income.

User Fees and Charges

This category of income represents a user pay system and relies wholly on demand. It includes both statutory charges, where the price is set by regulation, and Council determined charges, where the fee is set to reflect market rates and/or contribute towards the cost recovery of providing the service.

Examples of both types of fees and charges include the following:

- Water usage charges
- Sewer user charges
- Tipping fees
- Holiday park user charges
- Child care fees
- Roads and Maritime Services (RMS) user charges
- Development application fees

- Community facility hire fees
- Building and shop inspections
- Construction certificates
- Companion animal registrations

Income forecasts have been based on projected volumes multiplied by the unit rate as contained in the Statement of Revenue.

Income Assumption

Water Supply User Charges

The largest component of revenue within user fees and charges relates specifically to residential water usage (44%). The water usage charge has been calculated in accordance with IPART's Water Determinations May 2013 for the former Councils

Water usage is a highly responsive charge that can be significantly impacted by weather conditions and consumer tendencies. Following the drought between 2001 and 2007, there has been a conservative water usage trend that is aligned with entrenched water wise practise among users. Even though water restrictions have been easing since 2008, the usage trend remains conservative and has not returned to pre-drought consumption volumes.

Tipping Fees

Tipping fees account for 17% of projected income in this category and include impacts of changes to costs of operating the landfill site. The fees include a levy which is collected by Council on behalf of the NSW Government, Environment and Protection Authority (EPA), and subsequently remitted back to them on a monthly basis. Any increase in fees will directly influence the amount of waste being disposed of at the facility, thereby impacting income projections (as well as operating costs) in the LTFP. Income projections contained within the LTFP have been based on current user trends.

Holiday Park User Charges

Council has four holiday parks in the region located in Budgewoi, Canton Beach, Toowoon Bay and Norah Head. Income from these holiday parks is estimated to account for 7% of our user fees and charges income for 2018-19. Fees for the holiday parks are set on a full cost recovery basis.

Child Care Fees

Council operates eight child care centres in Kanwal, Kariong, Niagara Park, Terrigal, Toukley, San Remo, Umina and Wyong and ensuring the provision of quality child care and

Income Assumption

education in the region.

The LTFP contains operating income and expenditures associated with Council's child care centres. Income from child care accounts for approximately 5% of Council's user fees and charges income for 2018-19.

Interest and Investment Revenue

Council's investments are made in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005, Council's Investment Policy, the Ministerial Investment Order issued in 2011 and the Office of Local Government Investment Policy Guidelines published in 2010.

Council invests cash in fixed rate term deposits with Approved Deposit Institutions, keeping risk low while at the same time securing ongoing returns.

Interest rates have declined since 2010-11 and therefore the LTFP has adopted a conservative stance and assumes a stable interest rate over the next few years consistent with recent yields. The amount of interest revenue calculated in the LTFP is directly linked to the available cash balances from the cash flow statement

Other income in this category relates to interest imposed on overdue rates and charges, calculated at the rate set by the Minister for Local Government calculated on the Reserve Bank of Australia (RBA) cash rate plus 6%.

Other Revenue

Other sources of revenue include:

- Commercial and residential rent
- Fines and infringements
- Cemetery plots and memorials
- Water and sewerage service connections
- Royalty payments for landfill gas
- Miscellaneous

The majority of income projections related to other revenues contained within the LTFP are based on historical trend, escalated with CPI.

Grants and Contributions

Grants and contributions provide Council with an income stream consisting of both cash payments as well as non-cash receipts, such as in-kind contributed assets. For example, roads and drainage assets in new subdivisions built by a developer and then transferred to Council.

The amount of both operating and capital grants and contributions available to Council is subject to external influences and will vary each year.

Operating grants or contributions are funds received that relate to day-to-day service delivery, whereas capital grants or contributions are funds received that relate directly to creation or enhancement of an asset.

Income Assumption

General Purpose

Grants and contributions received for a general purpose allows Council to determine the allocation to any of the services which Council delivers. For example the Financial Assistance Grant (FAG) received from the Federal Government and Pensioner Rebate subsidies received from the NSW Government have been factored into the LTFP. The LTFP assumes that these general purpose grants are recurrent in nature with escalations of CPI.

Specific Purpose

Income received for specific purpose means that it is restricted in use and cannot be used for any purpose other than that identified in the funding agreement. This income is kept as a separate cash reserve until such time as the expenditure occurs.

Common examples of specific purpose grants received by Council relate to the following:

- Roads
- Street lighting
- Bushfire prevention
- Waste and recycling
- Child care
- Library services
- Recreational facilities

Each specific purpose grant has been considered individually for the LTFP and only those that have been ongoing in recent years have been included as recurrent future income eg. street lighting.

Many of the specific purpose grants received by Council are capital in nature and have been included as a consideration in the capital works program and therefore non-recurrent

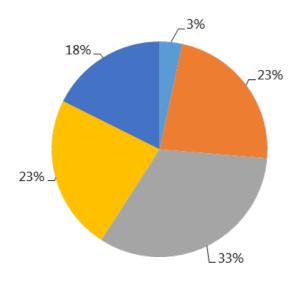
Net Gains

The LTFP assume that Council will dispose of nonstrategic assets each year and generate \$2 million in net proceeds. No escalations have been applied to this target.

in nature.

Assumptions – Expenses

2018-19 Operating Expenditure



- Borrowing Costs \$19m
- Depreciation and Amortisation \$129m
- Employee benefits and on-costs \$184m
- Materials and Contracts \$131m
- Other Expenses \$99m

Employee Benefits and On-Costs

Employee costs account for almost one third of total operating expenditure and include:

- Salaries and wages
- Superannuation
- Payroll tax
- Training
- Workers compensation
- Personal and protective equipment

The LTFP has also factored in predicted Award increases and stepped increases to superannuation based on legislative change (from 9.5% current rate to 12% effective 1 July 2025).

Borrowing Costs

We traditionally have used long term loans to finance large capital expenditures, particularly related to major water and sewerage network projects. More than 96% of debt is held in our Water Supply Authority functions. The practice of borrowing funds to generate cash flow to deliver large infrastructure allows the cost of the project to be spread across the useful life of the asset in order to facilitate inter-generational equity for these assets.

A key objective in improving our financial sustainability is to reduce overall debt in the medium to long term and the LTFP assumes inter-fund borrowings will occur where sufficient unrestricted cash is available. These arm's-length transactions allow Council to retain interest income internally for reinvestment into delivery of valuable services.

We will also apply for subsidised borrowing schemes from the NSW Government to promote accelerated infrastructure investment and reduce borrowing costs where appropriate.

External loan balances forecasted as at 30 June 2018 are \$267 million and all existing loans are due to mature by May 2037, with major milestone maturities due in the financial years 2020, 2021 and 2022 already factored into cash flows. Interest expense has been projected based on the rates applicable for each loan.

Our cash flows are managed to ensure sufficient funds are always held to cover restricted balances ie funds received for a specific purpose which are restricted by regulation or other imposed requirements

Materials and Contracts

Almost half of the costs within this category relate to essential delivery of services such as waste management, water and sewerage services and roads maintenance. Specific contracts include:

- Garbage collection
- Equipment hire and fuel
- Information management applications
- Chemicals (for water and sewage treatment)

This expense class includes costs associated with consultants and labour hire contracts where we do not have the expertise or capacity to resource activities internally.

Projections have been based on existing contracted rates escalated for CPI where applicable.

Depreciation and Amortisation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation expense contributes to 23% of our operational expenditure. Even though this expense item has no cash consequence, we must invest in equivalent renewal works to ensure that the assets are held to their optimal levels of serviceability.

Depreciation expense assumptions are based on the effective lives of existing assets and the expected useful lives of new assets.

Other Expenses

This expense group includes the following costs:

- Waste levy
- · Electricity and street lighting
- Tourist park management
- Software
- Insurance
- Contributions to the following town centres and services:
 - The Entrance, Toukley, Gosford and Wyong Town Centres
 - Fire and Rescue Services
 - State Emergency Services
- Telecommunications
- Bank charges

Expense Assumption

Waste Levy

The *Protection of the Environment Operations Act 1997* requires licensed waste facilities in NSW to pay a contribution for each tonne of waste received for disposal at the facility. This cost accounts for approximately one third of other expenses.

As the operator of Waste Management Facilities, we incorporate this levy into the fees charged to customers and then remit this to the EPA. This levy has been historically increasing well above the CPI rate as shown on the table below. Within the LTFP we have escalated the waste levy at 2.5%

Historical Waste Levy Rates in the Regulated Area

Period	SMA	ERA	RRA
2009-2010	\$58.80	\$52.40	\$10.00
2010-2011	\$70.30	\$65.30	\$20.40
2011-2012	\$82.20	\$78.60	\$31.10
2012-2013	\$95.20	\$93.00	\$42.20
2013-2014	\$107.80	\$107.80	\$53.70
2014-2015	\$120.90	\$120.90	\$65.40
2015-2016	\$133.10	\$133.10	\$76.70
2016-2017	\$135.70	\$135.70	\$78.20

Notes:

The SMA and ERA are now collectively known as the Metropolitan Levy Area.

The RRA is now known as the Regional Levy Area

Electricity

Based on negotiated rates associated with the supply of electricity to large sites, it is estimated that the cost of electricity will not increase by more than the CPI in future years.

Electricity costs (including street lighting) make up 13% of other expenses and the LTFP includes the following further underlying assumptions:

- The level of consumption remains constant
- Usage times between peak, shoulder and off-peak remain consistent with existing patterns
- No new environmental charges are introduced

Escalations

Cate	gory	2018-19	2019-20	2020-21	2021-22	Thereafter
	Rates – ordinary	2.0%	2.0%	2.0%	2.0%	2.0%
	Rates – special	2.0%	2.0%	2.0%	2.0%	2.0%
	Domestic waste management $lpha$	2.5%	2.5%	2.5%	2.5%	2.5%
	Water service ^	2.5%	2.5%	2.5%	2.5%	2.5%
	Sewerage service ^	2.5%	2.5%	2.5%	2.5%	2.5%
Je .	Drainage service ^	2.5%	2.5%	2.5%	2.5%	2.5%
Income	User charges - water usage ^	2.5%	2.5%	2.5%	2.5%	2.5%
Ē	Fees and charges – specific \varnothing	1-2%	1-2%	1-2%	1-2%	1-2%
	Fees and charges – other	2.5%	2.5%	2.5%	2.5%	2.5%
	Interest - investments	2.8%	2.8%	2.8%	2.8%	3.0%
	Other revenues	2.5%	2.5%	2.5%	2.5%	2.5%
	Operating grants	2.5%	2.5%	2.5%	2.5%	2.5%
	Net gains from disposal	0.0%	0.0%	0.0%	0.0%	0.0%
•	Salaries and wages *	3.0%	3.0%	3.0%	3.0%	3.0%
are	Materials and contracts	2.5%	2.5%	2.5%	2.5%	2.5%
븅	Insurance	5.0%	5.0%	5.0%	5.0%	7.0%
Expenditure	Utilities	2.5%	2.5%	2.5%	2.5%	3.0%
EXE	Other expenses	2.5%	2.5%	2.5%	2.5%	2.5%
	Other expenses – Waste Levy	2.5%	2.5%	2.5%	2.5%	2.5%

[^] Water, Sewerage and Drainage charges are determined by IPART

Sensitivity Analysis

Long term financial plans are inherently uncertain. They contain a wide range of assumptions that can impact future outcomes, and future patterns of income and expenditure will rarely behave as they have in the past. However, understanding the events of the past and factors that may create impacts in the future assist with testing LTFP parameters to determine whether it is flexible enough to endure such pressures.

The sensitivity analysis models impacts to variability of key assumptions that will most likely affect the LTFP.

The table below shows financial impacts to our operating result by individual key drivers. These are based on high level assumptions and 2018-19 budgeted estimates, and may have other consequential outcomes if they are realised.

Item	Variation (+ or -)	Approximate Operational Impact 2018-19
Rate Peg	1.0% rates	\$1.6 million change in revenue
Interest Rate	1.0% rate	\$4.0 million change in revenue
Water Usage	1.0% consumption	\$616k change in revenue
Tip Volumes	1.0% tonnages	\$262k change in revenue
Inflation Other Expenses	0.5% cost base	\$495k change in expenses
Inflation Materials	0.5% cost base	\$655k change in expenses
Staff Establishment	1.0% increased turnover rate	\$1.7 million change in expenses

 $[\]infty$ Domestic waste management charge includes waste levy remitted to NSW Government

 $[\]ensuremath{\mathcal{O}}$ Child care and holiday parks

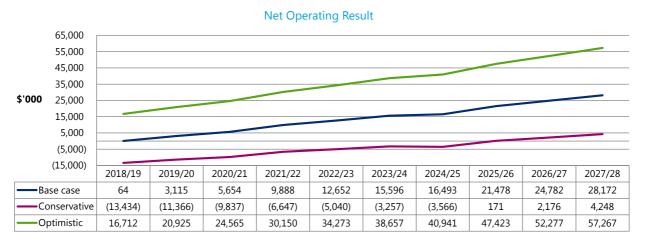
^{*} Includes Award and performance increases and legislative changes to Superannuation to increase to 12% by 2025-26

SCENARIOS

The LTFP includes the following three scenarios designed to model the impact of changes in assumptions:

A. Base caseB. ConservativeC. Optimistic

All scenarios maintain a consistent capital works program, assume existing levels of service are maintained and ensure that a positive cash position is achieved. The net operating results (before capital income) for all scenarios are shown on the below graph.



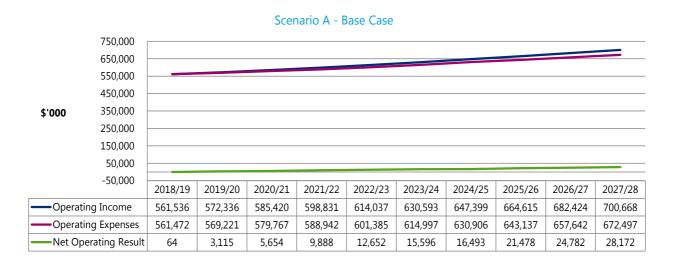
A. Base case This scenario includes the following assumptions:

Ordinary Rates escalated by the estimated rate peg thereafter (2.0%)

Water and Sewer income escalated with CPI from July 2019 until new price determination is approved by IPART

Operating expenditures that support delivery of the Community Strategic Plan

Financially sustainable capital expenditure program consistent with the Asset Management Strategy



The below financial tables represent the base case planned outcomes over the ten year horizon

Income Statement				Operational Plan	Delivery	Delivery Program							
Central Coast Council 10 Year Financial Plan for the Years ending 30 June 2028 INCOME STATEMENT - CONSOLIDATED	12 months Actuals	13.5 months Actuals	Current Year					Projected Years	Years				
Scenario: Baseline	\$1000	\$1000	2017/18	2018/19	2019/20	\$1020/21	2021/22 \$'000	\$1022/23	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	\$1027/28
Income from Continuing Operations													
Revenue:													
Rates & Annual Charges	329,978	371,225	342,058	350,009	357,946	366,066	374,371	382,868	391,560	400,451	409,547	418,852	428,371
User Charges & Fees	133,203	149,853	133,657	140,492	143,869	147,329	150,872	154,502	158,221	162,030	165,932	169,929	174,023
Interest & Investment Revenue	12,530	14,096	10,156	12,618	11,027	11,094	11,182	12,751	15,350	17,869	20,460	23,301	26,223
Other Revenues	16,018	18,020	12,718	13,369	13,703	14,046	14,397	14,757	15,126	15,504	15,892	16,289	16,696
Grants & Contributions provided for Operating Purposes	71,320	80,235	43,456	42,723	43,791	44,886	46,008	47,158	48,337	49,546	50,784	52,054	53,355
Grants & Contributions provided for Capital Purposes	80,240	90,270	28,150	48,386	36,788	38,173	39,000	39,849	41,718	44,610	45,523	46,460	49,355
Other Income:													
Net gains from the disposal of assets	2,144	2,412	10,000	2,325	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total Income from Continuing Operations	645,432	726,111	580,196	609,922	609,124	623,593	637,831	653,885	672,312	692,009	710,138	728,884	750,023
Expenses from Continuing Operations													
Employee Benefits & On-Costs	166,288	187,074	182,189	184,213	189,498	195, 146	200,963	207,059	213,342	219,815	226,486	233,361	240,444
Borrowing Costs	22,342	25,135	20,222	18,703	16,751	15,112	13,713	13,345	13,701	13,962	14,139	14,170	14,117
Materials & Contracts	110,636	124,465	124,899	131,038	131,840	133,377	136,691	140,359	143,929	147,527	151,215	154,995	158,870
Depreciation & Amortisation	133,524	150,215	125,753	128,539	130,717	131, 152	131,655	131,829	132,018	132,266	132,516	132,768	133,022
Other Expenses	70,089	78,850	97,044	98,978	100,416	104,979	105,920	108,792	112,007	117,335	118,781	122,348	126,043
Net Losses from the Disposal of Assets	4,150	4,669	-		•	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	507,029	570,408	550,107	561,472	569,221	579,767	588,942	601,385	614,997	906'029	643,137	657,642	672,497
Not Oscariation of the Contract Oscar	730 703	465 700	000 00	40 450	600	300 07	70 000	60 600	E7 24E	64 405	67 004	74 242	77 597
Net Operating Result for the Tear	138,403	155,/03	30,089	48,450	39,903	43,820	48,889	22,500	57,315	61,103	100,70	71,242	17,521
Net Operating Result before Grants and Contributions provided for Capital Purposes	58,163	65,433	1,939	49	3,115	5,654	9,888	12,652	15,596	16,493	21,478	24,782	28,172

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Balance Sheet												
			Operational		í							
Central Coast Council			Plan	Delivery	Delivery Program							
10 Year Financial Plan for the Years ending 30 June 2028 BALANCE SHEET - CONSOLIDATED	Actuals	Current Year					Projected Years	Years				
Scenario: Baseline	\$1000	\$1/18	\$1000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	\$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	2,597	4,400	4,400	4,900	4,900	4,388	3,589	3,342	5,728	6,486	17,206	35,163
Investments	326,765	279,877	221,928	220,361	215,780	247,177	293,496	338,253	385,149	437,137	482,029	529,393
Receivables	84,912	61,553	64,967	62,033	62,565	63,436	64,899	66,501	68,317	906'69	71,494	73,358
Inventories	1,417	4,366	4,268	4,297	4,405	4,515	4,628	4,743	4,862	4,983	5,108	5,236
Other	2,147	4,181	4,358	4,395	4,547	4,619	4,742	4,873	5,058	5,147	5,291	5,439
Total Current Assets	417,838	354,377	299,921	295,985	292,198	324, 135	371,353	417,712	469,114	523,660	581, 129	648,589
Non-Current Assets												
Investments	82,750	80,599	77,158	76,452	73,858	75,973	76,241	76,618	77,001	77,373	77,724	78,081
Receivables	3,706	3,932	3,986	4,014	4,043	4,072	4,103	4,134	4,165	4,198	4,231	6,732
Infrastructure, Property, Plant & Equipment	6,881,509	6,956,704	7,025,822	7,048,220	7,079,768	7,086,339	7,092,909	7,103,177	7,114,743	7,127,531	7,141,530	7,154,508
Intangible Assets	1,703	1,703	1,703	1,703	1,703	1,703	1,703	1,703	1,703	1,703	1,703	1,703
Other	300	390	404	408	423	429	441	453	470	478	492	206
Total Non-Current Assets	896'696'9	7,043,328	7,109,073	7,130,796	7,159,794	7,168,516	7,175,397	7,186,084	7,198,082	7,211,284	7,225,680	7,241,529
TOTAL ASSETS	7,387,806	7,397,705	7,408,994	7,426,781	7,451,992	7,492,651	7,546,750	7,603,796	7,667,196	7,734,943	7,806,809	7,890,118
LIABILITIES												
Current Liabilities Payables	59,441	69,617	68,804	69,309	70,591	71,630	73,150	74,881	77,110	78,520	80,424	82,386
Income received in advance	7,050	6,754	7,542	7,725	7,913	8, 105	8,302	8,503	8,710	8,922	9,138	9,361
Borrowings	23,976	32,994	46,464	44,067	33,358	23,640	25,328	25,736	28,765	30,284	29,787	34,409
Provisions	63,002	61,327	29,600	57,797	56,037	54,318	52,804	51,281	49,971	49,046	48,209	47,516
Total Current Liabilities	153,469	170,692	182,411	178,898	167,900	157,693	159,583	160,401	164,556	166,771	167,557	173,671
Non-Current Liabilities												
Income received in advance	9,421	7,628	8,546	8,752	8,963	9, 180	9,402	9,629	9,862	10,100	10,345	10,595
Borrowings	264,861	231,868	185,404	171,336	167,978	174,339	179,011	183,275	184,510	184,226	184,439	182,497
Provisions	66,064	63,438	60,103	55,361	50,891	46,291	41,105	35,527	32,201	30,778	30,158	31,518
Total Non-Current Liabilities	340,346	302,933	254,053	235,450	227,832	229,810	229,517	228,431	226,573	225,104	224,942	224,610
TOTAL LIABILITIES	493,815	473,625	436,464	414,348	395,732	387,503	389,101	388,832	391,129	391,875	392,499	398,281
Net Assets	6,893,991	6,924,080	6,972,530	7,012,433	7,056,260	7,105,149	7,157,649	7,214,964	7,276,067	7,343,068	7,414,310	7,491,837
EQUITY												
Retained Earnings	6,860,530	6,890,619	690'686'9	6,978,972	7,022,799	7,071,688	7,124,188	7,181,503	7,242,606	7,309,607	7,380,849	7,458,376
Revaluation Reserves	33,461	33,461	33,461	33,461	33,461	33,461	33,461	33,461	33,461	33,461	33,461	33,461
Total Equity	6,893,991	6,924,080	6,972,530	7,012,433	7,056,260	7,105,149	7,157,649	7,214,964	7,276,067	7,343,068	7,414,310	7,491,837

Cash Flow Statement

			ı									
Central Coast Council	Ī		Operational Plan	Delivery	Delivery Program							
CASH FLOW STATEMENT - CONSOLIDATED	Actuals	Current Year					Projected Years	Years				
Scenario: Baseline	\$1000	2017/18	2018/19	2019/20	\$1000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	\$1000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	394,896	348,679	350,406	359,732	365,713	374,028	382,569	391,273	400,103	409,210	418,546	428,059
User Charges & Fees	132,658	138,012	139,154	143,281	146,726	150,254	153,869	157,572	161,365	165,250	169,230	173,307
Interest & Investment Revenue Received	12,073	12,096	13,974	11,961	12,039	11,715	12,693	15,291	17,808	20,399	23,238	26,159
Grants & Contributions	148,414	79,190	89,456	81,367	82,840	84,840	86,835	89,785	93,786	96,122	98,324	102,333
Bonds & Deposits Received	2,266	•	•	•	•	•	•	•	•	•	•	•
Other	80,242	16,038	12,865	14,077	14,113	14,483	14,845	15,187	15,538	15,986	16,386	16,739
Payments:												
Employee Benefits & On-Costs	(186,926)	(182,925)	(185,724)	(190,852)	(196,471)	(202,235)	(208,077)	(214,336)	(220,755)	(227, 172)	(234,012)	(241,091)
Materials & Contracts	(126,940)	(120,408)	(131,556)	(131,172)	(132,008)	(135,817)	(139,078)	(142,568)	(145,748)	(150, 159)	(153,512)	(157,341)
Borrowing Costs Other	(27,998)	(19,129)	(17,434)	(15,679)	(14,132)	(12,397)	(12,019)	(12,259)	(12,505)	(12,681)	(12,713)	(12,660)
	(100,039)	(060,101)	(104,200)	(+66,001)	(111,220)	(112,300)	(010,611)	(C++,CII)	(966,321)	(101,121)	(124,472)	(120,043)
Net Cash provided (or used in) Operating Activities	320,646	170,462	166,936	165,762	167,594	172,566	175,827	180,500	187,234	195,188	201,015	209,462
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	297,500	69,570	82,698	40,725	49,573	27,293	1,630	1,486	1,529	1,602	1,698	1,747
Sale of Infrastructure, Property, Plant & Equipment Deferred Debtors Receipts	7,569	17,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Payments:	1											
Purchase of Investment Securities	(431,804)	(20,532)	(21,308)	(38,408)	(42,398)	(982'09)	(48,217)	(46,619)	(48,808)	(23,963)	(46,941)	(49,467)
Purchase of Infrastructure, Property, Plant & Equipment	(190,599)	(202,948)	(199,832)	(155,615)	(165,201)	(140,727)	(140,899)	(144,785)	(146,333)	(147,805)	(149,267)	(148,499)
Net Cash provided (or used in) Investing Activities	(317,332)	(141,909)	(133,942)	(148,798)	(153,526)	(169,720)	(182,987)	(185,419)	(189,113)	(195,665)	(190,010)	(191,719)
Cash Flows from Financing Activities												
Receipts: Proceeds from Borrowings & Advances		'	,	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Payments:								·				
Repayment of Borrowings & Advances	(28,367)	(26,750)	(32,994)	(46,464)	(44,067)	(33,358)	(23,640)	(25,328)	(25, 736)	(28,765)	(30,284)	(29,787)
Net Cash Flow provided (used in) Financing Activities	(28,367)	(26,750)	(32,994)	(16,464)	(14,067)	(3,358)	6,360	4,672	4,264	1,235	(284)	213
Net Increase/(Decrease) in Cash & Cash Equivalents	(25,053)	1,803	•	200	•	(512)	(662)	(247)	2,386	758	10,720	17,957
plus: Cash, Cash Equivalents & Investments - beginning of year	27,650	2,597	4,400	4,400	4,900	4,900	4,388	3,589	3,342	5,728	6,486	17,206
Cash & Cash Equivalents - end of the year	2,597	4,400	4,400	4,900	4,900	4,388	3,589	3,342	5,728	6,486	17,206	35,163
Cash & Cash Equivalents - end of the year	2,597	4,400	4,400	4,900	4,900	4,388	3,589	3,342	5,728	6,486	17,206	35,163
Investments - end of the year	409,515	360,476	299,086	296,812	289,638	323,150	369,737	414,870	462, 150	514,511	559,754	607,474
Cash, Cash Equivalents & Investments - end of the year	412,112	364,876	303,486	301,712	294,538	327,538	373,326	418,212	467,877	520,997	576,960	642,637

B. Conservative

This scenario includes the following assumptions that vary when compared to the base case LTFP:

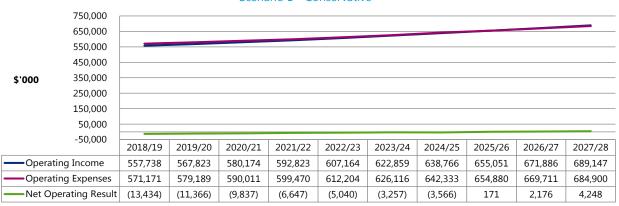
Waste levy costs are 10% higher as a result of State Government escalations

Water usage income is 5% lower as a result of entrenched water wise practise

Inflation rates are 1% higher than expected

Staff turnover rate is 3% lower than planned

Scenario B - Conservative



C. Optimistic

This scenario includes the following assumptions that vary when compared to the base case LTFP

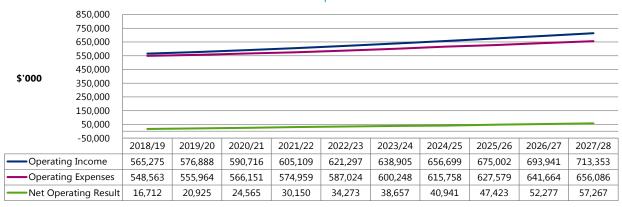
Waste levy costs are reduced as a result of implementation of alternative waste technology (estimated 20% diversion of landfill waste)

Water usage income is 5% higher as a result of additional consumption

Inflation rates are 1% lower than expected

Staff turnover rate is 3% higher than planned

Scenario C - Optimistic



APPENDIX 1: FINANCIAL PERFORMANCE RATIOS

Methods of Monitoring Financial Performance

A primary goal of the LTFP is to enable transparent measurement and accountability. We use the following indicators to achieve this goal:

Operating Performance Ratio

= Total continuing operating revenue (excluding capital grants and contributions) less operating expenses

Total continuing operating revenue (excluding capital grants and contributions)

This ratio measures Council's achievement of containing operating expenditure within operating revenue. This ratio focuses on operating performance and excludes capital income from grants and contributions.

Own Source Operating Revenue Ratio

Total continuing operating revenue less all grants and contributions

Total continuing operating revenue inclusive of capital grants and contributions

This ratio measures fiscal flexibility and the degree of reliance on external funding sources. A Council's fiscal flexibility improves the higher the level of its own source of revenue.

Unrestricted Current Ratio

= Current assets less all external restrictions

Current liabilities less specific purpose liabilities

The purpose of this ratio is to demonstrate whether there are sufficient funds available to meet short term obligations.

Cash Expense Cover Ratio.

= Cash and cash equivalents (including term deposits)

Cash flows from operating and financing activities

This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow.

Rates and Annual Charges Outstanding Percentage

= Rates, annual and extra charges and interest outstanding
Rates, annual and extra charges and interest collectible

The purpose of this measure is to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.

Infrastructure Backlog Ratio

	Estimated costs to bring assets to a satisfactory condition
= -	Total value of infrastructure, buildings, other structures and depreciable land improvement assets

This ratio shows what proportion the backlog is against the total value of Council's infrastructure.

Asset maintenance ratio

= Actual asset maintenance

Required asset maintenance

This ratio compares actual maintenance against required maintenance to determine whether Council is investing enough funds to stop the infrastructure backlog from growing.

Building and Infrastructure Renewals Ratio

= Asset renewals (building and infrastructure)

Depreciation, amortisation and impairment (building and infrastructure)

The purpose of this ratio is to assess the rate at which these assets are being renewed against the rate at which they are depreciating for building and infrastructure assets.

Debt Service Cover Ratio

= Operating result before capital (excluding interest and depreciation, amortisation, impairment)

Principal repayments and interest

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.





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SUMMARY

THE ASSET MANAGEMENT STRATEGY ENABLES COUNCIL TO:

- SHOW HOW ITS ASSET PORTFOLIO WILL MEET THE SERVICE DELIVERY NEEDS OF ITS COMMUNITY INTO THE FUTURE;
- ENABLE COUNCIL'S ASSET MANAGEMENT POLICY TO BE ACHIEVED; AND
- ENSURE THE INTEGRATION OF COUNCIL'S ASSET MANAGEMENT WITH ITS LONG-TERM FINANCIAL PLAN.

Central Coast Council's total asset portfolio as at 30 June 2017 is \$9.7 billion which includes works in progress. The Asset Management Strategy includes the infrastructure group across eight asset classes, a portfolio of over \$8 billion. This Asset Management Strategy has been developed in accordance with the Integrated Planning and Reporting Framework Guidelines and will assist Council in managing infrastructure services and maintenance.

This strategy includes specific requirements to outline the processes, resources, structures, roles and responsibilities necessary to establish and maintain the asset management (AM) system. The asset groups covered by this Asset Management Strategy (AMS) are:

- Transport,
- Buildings,
- Stormwater drainage,
- Parks and recreation,
- Water supply,
- · Sewerage network and
- Plant and fleet.

The AMS highlights issues which should be addressed for each of these asset classes over the next 5 years. The Strategy also highlights the necessary actions in order

for Central Coast Council to close the gap in current asset management practice, and move towards a 'best appropriate practice' position in the future.

Both the AMS and the Asset Management Plans (AMPs) have been prepared in accordance with the International Infrastructure Management Manual (IIMM). Development of asset management plans for Council's infrastructure assets is a mandatory requirement for NSW local governments. The key findings for each asset class are included in the AMPs section of this strategy and are covered in a concise but detailed manner.

Within this strategy, Council has an Asset Management Policy which will be adopted as part of this strategy, and reviewed every four years, however due to the shortened election term the Asset Management Strategy and Policy will be reviewed by 30 June 2021 in accordance with legislative responsibilities s. 406 of the Local Government Act 1993.

The Policy provides a framework for managing infrastructure assets to support the delivery needs of the community.

Asset Values

In preparing this AMS, it was confirmed that Central Coast Council has combined infrastructure assets with a current replacement cost of over \$8 billion. The eight asset classes included in this Strategy and their values are detailed in Table 1 below.

Table 1 Summary of combined infrastructure assets values

Asset Class	Gross Replacement Cost (CRC)	Written Down Value (WDV)	Annual Depreciation Expenses
Transport	\$2,023,103,506	\$1,427,635,530	\$33,610,508
Buildings	\$522,921,089	\$415,618,612	\$7,122,237
Stormwater	\$1,437,296,554	\$1,001,236,360	\$15,451,051
Parks, Recreation and Other	\$133,045,556	\$84,898,901	\$4,301,031
Water Supply	\$1,747,558,808	\$1,034,089,483	\$25,088,678
Sewerage Network	\$2,193,648,594	\$1,389,918,588	\$32,840,278
Waterways and Environment	\$49,969,463	\$31,751,645	\$1,296,000
Plant and Fleet	\$76,705,710	\$44,724,035	\$8,080,652
Combined	\$8,184,249,279	\$5,429,873,154	\$127,790,436

Asset Backlog

The 2016/17 Special Schedule 7 analysis demonstrated that Council has a combined asset backlog of almost \$141 million (2.6% backlog ratio) to bring assets to satisfactory standard - currently taken as Condition 3. The breakdown of backlog per asset class is shown in table below.

Table 2 Cost to satisfactory

Estimated cost to satisfactory	Backlog (\$)	Backlog Ratio % (Backlog / WDV)	Backlog Ratio % (Backlog / CRC)
Transport	\$83,974,000	5.9%	4.2%
Buildings	\$7,072,000	1.7%	1.4%
Stormwater	\$10,564,000	1.1%	0.7%
Parks, Recreation and Other	\$1,002,000	1.2%	0.8%
Water Supply	\$15,286,000	1.5%	0.9%
Sewerage Network	\$21,164,000	1.5%	1.0%
Waterways and Environment	\$1,702,000	5.4%	3.4%
Plant and Fleet *	N/A	N/A	N/A
Combined	\$140,764,000	2.6%	1.7%

^{*} Backlog only relates to infrastructure assets – not applicable for plant and fleet

The overall backlog ratio for Council is 2.6% which is slightly above the 2% benchmark set by the Office of Local Government. Strategies are in place to reduce the backlog, these strategies include increased renewal funding, alternative intervention methods such as using micro surfacing for roads.

Asset Condition

Based on the review of asset condition data, most of Council's assets are in 'excellent' or 'very good' condition. A condition review of stormwater assets, parks, recreation and other assets is suggested to confirm this data. Council's current asset condition are detailed in Table 3 below. The condition is represented as a percentage of replacement cost of Council's eight asset classes.

Whilst Plant and Fleet assets appear to be in poor condition this is not necessarily the case as the condition rating for plant assets is based on age rather than condition. Plant assets are generally managed differently to infrastructure assets because they have relatively short lives, and acquisition and disposal is generally carried out on a business case basis.

Table 3 Summary of combined asset condition

sset Class	Asset Condition (% of CRC)				
Asset Class	1	2	3	4	5
Transport	47.44%	21.61%	24.24%	4.07%	2.64%
Buildings	35.6%	26.7%	31.7%	5.1%	0.9%
Stormwater	15.3%	30.1%	53.4%	0.8%	0.4%
Parks, Recreation and Other	38.6%	38.4%	19.1%	3.7%	0.2%
Water Supply	32.9%	31.7%	31.0%	4.2%	0.2%
Sewerage Network	13.3%	57.9%	23.3%	5.4%	0.0%
Waterways and Environment	24.1%	33.5%	27.9%	12.4%	2.1%
Plant and Fleet	18.4%	23.6%	15.8%	11.5%	30.8%
Average	28.2%	35.7%	30.9%	4.0%	1.2%

Asset Expenditure

In undertaking this analysis, it should be noted that expenditure on Council's water supply, sewerage network and stormwater network is tightly controlled by the Independent Pricing and Regulatory Tribunal of New South Wales (IPART), who provide independent regulatory advise and decisions on fees and charges. This directly impacts on the funds able to be expended on these assets.

Expenditure on renewal and maintenance planned for the next ten years is sufficient to keep Council's assets to at standard to meet the level of service and reduce the infrastructure backlog.

Level of Service

Council has prepared the specific Levels of Service based on historic performance. The AMPs detail and specify Levels of Service for each individual asset class to address the lifecycle management of assets. The AMS establishes a basic framework to measure service level outcomes. These outcomes are accessibility, quality and condition, responsiveness, customer satisfaction, affordability and sustainability.

High Level Strategic Actions

Based on the observations and analysis of current asset management practices, a range of strategic actions have been developed that apply to all asset groups. These strategic actions are to ensure adequate provision is made for the long-term management of Council's infrastructure assets.

Table 4 High Level Strategic Actions

No	Strategy	Desired Outcome
1	Further develop and revise Asset Management Plan expenditure projections to incorporate the Long Term Financial Plan forecasting a ten year period	Sustainable funding model to provide Council services
2	Review and update asset management plan financial projections and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks	Council and the community are aware of changes to service levels and costs arising from budget decisions

3	Continue to report Council's financial position at Fair Value in accordance with Australian accounting standards, financial sustainability and performance against strategic objectives in annual reports, ensuring that asset remaining lives are assessed on an annual basis	Financial sustainability information is available for Council and the community
4	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs	Improved decision making and greater value for money
5	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report	Services delivery is matched to available resources and operational capabilities
6	Implement an improvement plan to initially realise 'core' maturity for the financial and asset management competencies, then progress to 'advanced' maturity	Improved financial and asset management capacity within Council

About Central Coast Council

The Central Coast Council is a local council area serving the Central Coast local government area of New South Wales, Australia, established on 12 May 2016 following the amalgamation of Gosford City and Wyong Shire Councils.

The Council comprises an area of 1,681 square kilometres and is bounded to the east by the Tasman Sea, to the south by Broken Bay and the Hawkesbury River, and to the west by the Yengo National Park northwards to Bucketty before heading eastward along George Downes Drive, encompassing the Olney State Forest and crossing the Pacific Motorway, meeting the southern edge of Lake Macquarie at Mannering Park and eventually reaching the coast north of Moonee. As at the 2016 census the council area had an estimated population of 327,736.

Links to Council Plans and Strategies

The Asset Management Strategy and Plans have been prepared in accordance with the vision and strategies outlined in the Community Strategic Plan 2018 - 2028.

Infrastructure assets will play both a direct and an indirect role in achieving the strategic objectives. The following table indicates how Council's assets play a role in the delivery of the key strategies linked to the Community Strategic Plan.

Community	Strategic Plan Theme and Focus Area	Community Strategic Plan Objectives	Asset Category
BELON	GING		
	Our community spirit is our strength	A4 Enhance community safety within neighbourhoods, public spaces and places	 Road Transport Stormwater Drainage Parks and Recreation Buildings Water Supply Sewerage Natural Environment and Waterways
***************************************	Creativity, connection and local identity	B2 Promote and provide more sporting, community and cultural events and festivals, day and night, throughout the year	 Roads Parks and Recreation Buildings Natural Environment and Waterways

Australian Bureau of Statistics
http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA11650?opendocument

Community Strategic Plan Theme and Focus Area	Community Strategic Plan Objectives	Asset Category
	B3 Foster creative and performing arts through theatres, galleries and creative spaces, by integrating art and performance into public life	Parks and RecreationBuildings
	B4 Activate spaces and places to complement activity around town centres, foreshores, lakes and green spaces for families, community and visitors	Parks and RecreationBuildingsNatural Environment and Waterways
SMART		
A growing and competitive region	C2 Revitalise Gosford City Centre, Gosford Waterfront and town centres as key destinations and attractors for businesses, local residents, visitors and tourists	 Road Transport Stormwater Drainage Parks and Recreation Buildings Water Supply Sewerage Natural Environment and Waterways
GREEN		
Environmental resources for the future	E1 Educate the community on the value and importance of natural areas and biodiversity, and encourage community involvement in caring for our natural environment	Natural Environment and Waterways
	E2 Improve water quality for beaches, lakes and waterways including minimising pollutants and preventing litter entering our waterways	 Stormwater Drainage Parks and Recreation Water Supply Sewerage Natural Environment and Waterways
	E3 Reduce littering, minimise waste to landfill and educate to strengthen positive environmental behaviours	 Road Transport Stormwater Drainage Parks and Recreation Natural Environment and Waterways
	E4 Incorporate renewable energy and energy efficiency in future design and planning, and ensure responsible use of water and other resources	 Road Transport Stormwater Drainage Parks and Recreation Buildings Water Supply Sewerage Natural Environment and Waterways

Community Strategic Plan Theme and Focus Area

Cherished and protected natural beauty

Community Strategic Plan Objectives

- **F1** Protect our rich environmental heritage by conserving beaches, waterways, bushland, wildlife corridors and inland areas, and the diversity of local native species
- **F2** Promote greening and ensure the wellbeing of communities through the protection of local bushland, urban trees, tree canopies and expansion of the Coastal Open Space System (COSS)
- **F4** Address climate change and its impacts through collaborative strategic planning and responsible land management and consider targets and actions

Asset Category

- Stormwater Drainage
- Parks and Recreation
- Water Supply
- Sewerage
- Natural Environment and Waterways
- Parks and Recreation
- Buildings
- Water Supply
- Sewerage
- Natural Environment and Waterways
- Plant and Fleet
- Road Transport
- Stormwater Drainage
- Parks and Recreation
- Buildings
- Water Supply
- Sewerage
- Natural Environment and Waterways

RESPONSIBLE



Good governance and great partnerships

G4 Serve the community by providing great customer experience, value for money and quality services

- Road Transport
- Stormwater Drainage
- Parks and Recreation
- Buildings
- Water Supply
- Sewerage
- Natural Environment and Waterways



Delivering essential infrastructure

- **H1** Solve road and drainage problem areas and partner with the State Government to improve road conditions across the region
- **H2** Improve pedestrian movement safety, speed and vehicle congestion around schools, town centres, neighbourhoods, and community facilities
- **H3** Create parking options and solutions that address the needs of residents, visitors and businesses

- Road Transport
- Stormwater Drainage
- Water Supply
- Sewerage
- Plant and Fleet
- Road Transport
- Parks and Recreation
- Buildings
- Natural Environment and Waterways
- Road Transport
- Parks and Recreation
- Buildings

Community Strategic Plan Theme and Focus Area	Community Strategic Plan Objectives	Asset Category
	H4 Plan for adequate and sustainable infrastructure to meet future demand for transport, energy, telecommunications and a secure supply of drinking water	 Road Transport Stormwater Drainage Parks and Recreation Buildings Water Supply Sewerage Natural Environment and Waterways Plant and Fleet
Balanced and sustainable development	I1 Preserve local character and protect our drinking water catchments, heritage and rural areas by concentrating development along transport corridors and around town centres east of the M1	 Road Transport Parks and Recreation Buildings Natural Environment and Waterways
	I2 Ensure all new developments are well planned with good access to public transport, green space and community facilities and support active transport	Road TransportParks and RecreationBuildings
LIVEABLE		
Reliable public transport and connections	J2 Address commuter parking, drop-off zones, access and movement around transport hubs to support and increase use of public transport	 Road Transport Parks and Recreation Buildings Natural Environment and Waterways
	J3 Improve bus and ferry frequency and ensure networks link with train services to minimise journey times	 Road Transport Parks and Recreation Natural Environment and Waterways
	J4 Design long-term, innovative and sustainable transport management options for population growth and expansion	 Road Transport Parks and Recreation Buildings Natural Environment and Waterways
Out and about in the fresh air	K1 Create a regional network of interconnected shared pathways and cycle ways to maximise access to key destinations and facilities	Road TransportParks and RecreationNatural Environment and Waterways

Community Strategic Plan Theme and Focus Area	Community Strategic Plan Objectives	Asset Category
	K2 Design and deliver pathways, walking trails and other pedestrian movement infrastructure to maximise access, inclusion and mobility to meet the needs of all community members	 Road Transport Parks and Recreation Natural Environment and Waterways
	K3 Provide signage, public facilities, amenities and playgrounds to encourage usage and enjoyment of public areas	Road TransportParks and RecreationNatural Environment and Waterways
	K4 Repair and maintain wharves, jetties, boat ramps and ocean baths to increase ease of access and enjoyment of natural waterways and foreshores	Natural Environment and Waterways
Healthy lifestyles for a growing community	L1 Promote healthy living and ensure sport, leisure, recreation and aquatic facilities and open spaces are well maintained and activated	Parks and RecreationNatural Environment and Waterways
	L2 Invest in health care solutions including infrastructure, services and preventative programs to keep people well for longer	Road TransportParks and RecreationBuildingsNatural Environment and Waterways
	L3 Cultivate a love of learning and knowledge by providing facilities to support lifelong learning	Parks and RecreationBuildingsNatural Environment and Waterways
	L4 Provide equitable, affordable, flexible and colocated community facilities based on community needs	Parks and RecreationBuildings

INTRODUCTION

Asset Planning – Background

Central Coast Council complies with the *Local Government Act 1993* and regulation, as they relate to the development of asset management plans and strategy. Development of asset management plans for Council's infrastructure assets is a mandatory requirement for NSW local councils. The key findings for each asset class are included in the asset management plans section of this strategy and are covered in concise but detailed manner.

The primary role of assets is to support the delivery of services to facilitate Council's long-term objectives. As Council's assets age there are increased maintenance, refurbishment and disposal costs which increase the cost of the services that they support.

The current Council planning framework aligns with the legislated planning framework in the Integrated Planning and Reporting Guidelines for Local Government in NSW (IP&R). This Strategy has been developed in line with the legislated framework and guidelines. Figure 1 shows the relationship between the various plans and resourcing strategies.

Integrated Planning and Reporting Framework (IP&R) Regional Plans **Plans** Community Strategic Plan Management **Resourcing Strategy** Framework Asset Management Workforce Plan Community **Delivery Program** Policy • Long-Term Financial Plan Engagement Asset Management Asset Management Strategy Operational Plan Asset Management **Annual Report And Review**

Figure 1 Integrated Planning and Reporting Framework link with Asset Management Framework

Within the Integrated Planning and Reporting Framework, the **Community Strategic Plan (CSP)** outlines the objectives of the community and strategies to achieve those objectives. The framework also includes the following elements:

- Resourcing Strategy details the resources that the Council has to deliver the CSP
- Delivery Program/Operational Plan how Council will use the resources that it has to meet the objectives in the CSP, specifically where Council has been identified as responsible or as a supporting partner in the identified strategies
- Annual Report reporting mechanism used by Council to report on those activities and actions that Council proposed in its Delivery Program and Operational Plan

This asset management strategy establishes a framework to enable prioritisation of asset groups through planning, construction, maintenance and operation of the infrastructure necessary to achieve the goals and objectives as set out in Central Coast Council Community Strategic Plan, Delivery Program and Operational Plan.

Scope of this Asset Management Strategy

This asset management strategy has been developed to provide the framework to ensure that Council's infrastructure assets are operated, maintained, renewed and upgraded and that the Levels of Service are achieved in the most cost effective and sustainable way. This strategy encompass all of the assets under Council's control and provides a long term focus for asset management planning as required by the IP&R. Details on each asset class, including the inventory financial and predicted expenditure and required expenditure, are included in the appendices.

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

The specific objectives of this strategy are to:

- Prioritise funding and resources between asset groups
- Demonstrate responsible and sustainable stewardship of the community assets
- Define how Council's assets are, and will be managed to achieve the Levels of Service
- · Assist the management of the environmental, financial and public risks related to the infrastructure assets
- Provide the basis for forward works programs
- Provide the basis for optimising whole of life costs
- Support long term financial planning across all asset classes.

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

- Current asset condition and performance
- Levels of service
- · Forecast demand for infrastructure and services
- Funding constraints.

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

This is a core asset management strategy with plans prepared using a 'top down' approach where analysis is applied at the 'system' or 'network' level. The focus is on current Levels of Service and current practices. It includes expenditure forecasts for asset maintenance, rehabilitation and replacement based on local knowledge of assets and options for meeting current Levels of Service.

Future revisions of the asset management plans and strategy will move towards a more 'advanced' level of asset management, using a 'bottom up' approach for gathering information for individual assets to support the optimisation of activities and programs to meet the Levels of Service. The focus of future plans developed in this manner will include risk and performance optimisation, risk based strategies, use of predictive methods and optimised decision-making techniques.

This strategy is based generally on the guidelines outlined in the International Infrastructure Management Manual 2015 incorporating the Sections defined in Table 5.

Table 5 Asset management strategy sections

No	Sections	Guidelines
1	Summary and Introduction	Provides a high-level summary of the combined asset management plans and highlights the main issues for consideration
		Outline of the purpose and scope of the strategy and how the strategy relates to other key policies and strategies
2	Asset Management Policy	Outlines the draft policy to be adopted by Council as part of the Integrated Planning and Reporting plans
3	Asset Management Practices	Provision of a comprehensive strategic asset management gap analysis process for asset management
4	Levels of Service	Outline of levels of service and asset performance standards and customer/community expectations and feedback regarding levels of service
5	Future Demand	Identification of demand trends, factors which may influence demand, forecast changes in demand, impacts and implications of future demand and effects on future planning
6	Risk Management Plan	Provision of an asset based risk management plan

Assets Covered by this Plan

The following asset groups are covered by this Asset Management Strategy and Plan.

- Roads and Transport
- Stormwater Drainage
- Parks and Recreation
- Buildings
- Water Supply
- Sewerage
- Natural Environment and Waterways
- Plant and Fleet

ASSET MANAGEMENT POLICY

Policy Statement

This asset management policy has been developed to ensure that the assets utilised by Council to ensure quality services to the Central Coast community are managed, maintained and renewed in a manner that is sustainable and meets Community expectations.

To meet the objectives of Councils Community Strategic Plan, Council should:

- Prepare an integrated Asset Management Strategy and Asset Management Plan(s) which supports the Community Strategic Plan, Delivery Plan and Resourcing Strategy
- Ensure that the Asset Management Strategy and Plan(s) cover a minimum timeframe of ten years
- Ensure that the Asset Management Strategy includes an overarching Council endorsed Asset Management Policy
- Engage with community to establish agreed levels of service for delivery of infrastructure assets
- Ensure that the Asset Management Strategy identifies assets that are critical to the Council's operations and outline risk management strategies for these assets as per Enterprise Risk Management Framework
- Ensure that the Asset Management Strategy includes specific actions required to improve the Council's asset management capability and projected resource requirements and timeframes

The principals of asset management have been built around 'strong customer focus' where communities have a say in the future decision making. These principles are:

- Have good understanding of our infrastructure assets, their criticality and consequences associated with poor management of assets
- Identify key issues with asset management practices and continuously work towards improvement
- Consult and engage with community on key issues affecting the delivery of services and infrastructure assets
- Provide value for money solutions for community through effective planning around budget and operations
- Clearly define infrastructure asset service levels and communicate outcomes with community

- Take life cycle approach in managing infrastructure assets
- Manage risks associated with infrastructure assets
- Strive for sustainable environmental performance

The policy objectives are:

- Provide infrastructure and services that
 - Meet the needs of the community including vulnerable members of community
 - o Support quality of life and amenity
 - Adapt to emerging needs in sustainable transport
 - o Contribute to sustainable lifestyle
- Implement transparency and trust in management of infrastructure assets by:
 - Engaging with community to establish satisfactory and agreed level of services
 - Consulting with community on all 'new' initiatives or projects
 - Increasing community involvement in initiatives which contribute to sustainable lifecycle
 - Providing access to community to prioritised schedule of infrastructure works
- Implement a life-cycle approach to the management of infrastructure assets where:
 - Asset planning decisions are based on an evaluation of alternatives that consider the "whole of life" of an asset through acquisition, operation, maintenance, renewal and disposal
 - The asset management cycle considers the current and future environmental, economic, cultural and social outcomes
- Continuously address key issues related asset to assets by:
 - Creating an asset management improvement plan
 - Developing and continuously updating asset management plans
- Provide a sustainable funding model that aligns with the Central Coast Council's long term plans and community needs by:
 - Funded model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs and identifies how the funds will be sourced

- Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:
 - Implementation of sound data governance and data quality management
 - Access to systems and information wherever possible
- · Ensure compliance with legislative requirements by
 - Having clear policies, processes and information to ensure that organisational objectives and legislative requirements are met
- Allocate asset management responsibilities where
 - The roles and responsibilities of Council,
 General Manager and Unit Managers are clearly identified

Purpose

The purpose of this Asset Management Policy is to set out principles which guide how asset management will be implemented to achieve the asset management objectives set by Central Coast Council.

The aim of the policy is to ensure that the Council has information, knowledge and understanding about the long-term consequences of being the custodian of public infrastructure.

The policy will also demonstrate Council's commitment to the responsible management of its assets and set guidelines for implementing consistent asset management processes throughout Central Coast Council.

Scope

This policy applies to all infrastructure assets owned or controlled by Central Coast Council related to the service provision to the community including:

- Transport Assets (roads, bridges, footpaths, K&G, etc.),
- Drainage Assets
- Water Supply Assets
- Sewerage Assets
- Parks and Recreation Assets
- Buildings Assets
- Environment and Waterways Assets
- · Plant and Fleet Assets

General

The implementation of this policy will rely upon the efforts of three key groups. The responsibilities of these groups are:

- Elected Council:
 - Provide stewardship

- Consider the impact on Council's asset base of planning, financial and service level decisions
- Adopt the Asset Management Policy and Strategy
- General Manager (CEO), Executive and Corporate Management Team:
 - Ensure that sound business principles are reflected in the Asset Management Strategy and Plans that are developed and implemented
 - Ensure community is involvement and engaged on all key Council matters affecting service delivery
 - Ensure service levels are communicated and agreed for all main asset groups
 - Support the implementation of the Asset Management Strategy and associated Asset Management Improvement Plan
 - o Approve the Asset Management Plans
 - Ensure the integration and compliance with the Asset Management Policy and Strategy with other policies and business processes of the organisation
 - Facilitate 'best appropriate practice in asset management'
- Asset Management Team: Including the Senior Manager Property and Asset Management, Director Assets Infrastructure and Business, and the Asset Management Steering Committee.
 - Review Asset Management Policy and Strategy
 - o Take responsibility for the implementation of the Asset Management Improvement Plan
 - Identify and develop appropriate policies and procedures to ensure effective Asset
 Management across the organisation
- Unit Managers and Coordinators:
 - Develop and maintain Asset Management Plans
 - Facilitate community consultation to establish agreed service levels
 - Develop and maintain asset maintenance and renewal plans
 - Provide professional advice and comments to other departments of Council in relation to asset management
 - Develop and maintain an Asset Management Information System to facilitate efficient and effective asset management

Adoption of policy

It is proposed that this policy be adopted as part of Council's Community Strategic plan and overarching Resourcing Strategy process.



ASSET MANAGEMENT PRACTICES

Current Operating Status

Central Coast Council was proclaimed on 12 May 2016 with the "merger" of the former Gosford City and Wyong Shire Councils. As part of the "merger" process significant effort has been undertaken to merge information, processes and data sources from the former councils. As would be expected this is a lengthy and ongoing process, and staff are working to ensure accuracy and currency of data.

As such, Council has been utilising the existing systems and hybrids of those systems to manage assets since the "merger". The asset management practices are evolving and improving with recent decisions regarding asset systems being addressed.

Work will continue to ensure that there is one Central Coast Council asset management system and processes that will ensure that best value in asset management is achieved.

Asset Management System

Central Coast Council uses Oracle Fusion Financials as the corporate software solution for the Financial Management System (FMS). Accounting and financial reporting on information provided by FMS will be provided through a corporate reporting tool.

The Finance department has overall responsibility and accountability for maintaining data in the FMS. The Assets, Infrastructure and Business directorate (AIB) has responsibility and accountability to ensure that Asset Management (AM) data required for the FMS is accurate and that budgets are incorporated into the Delivery Program and Operational Plan.

Central Coast Council has adopted Infor IPS as the main corporate software solution for the AMS and all AM registers. However, Central Coast Council is still reviewing previous AM software solutions from former Wyong Shire Council (MatMan, SPM Assets, SharePoint and Microsoft Excel) and former Gosford City Council (Hansen and Microsoft Excel) in order to streamline processes and reconcile datasets. Future revisions of this AMP will inform a single corporate approach to AMS at Central Coast Council.

Data Collection and Validation

The data used for this AMP was obtained from Council's FMS as this was the one source of data given the number of asset management registers held by AIB. Asset information in the FMS (CRC, WDV and asset condition) is provided by AIB asset managers and project managers.

As part of the Asset Management Improvement Plan asset conditions will be continually monitored with particular focus on the poor condition assets.

In the roads asset the aim is to optimise Council's road renewal expenditure and develop services levels based on overall Pavement condition. This index looks at a range of factors impacting on the road condition and assists in optimising Council's renewal expenditure and achieving best value while minimising overall lifecycle cost of the assets.

Council will continue to collect and monitor asset condition on an ongoing basis. There are likely to be some differences in the data accuracies in the current system as a result of the recent local government reforms (Fit for the Future), however these are not expected to be material in nature. Council will continue to monitor and improve its asset data collection practices but ongoing validation of condition data and reviews of the asset registers.

Monitoring and Review Procedures

The Executive Management Team will consider a summary report on progress made against the Asset Management Improvement Plan on a regular basis. A detailed report on progress against the plan will be prepared on an annual basis at the end of each financial year and presented to Council.

Confidence in Data

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

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

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

Asset Class	Confidence Grade
Roads and Transport	Reliable
Stormwater Drainage	Reliable
Parks and Recreation	Uncertain
Buildings	Reliable
Water Supply	Reliable
Sewerage	Reliable
Natural Environment and Waterways	Uncertain
Plant and Fleet	Reliable

Funding Strategy

The fundamental approach that Council has taken is to align the financial strategy to the asset management policy and have budgets based on lifecycle requirement of assets.

Council will plan capital upgrade and new projects to meet the Level of Service objectives by:

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner.
- Undertake project scoping for all capital upgrade and new projects to identify.
 - The service delivery 'deficiency', present risk and required timeline for delivery of the upgrade and 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.
 - Evaluate the options against evaluation criteria adopted by Council.
 - Select the best option to be included in capital upgrade and new programs.
- Review current and required skills base and implement training and development to meet required construction and project management needs.
- Review management of capital project management activities to ensure Council is obtaining best value for resources used.

Standards and specifications for new assets and for upgrade and expansion of existing assets are the same as those for asset renewals.

LEVELS OF SERVICE

Defining Levels of Service

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

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

- · How reliable the asset is?
- The right quality of the assets
- · Having the right quantity of assets
- The safety/risk/security of the assets.

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

Performance Measures

The level of service statement is supported by performance measure(s), also referred to as performance indicators that express how the organisation is performing in relation to that level of service. The performance measure includes targets that are devised from customer and technical measures. Customer measure focus is how the customer receives the service, technical measures support the customer measures ensuring all aspect of organisational performance are monitored, even those that may not be understood by customers.

In the individual asset management plans, the level of services is prepared so that they are clearly and directly linked with the performance measures. For some performance measures in this plan, Council will have full control over the outcome (for example 'respond to service requests within seven days').

It is important to recognise that some performance measures will be influenced by external factors (for example, the number of fatalities can be influenced by road management, but driver behaviours, police enforcement and number of other factors also strongly contribute to the overall outcome).

Service Level Outcomes

The Levels of Service in the individual asset management plans have been developed with a customer focus and are grouped into core customer value areas that are referred to as 'Service Level Outcomes'. These service level outcomes (sometimes referred to as service criteria) encompass:

- · Accessibility and/or availability
- Affordability
- · Health and safety
- Quality and condition
- Reliability and responsiveness
- Customer satisfaction
- Sustainability

Accessibility

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

Quality and Condition

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

Condition is a measure of an asset's physical condition relative to its condition when first constructed. When rating asset condition.

Council uses a scale of 0 - 5, where 0 = new and 5 = totally failed. A copy of a typical condition rating matrix is detailed in table 6 below.

Table 6 Condition rating matrix

Condition Rating	Condition	Description	Guide	Residual life as a % of total life	Mean percentage residual life
1	Excellent	An asset in excellent overall condition however is not new and providing its intended level of service.	Normal maintenance required	>86	95
2	Good	An asset in good overall condition with some possible early stages of slight deterioration evident, minor in nature and causing no serviceability issues. No indicators of any future obsolescence and providing a good level of service.	Normal maintenance plus minor repairs required (to 5% or less of the asset)	65 to 85	80
3	Satisfactory	An asset in fair overall condition with some deterioration evident, which may be slight or minor in nature and causing some serviceability issues. Providing an adequate level of service with no signs of immediate or short-term obsolescence.	Significant maintenance and/or repairs required (to 10 - 20% of the asset)	41 to 64	55
4	Poor	An asset in poor overall condition, moderate to high deterioration evident. Substantial maintenance required to keep the asset serviceable. Will need to be renewed, upgraded or disposed of in near future. Is reflected via inclusion in the ten year Capital Works Plan.	Significant renewal required (to 20 - 40% of the asset)	10 to 40	35
5	Very Poor	An asset in extremely poor condition or obsolete. The asset no longer provides an adequate level of service and/or immediate remedial action required to keep the asset in service in the near future	Over 50% of the asset requires renewal	<10	5

Responsiveness

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

Affordability

Council will maintain its infrastructure assets in a cost effective affordable manner in accordance with responsible economic and financial management.

In order for Council's assets to assist in meeting the strategic goals and in attaining optimum asset expenditure, Council will need to continually review its current operational strategies and adopt new and proven techniques to ensure that assets are maintained in their current condition.

Customer Satisfaction

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

Sustainability

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

Health and Safety

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

- Services do not cause a hazard to people
- Water is safe to drink
- Sewage is managed without risk to public health

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

Financial Based Service Levels

The premise of asset management (AM) is that asset requirements and AM strategies should be driven by defined and acceptable service levels and performance standards. This section defines the various factors that are considered relevant in determining the Levels of Service for Council's assets that have been used to provide the basis for the life cycle management strategies and works programme identified within this AM strategy.

Levels of Service is a generic term used to describe the quality of services provided by an asset. Some specific financial based service levels are described below.

Asset Backlog Ratio

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

Asset Consumption Ratio

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

Asset Sustainability Ratio

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

Asset Renewal and Renewals Funding Ratio

Is there sufficient future funding for renewal and replacement of assets? This ratio indicates whether Council is allocating sufficient funds in its long term financial plan to adequately fund asset renewals.

Asset Maintenance Ratio

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

FUTURE DEMAND

Demand Forecast

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

- Population growth and reduction
- Changes in the demography of the community
- Lifestyle changes
- Residential occupancy levels
- · Commercial and industrial demand
- Technological changes which impact the asset
- The economic situation
- Government policy
- Environmental.

The Central Coast Regional Plan 2036 will help guide the NSW government's land use planning use planning priorities and decisions over the next 20 years. The Regional Plan provides an overarching framework that will guide the preparation of detailed land use plans.

Demand Drivers	Present Position	Projection	Impact on Services
Residential development	Estimated population in 2016 of 335,309	Estimated population of 415,000 by 2036 an increase of 79,691 people	
	Currently 157,650 dwelling	This will result in an additional 41,500 dwellings by 2036	Will lead to increased demand for services and increased usage of Community facilities
Commercial development	Currently 115,443 jobs	It is estimated that by 2036 there will be an additional 24,674 jobs created	Community (acinales

Changes in Technology

Technology changes may affect the delivery of infrastructure services as a result of improvements to construction materials, methods, maintenance and operations. These may potentially increase the life of some assets and reduce susceptibility to damage.

Demand Management Strategies

Demand management strategies will be developed for each asset class to effectively manage the growth of the Central Coast. The plans will also need to manage the changing expectations of the community as the demographic profile of the area changes and develops.

Demand Management Plan

The following general implications and impacts predicted on the Council assets, based upon changes and trends, are shown in Table 7.

Table 7 Future demand impact on major facilities

Demand Factor	Impact on Services
Population	Population growth will place an increased demand on assets, especially libraries and community centres
Demographics	The trend towards multicultural society, an increasing and older population will place an increased demand on some assets, especially aged care facilities, community centres and recreation assets
Social/Economic	Not directly applicable
Transportation Changes	Smart, multi-modal transport solutions will be required to keep up with the growth and provide cheap, efficient and sustainable means of transport
Increasing Costs	Requirement to continue to maximise service delivery within the funding limitations
Environment and Climate	Some assets may be impacted by change such as more severe weather events
Lifestyle	Will impact on the type and size of facilities provided into the future
Technology	May require improved environmental management of facilities

RISK MANAGEMENT

Risk Management is defined in AS/NZS 4360:2004 as: "the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects".

A high level risk assessment process to identify risks and to outline a plan to address the risks relating to assets was undertaken. The risk assessment process was carried out generally in accordance with Australian Standard for Risk Management AS/NZS 4360:2004.

Likelihood	Consequences				
Likelinood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain	Medium	High	Extreme	Extreme	Extreme
Likely	Medium	Medium	High	Extreme	Extreme
Possible	Low	Medium	High	Extreme	Extreme
Unlikely	Low	Low	Medium	High	Extreme
Rare	Low	Low	Medium	High	High

The risk assessment process identified and evaluated community and service risks that may impact on the community and delivery of services and developed a risk treatment plan.

Enterprise Risk Management Framework

Council's Enterprise Risk Management (ERM) Framework covers wide range of projects, programs and activities. The plan feeds into the Delivery Program and Operational Plan and is also to be used in management of assets or infrastructure related risk.

Council's risk management process closely follows guidelines that set out in AS/NZ 31000:2009.

Council operates a wide range of diverse projects, programs and activities and has a large number of diverse stakeholders with varying needs and expectations. Therefore, the scope of Council's organisation-wide risk management must encapsulate all activities. Specifically, the context of risk management will include:

Governance	Sound processes for decision-making i.e. the processes by which decisions are implemented or not implemented
Compliance	Meeting the expectations and requirements of those stakeholders who regulate the organisation
WH&S	Achieve fewer and less severe injuries, better trained and informed employers and workers, improved morale among workers
Financial	Includes strategic and business planning, financing and accounting
Operational	Includes programs, activities and processes to deliver internal and external services
Environmental	Given exposure or series of exposures that may damage human health or the physical environment

Critical Assets

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

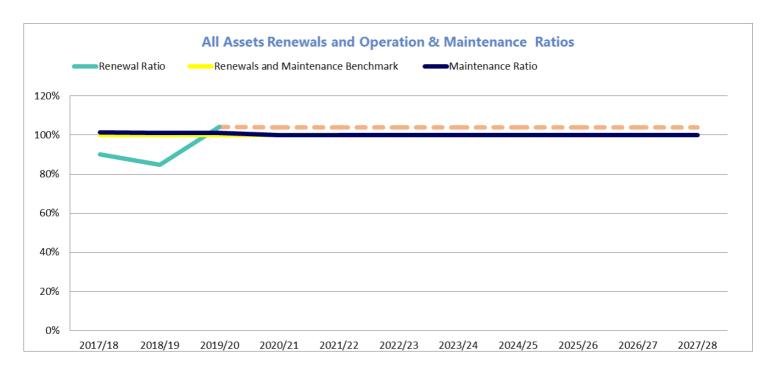
ISO 55001 Cl 6.2.1.2b requires organisations to "review the importance of assets related to their intended outcomes, objectives and product or service requirements." ISO 55002 Cl 6.2.2.1 suggests that "a risk ranking process can determine which assets have a significant potential to impact on the achievement of AM objectives".

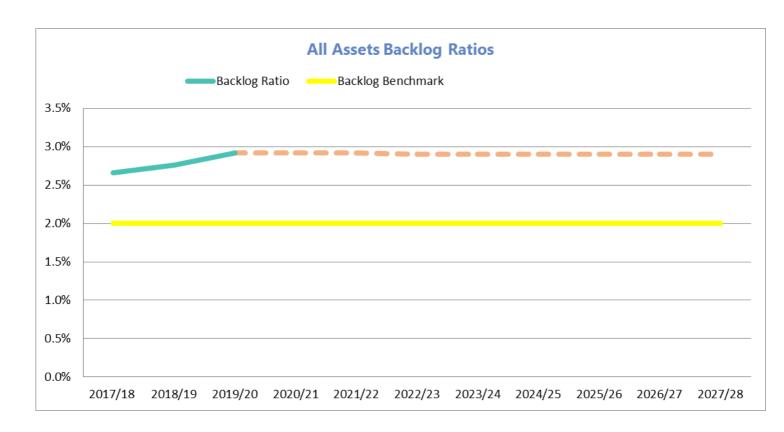
Central Coast Council has used a basic approach in identifying critical assets for each major asset class. The approach uses the 'Critical Asset Risk Matrix' developed by Morrison Low Consultants that rates Council-owned assets from high to low in importance, significance and consequences. The assets identified as high have currently been ranked as critical. Having taken into account the critical risk matrices and based on the operational expertise and experience of Council officers, the following assets have been considered the most critical assets for the organisation as a whole.

Risk mitigation strategies should be developed for all critical assets.

Asset Class	Organisational Critical Asset
Buildings	 Gosford Administration Building Wyong Administration Building Erina Works Depot Woy Woy Works Depot Charmhaven woks Depot Long Jetty Works Depot Kariong Fire Control Centre Charmhaven Fire Control Centre Wyong SES
Water Supply	 Water treatment plants Dam Water pump stations
Sewer network	Sewer treatment plantsSewer pump stations

Financial Ratios





IPART Note: Forward funding past 2019/20 is dependent on a regulated process that Council is legislated to undertake through the Independent Pricing and Regulatory Tribunal (IPART). Cost of renewal and maintenance of water, sewer and drainage cannot be confirmed until this exercise is completed. Council commenced public consultation for this process in April 2018

Acknowledgement

This strategy was prepared for Central Coast Council by Morrison & Low Consultants Pty Ltd in March 2018.

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Approval	
T. McCarthy, Morrison Low	Final version incorporating Council changes
Mike Dowling, Director Assets, Infrastructure and Business, Central Coast Council	Updates





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INTRODUCTION

COUNCIL'S WORKFORCE MANAGEMENT
STRATEGY AIMS TO LEAD AND SUPPORT OUR
ORGANISATION IN BUILDING CAPABILITY
THROUGH OUR PEOPLE. THIS WILL ENSURE
THE ACHIEVEMENT OF OUR OBJECTIVES AND
THAT WE PROVIDE VALUABLE SERVICES
WHICH STRENGTHEN AND SUPPORT THE
CENTRAL COAST COMMUNITY.

The Workforce Management Strategy (WMS) is a four year plan which complies with s. 403 of the *Local Government Act 1993* and has been developed in alignment with the:

- Community Strategic Plan, One- Central Coast; and
- Council's Delivery Program and Operational Plan.

It informs (and is informed by) the Integrated Planning and Reporting (IP&R) process and integrates with other long term resourcing strategies as:

- The cost of managing our human resources, (including salaries and superannuation), influencing the Long Term Financial Plan.
- The skills required to deliver the Asset Management Strategy.

The successful achievement of our Community Strategic Plan, and Delivery Program and Operational Plan, is dependent on our Workforce Management Strategy.

The Workforce Management Strategy provides a comprehensive and holistic framework to support our people, integrating with the Resourcing Strategy, and translating the organisation's strategic direction into action. Throughout the WMS, consideration is given to key areas which may impact Council's other strategies and overall service delivery.

To further ensure we are able to meet the objectives of the Workforce Management Strategy it is important that mutually beneficial partnerships are built and maintained with internal and external stakeholders, including but not limited to:

- Community members
- Community groups

- Legislative bodies
- Training and education providers
- Business community
- Schools
- · Recruitment agencies
- Unions
- Employees across the organisation.

Community Strategic Plan

One- Central Coast is the community strategic plan for the Central Coast local government area and it is important that the Workforce Management Strategy (WFMS) align with the desired outcomes of the CSP.

The WFMS supports the five key themes (as below) through the provision of appropriate skilled, flexible and affordable workforce that addresses the human resource requirements of Council's Delivery Program through a robust workforce resourcing strategy.

BELONGING	
SMART	
GREEN	
RESPONSIBLE	
LIVEABLE	



WORKFORCE MANAGEMENT STRATEGY FRAMEWORK



The core values of **Be Positive**, **Be Your Best**, **Serve**, **Improve** and **Collaborate** at the centre of the Central Coast Council Workforce Management Strategy are reflected in every decision we make relating to our employees and our community.

The focus areas within the Workforce Management Strategy aim to ensure we have the right staff in the right areas and have the skills to meet future challenges to strengthen and support the Central Coast community. This will be achieved through the development of strategies and tools within each of the nine focus areas, and continual measurement and review.



GOVERNANCE is focused on ensuring that the organisation has processes and systems that ensure consistent management, cohesive policies, and guidance for each area of the organisation

Links to Community Strategic Plan

BELONGING





SMART





RESPONSIBLE





Measuring Success

Community Objectives	Strategic Plan	Action	Performance Measure
BELONG	ING		
ŮŮ	A4 Enhance community safety within neighbourhoods, public spaces and places	Implement strategies to support Council's Equity, Diversity and Respect policy, with a focus on further promoting, communicating and educating staff on Equal Employment Opportunity and diversity	Equal Employment Opportunity and diversity strategies are implemented to support Equity, Diversity and Respect across Central Coast Council
SMART			
	D3 Invest in broadening local education and learning pathways linking industry with Universities, TAFE and other training providers	Meet the requirements of the Australian Children's Education and Care Quality Authority (ACECQA) National Quality Framework within Council's Care and Education Centres	Appropriate and adequate training and education opportunities will be provided to all new and suitable existing employees to meet ACECQA educator qualification requirements
RESPO	ISIBLE		
G4 Serve the community by providing great customer experience, value for money and quality services	Ensure the Code of Conduct is effectively communicated to new and existing employees and that all employees receive adequate training regarding the Code of Conduct	Code of Conduct Training is provided to all employees	
		Provide policies that are regularly updated and align with legislation and the Local Government (State) Award and the development of a positive culture	Policies are updated at least every five years and / or to align with legislative requirements
	Meet all wage, salary and remuneration requirements as outlined in the Fair Work Act and Local Government Award	All changes to wages, salaries and remuneration are implemented in line with legislative and Award requirements	
	Implement on-line approaches that will improve access to compliance training and simplify records management	On-line approaches to compliance training are implemented	
	Provide grievance processes that ensure a fair and equitable resolution of all issues, aiming to provide a workplace which prides itself on consistently addressing issues at a local level and reducing the number of formal grievances lodged	Compliance with the Local Government (State) Award 2017	
	G2 Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.	Implement robust content into the corporate induction to promote the Central Coast Council value of "Collaborate" with the behaviour 'build relationships based on mutual trust	Workforce who openly collaborate and effectively communicate with transparency both internally and externally measured during the performance appraisal process



ORGANISATIONAL STRUCTURE plays an important role in ensuring successful delivery of business strategy. An effective workplace structure enables good communication, reduces silos, ensures products are delivered efficiently and enables leaders to meet their business objectives. It is essential to review the organisation's strategy to ensure the structure meets the business needs.

Links to Community Strategic Plan







RESPONSIBLE





Measuring Success

Community Objectives	Strategic Plan	Action	Performance Measure
SMART			
D3 Invest in broadening local education and learning pathways linking industry with Universities, TAFE and other training providers	local education and learning pathways linking industry with Universities, TAFE and	Use each resignation from Central Coast Council as an opportunity to review the ongoing and future business needs, review and redesign roles in line with this need and recruit candidates with the skills, attitudes and behaviours required	All recruitment activity is approved on the basis that the position clearly outlines alignment with business strategy
	Ensure that each newly elected Council reviews the structure within 12 months of their appointment in accordance with the Local Government Act, providing an avenue for the Councillors to ensure the organisation is suitably equipped to meet the community's expectations for their four year term of office	Employee establishment is maintained at identified target for each financial year	
		Effectively deliver the Community Strategic Plan (CSP) and 4 year Delivery Plan within the budgeted employee structure	Headcount in line with budget enabling delivery of CSP
		Targets and projections of headcount in 2019-20 and 2020-21 to align with the budgeting process and CSP priorities to enable delivery	
RESPO	NSIBLE		
	G4 Serve the community by providing great customer experience, value for money and quality services	Consistently monitor and review the structures of departments, units, sections and teams to ensure that key objectives can be met	Central Coast Council's structure is reviewed at a minimum of every four years in alignment with the Local Government Act



WORK HEALTH AND SAFETY practices and dynamic safety leadership assists the organisation to nurture an environment that is safe, minimises risk and ensures employees and others feel safe, secure and mentally well in order to carry out their duties effectively. Appropriate safe systems of work also ensure that the organisation is able to meet its WHS statutory and regulatory obligations.

Links to Community Strategic Plan

BELONGING





RESPONSIBLE





Measuring Success

Note: The below table will reflect achievements on an annual basis against key performance indicators however specific health and safety objectives and measurable targets are detailed in the Work Health Safety Management Plan.

Community Objectives	Strategic Plan	Action	Performance Measure	
BELON	GING			
	A3 Work together to solve a range of social and health issues that may impact community wellbeing and vulnerable people.	Promote a positive and engaged attitude towards health and safety in the workplace	Include Work Health and Safety into the organisation's core values.	
		Promote accountability for health and safety in the workplace	Inclusion of Unit work health safety key performance indicators in monthly Executive reporting	
		Provide an Employee Assistance Program (EAP) that is confidential and available to all employees for any concerns such as; family issues, alcohol or drug issues, emotional needs, work related issues, health or financial concerns	Awareness campaigns that support staff wellbeing in line with national awareness weeks and organisationally identified target areas, including EAP programs are implemented	
RESPO	RESPONSIBLE			
G4 Serve the community by providing great customer experience, value for money and quality services	community by providing great customer experience, value for	Focus on reducing the number and severity of work related injuries	Maintain effective reporting and include identified strategies to reduce injuries within the Work Health Safety Management Plan	
	services	Drive continuous improvement	Maintain an effective Work Health Safety Audit Program to identify and implement corrective actions	
		Action our commitment to provide and maintain a safe and healthy work environment for everyone in the workplace through commitment to policy, systems, leadership, accountability, consultation, participation and worker engagement	A Work Health Safety Policy Statement signed by the CEO will be developed in consultation with worker representatives and communicated to all employees and other interested parties	
	Consult with employees regarding WHS and encourage employees to raise matters for discussion	Provide continued partnering and support for the WHS Committee and peer appointed Health and Safety Representatives.		
		Ensure that leaders understand and meet their WHS obligations	Training for WHS obligations under the WHS ACT to be provided to Senior Management	
		Ensure that the WHS Management System is appropriate, and effective.	Commence the development of a performance based WHS Management System for Central Coast Council to meet legislative and other requirements	
		Proactively manage injured employees through effective case management and return to work programs	Align return to work activities with SafeWork NSW's, SIRA's and icare's 'Recovery at Work' principals.	

Community Strategic Plan Objectives	Action	Performance Measure
	Implement strategies to support the health and safety of the workplace including reducing time lost to injury, and responding to identified opportunities for improvement	Review workplace injuries and capture strategies in the Work Health Safety Management Plan
	Implement proactive wellbeing programs for the benefit of employees	Align Council wellbeing programs with national and state initiatives.





ORGANISATIONAL DEVELOPMENT is focused on building capability and is one of the primary means of creating more adaptive and competitive organisations that can meet the changing internal and external drivers that affect overall business performance.

SMART GREEN RESPONSIBLE LIVEABLE D3 D4 E1 G4

Community Objectives	Strategic Plan	Action	Performance Measure
SMART			
	D3 Invest in broadening local education and learning pathways linking industry with Universities, TAFE and other training providers	Provide accredited and transferable learning solutions to employees to support career enhancement and advancement	Commonwealth and State Government funding solutions are sought and implemented to assist in the provision of accredited learning solutions for employees
	D4 Support businesses and local leaders to mentor young people in skill development through traineeships, apprenticeships and volunteering	Implement strategies to support the attraction and retention of youth to assist in effective succession planning	A project is implemented to design and develop a youth employment strategy for Central Coast Council.
GREEN			
2 \$ 3	E1 Educate the community on the value and importance of natural areas and biodiversity and encourage community involvement in caring for our natural environment	Promote economic, social and environmental sustainability as a key attribute in the culture of Council's workforce; Review and embed new behaviours to as part of our corporate values	A Central Coast Council vision; values and culture that supports and advocates economic, social and environmental sustainability supported by the behaviours that sit behind our values to better inform the culture.
RESPO	NSIBLE		
	G4 Serve the community by providing great customer experience, value for money and quality services	Implement programs to enhance leadership capability and assist in effective succession management	Active employee participation and successful completion of Leadership Development Programs to support succession planning for developing leaders
		Implement succession planning strategies at all levels to ensure business continuity and that meet the simple principle of "having the right people in the right jobs at the right time within budget"	A formal succession planning process for senior managers and direct reports is completed on an annual basis
		Provide performance management review systems and processes that meet the requirements of the organisation	Performance reviews are implemented for all staff on an annual basis
		Implement strategies to assist in understanding the needs of Council's ageing workforce and implement strategies to address organisation needs	Project is implemented to design and develop an ageing workforce strategy for Central Coast Council staff

		Implement formal mentoring to employees to support them in their current roles and better prepare them for future opportunities	A formal mentoring program is implemented for Central Coast Council.
		Implement strategies that assist in developing a positive workplace culture and resilient workforce.	Tools are implemented to ensure a consistent understanding of the required culture to meet the strategic direction of the organisation
LIVEAB	LE		
少	L3 Cultivate a love of learning and knowledge by providing facilities to support lifelong learning	Implement employee learning solutions to address both compliance and professional development needs	A training needs analysis (TNA) is conducted annually and a calendar of professional development and compliance training requirements is designed and implemented to meet identified needs
		Implement projects and programs that strategically align to the changing needs of the workforce	Study Assistance is provided to employees (via selection process) undertaking accredited training within budget and skills obtained are applied in the workplace
		Implement on-line learning strategies to address learning needs in a cost effective and contemporary approach	On-line learning strategies are implemented to meet organisational development needs





EQUITY AND DIVERSITY management practices promote an inclusive working environment which allow organisations to better understand and respond to the needs of employees and the community, ensuring people are valued, motivated and treated fairly.

BELONGING SMART RESPONSIBLE A2 A3 B1 C3

Community Objectives	Strategic Plan	Action	Performance Measure
BELON	GING		
ŮŮ,	A2 Celebrate and continue to create opportunities for inclusion where all people feel welcome and participate in community life	Design and implement the Equal Employment Opportunity Management Plan as required under Section 345 of the Local Government Act 1993	Design and develop a Central Coast Council Equal Employment Opportunity Management Plan.
		Ensure policies and procedures are designed to conform with Equal Employment Opportunity principles and Anti- discrimination legislation	All policies and procedures conform to Equal Employment Opportunity principles and legislative requirements and Central Coast Council's Equity, Diversity and Respect policy is embedded across the organisation
		Develop and implement programs which promote diversity in the workplace	Provide further education on diversity such as cultural awareness training
ŮŮ,	A3 Work together to solve a range of social and health issues that may impact community wellbeing and vulnerable people.	Ensure Central Coast Council's recruitment activities conform with Equal Employment Opportunity principles to allow equal access to positions vacant to people with disabilities?	All actions within the Central Coast Council Equal Employment Opportunity Management Plan and Disability Action Plan are implemented, evaluated and reviewed against performance indicators
		Aim to eliminate discrimination, harassment and bullying in the workplace	Grievances relating to discrimination, harassment and workplace bullying are minimised
		Provide grievance processes that ensure a fair and equitable resolution of all complaints of discrimination, harassment and workplace bullying, with the aim to effectively remedy problems and minimise adverse impacts on those involved	Achieve the status of becoming a White Ribbon Accredited organisation.
ŮŮ.	A2 Celebrate and continue to create opportunities for inclusion where all people feel welcome and participate in community life	Implement programs that will promote equal employment opportunity for women, youth, members of racial minority groups, Aboriginal and Torres Strait Islanders and persons with disabilities	Training is provided to all employees in line with Central Coast Council's Equity, Diversity and Respect policy
	B1 Support reconciliation through the celebration of Aboriginal and Torres Strait Islander cultures		

Community Objectives	Strategic Plan	Action	Performance Measure
SMART			
	C3 Facilitate economic development to increase local employment opportunities and provide a range of jobs for all residents	Offer equitable training and development opportunities to employees	Learning opportunities are promoted across the organisation including professional development, computer skills and leadership opportunities
RESPO	NSIBLE		
	G4 Serve the community by providing great customer experience, value for money and quality services	Implement workforce demographic data collection and reporting practices to assist in better understanding and responding to the needs of the workforce	Workforce data regarding identified diversity groups (including non-English speaking, youth, Aboriginal and disability groups) is collected and reported to the Executive on an annual basis
		Ensure all employees and managers understand Equal Employment Opportunity principles and their rights and responsibilities in relation to Equal Employment Opportunity	Training is provided to all employees in line with Equal Employment Opportunity management plan





WORKFORCE RELATIONS AND FLEXIBILITY is identified as a key priority in modern work places with the opportunity to create one consistent platform and unified arrangements to harmonise organisations.

Links to Community Strategic Plan

RESPONSIBLE





Community Strategic Plan Objectives		Action	Performance Measure		
RESPO	RESPONSIBLE				
	G4 Serve the community by providing great customer experience, value for money and quality services	Prioritise education to set thinking around interest based partnerships in relation to workplace flexibility	Education campaign rolled out, followed up by focus groups to collate data around workplace flexibility		
		Pursue an Enterprise Agreement as a method of galvanising the organisation	Design, development and consultation around the production of an Enterprise Agreement		
		Increasing flexibility and harmonising working conditions by providing flexible work practices which aim to support employees achieve a work / life balance whilst meeting operational requirements of the organisation	Utilisation of flexibility arrangements around caring requirements to increase female participation at work and fathers at home		
		Have Workplace Leave and Flexibility Policy endorsed and embedded across the organisation	Flexible work practices for employees are implemented in line with Central Coast Council's Workplace Leave and Flexibility Policy and awareness training rolled out		



WORKFORCE DATA MEASUREMENT AND ANALYSIS enables an organisation to define the link between people practices, behaviour and performance more effectively to assist with strategic direction and improve productivity.

Links to Community Strategic Plan

RESPONSIBLE





Community Strategic Plan Objectives		Action	Performance Measure
RESPO	NSIBLE		
	G4 Serve the community by providing great customer experience, value for money and quality services	Implement and maintain systems to ensure the capture of accurate employee data	Employee data is accurately captured into the Human Capital Management System
		Implement system enhancements to improve efficiency of data analysis	Enhancements are implemented to improve business reporting requirements
		Undertake analysis of workforce data to identify trends and focus areas	Trends and focus areas are identified and reported to management on a monthly basis
		Provide comprehensive reports to Management to assist with people decision making	Employee establishment analysis and reporting is provided to management on a monthly basis
		Participate in external benchmarking surveys to better understand how Central Coast Council is positioned in the labour market and against our competitors	Relevant HR external benchmarking surveys are completed and results used to understand how Central Coast Council is positioned against other local government organisations.
		Proactively undertake research regarding remuneration and benefits to ensure Central Coast Council remains competitive in the labour market	External market data is used to influence remuneration strategies
		Utilise data to make organisational changes that contribute to improved productivity and organisational performance	Managers / supervisors are actively addressing identified focus areas with the support of their Business Partner teams
		Implement strategies to track and report on return on investment of employee training	Tracking of the integrated plans to ensure the strategies are delivering the business needs to community. As well as a system is implemented to track and report on return on investment of employee training
		Undertake predictive analysis to ensure proactive steps are taken to address emerging trends	Measuring and monitoring of people and culture strategies and interventions to track progress and report on impacts



ATTRACTION AND RETENTION strategies are crucial in ensuring organisations are well placed to compete for and retain high quality, high performing people who demonstrate high levels of engagement and commitment that assist an organisation to perform at its best.

Links to Community Strategic Plan



















Community Objectives	Strategic Plan	Action	Performance Measure
SMART			
	c3 Facilitate economic development to increase local employment opportunities and provide a range of jobs for all residents	Promote career opportunities through multiple media sources to ensure Central Coast Council targets key candidate markets and attract high quality, high performing candidates	An Employee Value Proposition is developed which promotes Central Coast Council as an employer of preference
		Promote a positive image of Central Coast Council to potential candidates by ensuring effective recruitment processes are in place	Recruitment key performance indicators (KPIs) are achieved
ı		Ensure pools of potential candidates are maintained so they can be informed when suitable vacancies arise	Managers / supervisors are trained in effective recruitment and selection processes
	D3 Invest in broadening local education and learning pathways linking industry with Universities, TAFE and other training providers	Develop and maintain mutually beneficial relationships with external stakeholders that assist in building a positive image of Central Coast Council	Mutually beneficial relationships with external stakeholders are developed and maintained
	D4 Support businesses and local leaders to mentor young people in skill development through traineeships, apprenticeships and volunteering	Pursue collaborative relationships with relevant industrial organisations to support a harmonious and productive work environment at Central Coast Council	Implement programs that provide added benefit for employees to encourage engagement and retention
ı		Actively promote career opportunities through participation at career expos	A minimum of one career expo is attended each year
		Provide work experience for students to highlight potential career opportunities at Council to enhance our capacity to grow our own talent.	Work experience opportunities are provided to school students and those undertaking study in fields aligned to Central Coast Council career paths
		Implement projects and programs that assist in building talent pools to attract and retain a diverse workforce.	Central Coast Council offers a trainee program including apprentices, graduates and other students to build talent pools in skill shortage areas

Community Strategic Plan Objectives		Action	Performance Measure
RESPON	ISIBLE		
	G4 Serve the community by providing great customer experience, value for money and quality services	Conduct employee engagement surveys to understand the organisational climate and address opportunities for improvement	Employee engagement surveys are conducted and actions implemented to respond to feedback received
		Ensure employees receive appropriate recognition for high levels of performance	Programs that provide added benefit to employees and a recognition and reward program is implemented
		Conduct exit interviews to gain insight into how the organisation can improve employee retention	Exit interviews are conducted to understand employee perspectives and identify issues which may contribute to improved business processes, and actions are implemented to address opportunities
		Ensure salary bands are competitive with the marketplace	Annual salary market place review
		Continue to build people management and leadership skills across the organisation	Employee response rates for engagement surveys are analysed against previous years to assess opportunities for improvement





TECHNOLOGY benefits an organisation through the provision of increased employee engagement and productivity, cost savings and allowing more time to focus on People and Culture strategy.

Links to Community Strategic Plan

RESPONSIBLE





LIVEABLE





Community Strategic Plan Objectives		Action	Performance Measure
RESPO	NSIBLE		
	G4 Serve the community by providing great customer experience, value for money and quality services	Utilise various modes of electronic communication to provide HR information to employees and the community	Accurate People and Culture related information is provided to the community via Council's internet website
		Make the most appropriate use of contemporary communication methods	Social networking sites are used to promote People and Culture programs and initiatives
		Comply with the Web Content Accessibility Guidelines (WCAG) in order to encourage and enable people living with disabilities to more fully interact with the organisation	All online People and Culture media content complies with WCAG
		Utilise e-recruit facilities to engage with the community and provide information on career opportunities	E-recruit is accurate, up-to-date and well utilised
		Implement robust systems that eliminate duplication of effort in the management of HR data	A management information system is implemented which provides readily accessible People and Culture data to management
		Reduce dependence on paper based forms and introduce a self-service model	A system supporting case management and self-service is implemented across Central Coast Council to provide efficient and accessible services to our workforce
			Information is communicated to employees through emails, SMS and the intranet
		Increase process automation to improve customer service and business processes to enable easy access and reporting on people	A single Human Capital Management and payroll system is implemented across Central Coast Council
		metrics and information	Programs and strategies are implemented to support and drive mobility and digital literacy across Central Coast Council
LIVEAB	LE		
([※]) む <u></u>	L3 Cultivate a love of learning and knowledge by providing facilities to support lifelong learning	Implement online learning strategies to assist in increasing employee engagement and cost savings	Online learning is utilised for employee induction and other programs where opportunities arise

CURRENT OPERATING STATUS

Internal Environment

The Central Coast Council's employee environment is largely reflective of the community external market where "the communities across the Gosford and Wyong area share common characteristics and connections.

To ensure we continue to deliver quality and sustainable services for the community, in response with the Community Strategic Plan (CSP), there is a vested interest in supporting our local residents. Approximately 90% of Central Coast Council employees reside in the local government area.

Data at the time of amalgamation indicated our staff establishment budgets for circa 2400 positions. These roles are fulfilled by permanent, part time, temporary and casual employees that cover a number of roles and a vast array of skills and disciplines across a number of occupational classifications including:

- Clerical / Administration
- Professional roles
- Labourers
- Technicians and trades workers
- Machinery operators and drivers
- Community and personal service workers

Workforce Diversity

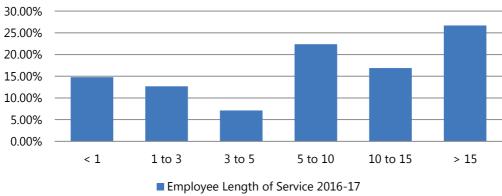
We recognise that it is beneficial to have a workforce reflective of the community we serve. The 2016 Census data for the Central Coast reflects a population that is shifting to become a more multicultural Local Government Area (LGA). This includes a population where 15% were born overseas, an increase from 14.6% in 2011¹. Council will focus on implementing strategies that improve workforce diversity and inclusion not just to reflect multiculturalism, but to also actively comply with Council's Equal Employment Management Plan to engage those who identify as having a disability, are Aboriginal or Torres Strait Islander and those in the youth category.

Workforce Age and Gender

The approximate working population of 2400 people (including full time, part time employees and casual employees) is represented by:

- 58% males
- 42% females
- The permanent full-time workforce is dominated by male employees at approximately 72%
- The permanent part-time workforce is female dominant at approximately 90%
- 2.8% (5) of employees are less than 20 years of age
- 43.6 % of employees have tenure greater than 10 years which includes 26.7% with 15 years + service





¹ https://profile.id.com.au/central-coast-nsw/highlights-2016

Permanent Workforce by Occupation and Age

- The average age of our total workforce is 45 years.
 The National median age in the labour force is 39.4 years (ABS 2016)²
- 39.7% of the total workforce are aged 50 and over with 10.7% specifically being aged 60 years and over.
- Historical data suggests that well over 40% of permanent labourers are aged over 50 years of age; this represents an opportunity to recruit entry level employees following natural attrition of staff at an operational level. This also presents a challenge to manage the workplace health and safety and wellbeing of our workforce. Council is proactively managing this through a number of employee wellbeing initiatives in partnership with current strategies.
- Approximately only 2% of permanent employees are aged 25 years or less, with the substantial youth contingent being represented primarily as casual employees.

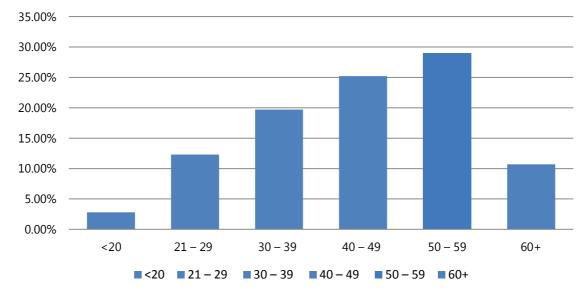
Employee Tenure and Turnover

Turnover analysis indicates that the average retirement age among employees is increasing which is echoed nationally with ABS³ reporting indicating that people are choosing to stay in the workforce longer. Also identified was an increasing trend nationally where older workers are electing to transition into part-time work as part of a phased retirement plan.

The data in the below graph demonstrates there are two significant areas of opportunity in relation to the age demography of our workforce:

- develop strategies to increase permanent employment opportunities for youth (<25 years).
- ensure strategies are implemented to:
 - prevent work injuries to mature workers, particularly in operational areas
 - support the transfer of knowledge and skills from the mature workforce to our emergent workforce.
- 34.6% have less than five years of service
- 43.6% have greater than ten years of service
- The turnover for 2017 financial year was approximately 8.8%
- During the period of amalgamation from May 2016
 April 2018, 320 permanent employees ceased employment. This comprised of 271 permanent full-time and 49 permanent part-time employees

Employee by Age 2016-17



² http://www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0/

 $^{^{\}rm 3}$ ABS Retirement and Retirement Intentions July 2013 to June 2013 Report

Skills Acquisition

It is important to recognise that in order to deliver the highest levels of service to the community and be competitive, securing top talent (high performing staff with high potential) is essential.

More recently, Council has found and continues to find it difficult to recruit a number of skilled positions including:

- Property management orientated roles
- Planners
- Positions requiring leadership attributes and commercial acumen
- Supervisors with trade skills
- Specialist IT roles.

External environment

Ageing Population

At a national level, the number of Australians aged 65 and over is expected to increase from 3.2 million at 30 June 2012 to between 5.7 million and 5.8 million in 2031, and to between 9.0 million and 11.1 million in 2061⁴.

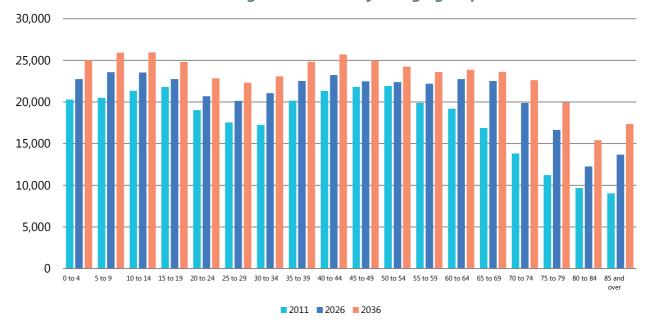
Of the changes projected to occur in Australia's population, ageing is generally considered to be the most dramatic, with significant changes to the age structure of the population, particularly over the next fifty years. Ageing of the population is a trend which has been evident over recent decades as a result of fertility remaining below replacement level and declining mortality rates⁵. Without migration Australia's ageing population will continue to increase and the overall population would eventually begin to fall.

While these overall demographic considerations will drive national outcomes, there are differences between regions. For example, some regional areas like the Central Coast attract retirees and will experience a more rapid ageing population⁶.

Specifically, 2016 census data shows that the Central Coast had a lower proportion of pre-schoolers and a higher proportion of persons at post retirement age than Greater Sydney,⁷ and the retirement age (those between 60-84) is expected to increase to 49% by 20368. This also impacts the age of the working population on the Central Coast. Overall, 55.9% of the Central Coast workforce was aged under 45 years, compared to 59.9% for Australia. 44.1% were aged 45 years and over, compared to 40.1% for Australia.9

Given this, it is critical that employers understand the characteristics and needs of older Australians 10 and the value they bring to the workplace; Central Coast Council is not exempt from this.

Forecast age structure - 5 year age groups



http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/3222.0main+feature s52012%20(base)%20to%202101

<sup>5
&</sup>lt;a href="http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/3222.0main+feature">http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/3222.0main+feature s52012%20(base)%20to%202101

⁶http://demographics.treasury.gov.au/content/_download/australias_de mographic_challenges/html/adc-04.asp

⁷ http://profile.id.com.au/central-coast-nsw/service-age-groups

⁸ http://forecast.id.com.au/central-coast-nsw/population-age-structure-

http://economy.id.com.au/central-coast-nsw/workers-agestructure?IGBMID=50

http://www.abs.gov.au/ausstats/abs@.nsf/mf/4430.0

Education and Unemployment

One of the challenges faced by residents on the Central Coast is significantly higher unemployment (6.9%) than the national average (5.6%)¹¹.

This is attributed to a number of key indicators.

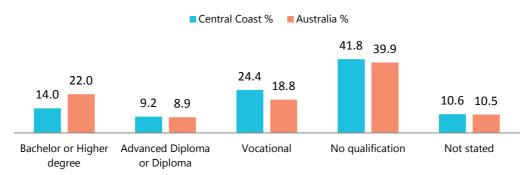
The labour force participation rate (derived from those aged 15+) in the Central Coast LGA is 56%, which is significantly lower than NSW (59.2%) and Australia $(60.3\%)^{12}$

The proportion of residents with lower levels of education and qualifications compared with the national average can also be attributed to unemployment. In the Central Coast Council LGA, 60% of people aged over 15 years have not completed Year 12 schooling (or equivalent) which is significantly higher than the national average of 48.1% as of 2016¹³.

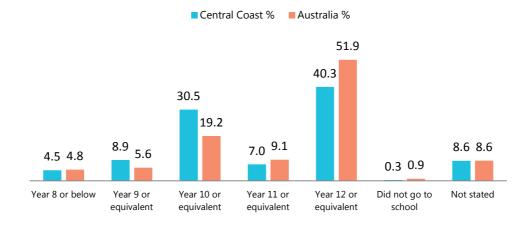
In addition, the Central Coast has lower levels of post school qualification attainment with only 14% holding a Bachelor or higher degree compared to 22% nationally as of 2016.¹⁴

Other indicators include jobless families with children at 26% (National 20%), sole parent jobless families at 55% (National 48%), and lower median household income per week at \$723 (National \$1,025) 15.

Highest Qualification Achieved 2016



Highest level of schooling completed, 2016



 $^{^{11}~\}underline{\text{http://profile.id.com.au/central-coast-nsw/employment-status}}$

¹² http://profile.id.com.au/central-coast-nsw/employment-

 $^{^{13}\ \}underline{\text{http://profile.id.com.au/central-coast-nsw/schooling?BMID=50}}$

¹⁴ http://profile.id.com.au/central-coast-nsw/qualifications?BMID=50

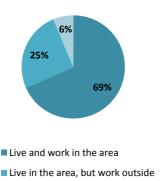
¹⁵ DEEWR, Overview of the Central Coast-Hunter Priority Employment Area (PEA), August 2011

Local workforce

Journey to work data shows that of the total employed residents on the Central Coast (139,504), 95, 389 (68.4%) live and work in the LGA. 16

Research also shows that of the 139,544 working residents, 35,287 (25.3%) travel outside of the area to work. 17

Employment Location of Resident Workers 2016



The Central Coast LGA has an estimated 116,730 local jobs and this number is projected to increase by 24,674 jobs to 141,404 by 2036¹⁸

No fixed place of work

The Central Coast Regional Plan (CCRP) focus is to increase the number of local jobs and to reduce the necessity for workers to commute out of the region ¹⁹. This highlights the economic opportunities to leverage business investment and jobs from major public infrastructure investments, such as the Gosford Hospital and Wyong Hospital redevelopments, improved road and rail access to the proposed Warnervale Town Centre and upgrades to the Pacific and Central Coast highways.

The CCRP also highlights that the population growth has potential to grow jobs in education and training, construction and service industries. Strategic education assets will also drive innovation, provide local education and career paths for young people and support lifelong learning for the ageing population. These assets include the Ourimbah University Campus, which is a partnership of The University of Newcastle and Hunter

¹⁶ http://profile.id.com.au/central-coast-nsw/residents?BMACOIID=50

Institute of Institute of TAFE and the Gosford and Wyong campuses of Hunter TAFE²⁰.

Diversity of Local Population

The Central Coast is home to one of Australia's largest nations of First Peoples, the Darkinjung, and the fastest growing Indigenous community in Australia²¹.

The Aboriginal and Torres Strait Islander population on the Central Coast is 3.8% as at 2016 census²², an increase of 0.9% from 2011. The LGA also has a greater proportion of Aboriginal and Torres Strait Islander population than the Greater Sydney region (1.5%) and Australia (2.8%).²³

Overall, 41.9% of the Aboriginal and Torres Strait Islander population in the Central Coast Council area was aged between 0 and 17, and 5.2% were aged 65 years and over, compared with 40.8% and 5.4% respectively for the Aboriginal and Torres Strait Islander population in New South Wales - ATSI.24

The tenth Closing the Gap report²⁵ released in 2018 provides a report card on how we as a nation, are meeting our responsibilities in improving outcomes for our First Australians. This report allows us to reflect, recommit and renew our collective efforts and focus on improving outcomes for Aboriginal and Torres Strait Islander people²⁶. To recognises changes have been implemented successfully, however progress overall nationally is too slow.

The Closing the Gap targets address the areas of health, education, employment and community safety, provide an important snapshot of where progress is being made and where further efforts are needed. We know we will not make the necessary gains across any of these areas unless we have active involvement from Indigenous communities in every stage of program development and delivery in order to build genuine, collaborative and sustainable partnerships with Aboriginal and Torres Strait Islander people, and build capacity within Indigenous communities²⁷;

The Council of Australian Governments (COAG) has recently agreed to work together and with Indigenous

¹⁷ http://profile.id.com.au/central-coast-nsw/residents?BMACOIID=50

http://www.planning.nsw.gov.au/Plans-for-your-area/Regional- $\underline{Plans/Central-Coast/Central-Coast-regional-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Central-plan/A-prosperous-Centr$ Coast-with-more-jobs-close-to-home

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²⁰ http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Central-Coast/Central-Coast-regional-plan/A-prosperous-Central-Coast-with-more-jobs-close-to-home 21

http://empoweredcommunities.org.au/f.ashx/EC-Baseline-Report-

²³http://profile.id.com.au/australia/population?BMID=250&submissionG uid=c5a2f2c5-1a7c-48a0-8d27-e8ee6a97b13d

http://profile.id.com.au/central-coast-nsw/indigenous-age-structure https://closingthegap.pmc.gov.au/sites/default/files/ctg-report-2018.pdf?a=1

²⁶https://closingthegap.pmc.gov.au/sites/default/files/ctg-report-2018.pdf?a=1

https://closingthegap.pmc.gov.au/sites/default/files/ctg-report-2018.pdf?a=1

Australians, to refresh the Closing the Gap agenda.²⁸ This intent and the Community Strategic Plan theme "Belonging" provides an opportunity for Council to review and continually improve its engagement with the Indigenous community on the Central Coast and consider diversity strategies around this cohort.

The Central Coast LGA has a significantly large proportion of Australian born residents (78.8%) compared with Greater Sydney (57.1%) and NSW (65.5%)²⁹, however, trends over the last four years shows an increase in the proportion of residents from a non-English speaking background who speak a language other than English at home.

This group shows an increase from 5.2% (2011) to 6.2% in 2016, however, is well below Greater Sydney with 29.3% (2016) or NSW of 21%³⁰. However, the Central Coast LGA has a significantly large proportion of Australian citizens (89.1%) compared to the national average (82.4%)³¹

21,083 people or 6.4% of the population in the Central Coast Council area in 2016, reported needing help in their day-to-day lives due to disability. 32 Compared with 5.1% for Australia, this data identifies people who report a need for assistance due to a 'profound or severe core activity limitation'. 33 Trends show a significant increase across all age groups, with the exception of the 80-84 year age group.

Economic Overview

The CCRP (2012–2017) ³⁴ identifies a number of key strengths which provide a strategic advantage for the development of the area. This highlights that Council and other regional organisations' ability to attract funding and implement projects 'on the ground' to stimulate economic activity.

Other key strengths of the area include:

- The proximity to Sydney and Newcastle
- Trade skilled workforce
- Natural environment and resources
- Growing population
- Attractive places to live
- Well established sectors in tourism, education, retail, warehousing/logistics/transport, health/ medical/aged care services, and building/ construction

The existing commercial, retail and industrial sites

The rollout of the National Broadband Network.

The CCRP also makes reference to several indicators which require consideration including:

- The large number of small-medium sized businesses and very few large employers
- The narrow jobs base that is highly reliant on population-related services (mainly health, retail, construction)
- The under-representation in knowledge and business services
- The lack of internal connectedness due to public transport access issues and the location of jobs and population centres which creates difficulties in the provision of transport infrastructure³⁵.

 $^{^{28}\}underline{https://closingthegap.pmc.gov.au/sites/default/files/ctg-report-properties and all the properties of the proper$ 2018.pdf?a=1

http://profile.id.com.au/central-coast-nsw/birthplace?BMID=40

³⁰ http://profile.id.com.au/central-coast-nsw/birthplace?BMID=40

³¹ http://profile.id.com.au/central-coast-nsw/population?WebID=10

http://profile.id.com.au/central-coast-

nsw/assistance?BMID=50&WebID=10

http://profile.id.com.au/central-coast-

nsw/assistance?BMID=50&WebID=10

http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Central-Coast/Central-Coast-regional-plan/A-prosperous-Central-Coast-with-more-jobs-close-to-home

³⁵ Regional Development Australia Central Coast NSW, Regional Plan

Operating Considerations

There are a number of emerging factors that we need to consider and effectively plan for; they have major implications for the management of our workforce. The evolving nature of these factors highlights the need to have a skilled, flexible, resilient and adaptable workforce. Key emerging factors are outlined below.

Superannuation

The Superannuation Guarantee (SG) rate is 9.5% for the 2017/2018 year (from 1 July 2017 to 30 June 2018). The SG rate remains unchanged at 9.5%, increasing to 10% from July 2021 with an annual 0.5% increase and capped to 12% from July 2025. ³⁶ The increase will impact our overall workforce costs contained within the Long Term Financial Plan.

Retirement Age

In Australia, the qualifying age for Age Pension increased to 65 and a half years from 1 July 2017 and will then continue to rise by six months every two years, reaching 67 by 1 July 2023, ³⁷.

This increasing retirement age will encourage employees to remain in the workplace longer than they may have previously intended to do and therefore, further contribute to our ageing workforce demographic.

The UN estimates that by 2050, one in three people living in the developed world will be over 60. In Australia, one in four people is older than 55 and over the next decade this will increase to approximately one in three.³⁸

Key considerations will need to be given to how Council will manage the ageing workforce and provide solutions and support in the areas of Work Health and Safety, continued employee development, phased retirement and the inter-relationship between the diverse generational cohorts.

Work Health and Safety Roadmap for NSW 2022

In August 2016 SafeWork NSW launched the Work Health and Safety Roadmap for NSW 2022³⁹ with a focus on ensuring workers are safe and supported. The

³⁶ https://www.superguide.com.au/boost-yoursuperannuation/superannuation-guarantee-10-facts-about-your-sgentitlements

³⁷ Australian Government, Department of Human Services http://www.humanservices.gov.au/customer/services/centrelink/agepension

https://pursuit.unimelb.edu.au/articles/the-challenge-andopportunity-of-an-ageing-workforce

http://www.safework.nsw.gov.au/roadmap

roadmap will drive state wide activities for improvement in work health and safety in NSW with a vision of "healthy, safe and productive working lives" and sets targets for success. In addition SafeWork NSW will soon release the Government Work Health & Safety Sector Plan. Council will need to ensure that the organisations systems, plans and strategies align with the intent of both the roadmap and plan to benefit its workforce.

Analysis

From the research completed to date, there are a number of internal and external challenges that will impact our workforce over the next four years and beyond:

- Potential impact of increased parental and carers leave arrangements brought about by changing legislation
- Managing the health, safety and welfare of all staff, but in particular the needs of Council's ageing workforce undertaking physical roles
- Managing the integration and knowledge transfer of the diverse generational groups, including the technological expectations of generation Y, and generation Z who have never known a pre-internet world.
- Potential financial impact of recruitment activity to replace retiring employees and the younger generation who tend to move from one employer to another more frequently
- Determining and establishing workplace flexibility to meet the demands and higher expectations of the community in an improved productive environment
- Providing services which cater for the ageing population on the Central Coast
- Attracting and retaining skilled and motivated employees in the younger demographic through effective recruitment as well as succession planning and development
- Building capability and flexibility of the workforce to meet required levels of services
- Enhancing the leadership capability across the organisation to deliver the strategic objectives
- Increasing change management capability due to the evolving nature of Local Government and community expectations.

Our People & Culture Unit is continuing to implement holistic strategies targeted at nine focus areas to address the identified workforce planning challenges and ensure our operational needs are satisfied.

These nine focus areas form the Workforce Management Strategy Framework (WFMS) and will be implemented in a manner which upholds our workforce values – Be Your Best, Be Positive, Serve, Improve, Collaborate.

