

2025–35 Resourcing Strategy

Managing our people, assets and finance to deliver on our commitments

PENRITH CITY COUNCIL

DRAFT APRIL 2025



Acknowledgement of Country

We acknowledge and pay respect to the Darug and Gundungarra people who are the traditional owners in which Penrith Local Government Area is situated. We also pay our respect to elders past, present and emerging, and to the First Nations people living in our community today.

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Introduction

Our city is at the heart of one of Australia's fastest-growing regions, presenting both opportunities and challenges for our community. Penrith City Council (PCC) is committed to maintaining and improving the Penrith lifestyle our community values and enjoys now and into the future, guiding everyone through this journey by ensuring that growth and resource sustainability are well-managed and communicated.

Council's 2025-35 Resourcing Strategy assists in understanding the resources needed to meet the community's aspirations for the City. Recognising that there are limited resources and that some aspirations cannot be met immediately, the strategies and plans that sit under the umbrella of the Resourcing Strategy outlines how to address needs over the next 10 years, identifying services costs and funding methods.

Over recent years Council has been actively working on initiatives and processes to support our current and future financial and organisational capability. All Councils in NSW are subject to a rate peg that is set by the State Government. This peg is historically lower than the Consumer Price Index and cumulatively over several years will result in a council being unable to maintain existing service levels. This is in the context of increasing pressure on local government to deliver services to meet the demands of a growing population and growing community expectations. Cost management has become significantly harder with rising prices and increased expenses for materials and services.

In this context, the Resourcing Strategy is key as it demonstrates an integrated approach to Council's resource planning which highlights the interdependencies of our asset, people and finance management. It demonstrates how we'll ensure we have the capacity to deliver on the principal activities and actions identified in the 2025-29 Delivery Program and the next four years of Operational Plans. Through these, we will communicate our progress towards meeting the community's vision and aspirations outlined in the Community Strategic Plan. The Resourcing Strategy consists of three key resource areas being:

- Financial planning
- Asset Management planning
- Workforce planning

In the previous iteration of the Resourcing Strategy we included, although not mandated, digital planning to recognise the key role that digital transformation plays in delivering our services in the future. We are in the process of developing a new plan for our critical digital assets and this will be included in the Resourcing Strategy in the near future.

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Integrated Planning and Reporting Framework

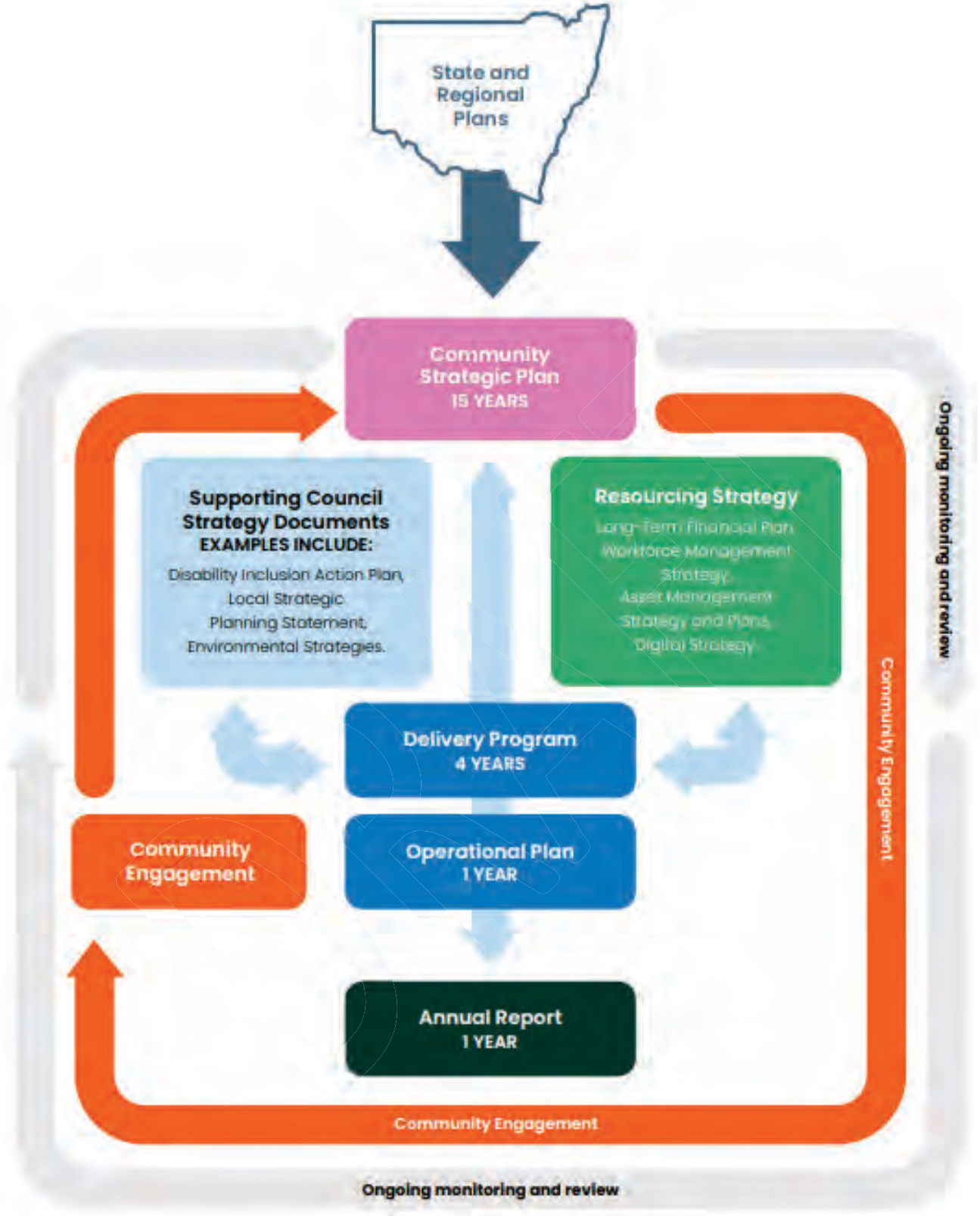
The Resourcing Strategy is an integral part of the Integrated Planning and Reporting (IP&R) Framework, which all New South Wales councils must follow under the Local Government Act. This framework provides guidance on how councils should prepare their plans, resource their actions and track progress to deliver on the community's vision and expectations.

The framework requires councils to prepare the following documents:

	Timeframe
Community Strategic Plan (CSP) that articulates the community's vision and aspirations, outlines the strategic directions and contains a means for measuring progress. *Penrith's Community Strategic Plan has a 16-year outlook in line with the local government election cycles. It is refreshed every four years following the election and a more substantial review is undertaken every 8 to 12 years.*	10+ years
Community Engagement Strategy that sets out Council's commitment to engage with stakeholders to plan for the future of the city and ensure their involvement in key decisions that impact them. *Our Community Engagement Strategy was adopted in December 2024.*	4 – 10 years
Resourcing Strategy (RS) that demonstrates how council will use and build resources to deliver the Community Strategic Plan and the Delivery Program. *For the Resourcing Strategy (this document), council is mandated to develop a 10-year Long-Term Financial Plan, Asset Management Policy, Strategy and Plans and a four-year Workforce Management Strategy..*	
Delivery Program (DP) that describes the elected council's commitment to deliver against the Community Strategic Plan in their term. *The Delivery Program has a four-year term, as required by the legislation and is reviewed after the Council election with a new document adopted by 30 June of the following year.*	4 years
Operational Plan (OP) that identifies the projects and activities to be delivered in that financial year. It includes the council's annual budget. *At Penrith we combine our Delivery Program and Operational Plan into one document, refreshed and adopted in June each year. This ensures the actions, works programs and budgets for each year can be understood in the context of the ongoing service activities and priorities for the term.*	1 financial year

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Figure 1: NSW local government integrated planning and reporting framework



Delivering the Resourcing Strategy

The Resourcing Strategy will be managed and monitored through the 2025-29 Delivery Program and annual Operational Plans. The attributed actions respond to the community strategy identified in the Penrith 2041+ Community Strategic Plan (CSP) and Council's principal activity in the Delivery Program.

CSP Strategy 5.4:
Manage resources sustainably for current and future generations

Delivery Program Principal Activity 5.4.3: Ensure the organisation's sustainability through effective integrated planning and reporting including strategic financial, asset, workforce, and project management.

2025-26 Operational Plan actions		
5.4.3e	Review the current Resourcing Strategy and develop an agreed program for improvement that optimises sustainable resource allocation while considering community and organisational expectations	Future Directions & Resilience
5.4.3f	Review Council's organisational ability to deliver on the future of Penrith and the community's aspirations for the City. This will be facilitated through community consultation and explore our current capacity and funding options including a review of assets, service levels, alternate revenue streams and a potential special rate variation	Future Directions & Resilience
5.4.3g	Develop a 5-year Asset Renewal Program for Road Pavement, Footpath and Stormwater Drainage	Strategic Assets Management
5.4.3h	Deliver identified programs of work in Council's 2025-29 Workforce Management Strategy	People & Culture
5.4.3i	Provide accurate and timely information on Council's financial performance and plan to address long term financial sustainability	Financial Services

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Meeting the resourcing challenges

How Council delivers for Penrith

Penrith 2041+ Community Strategic Plan (CSP) is built around five strategic directions that reflect the community's vision for Penrith. These areas identified through extensive community consultation present opportunities for significant impact. The plan and its reach stretch further than Council's mandate. The CSP provides guidance to Council in our partnerships with federal and state government, business, other organisations and importantly our community, to achieve outcomes together.

The plan sets out where we want to be, where we are now and how we know if we are on the right track. Effective management of our resources will be vital to enable us to deliver on the strategies identified in the CSP. The five strategic directions are:

- **Nurture our environment**
- **Support our wellbeing**
- **Shape our growing city**
- **Provide for our lifestyle**
- **Work together**

What our community has told us

Community feedback plays a key role in informed decision-making, helping Council achieve outcomes that are matched to the expectations of the community. Council has engaged with the community through various methods and channels to understand community aspirations and concerns. Relevant issues raised are highlighted in the strategic challenges section of this summary. Actions addressing these community concerns are included in the 2025-29 Delivery Program.

How we will continue to engage with our community

Council is dedicated to engaging the community in a transparent, accessible, and accountable manner. Our Community Engagement Strategy and Public Participation Plan reflect this commitment to involving the community in decision-making that shapes their city.

In terms of resource management, regular community satisfaction surveys are conducted to assess the importance of key assets to the community's satisfaction with their management. Engagement is a vital factor in our service reviews to ensure community needs are met, standards are upheld, and operations remain efficient.

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Meeting the Strategic Challenges

Infrastructure and services keeping pace with growth

Population and economic activity in Penrith are expected to grow over the next ten years, outpacing growth at the state level. On our doorstep, the Western Sydney International Airport, opening in 2026, estimates it will service 10 million people a year. Along with the Aerotropolis and the new metro line this will bring more industries, housing requirements, jobs and tourism putting pressure on infrastructure.

By 2041 our population is estimated to grow by an average of 1.1% p.a. and housing by an average of 3.7% p.a. *(Source: NSW Department of Planning, Housing and Infrastructure 2024)*

Penrith is also expected to deliver approx. 48% of the new employment lands under the Western City Parklands Region. *(Source: NSW Department of Planning, Housing and Infrastructure – employment lands monitor 2024)*

Table 1: Annual average population growth projections

	2022-2026	2027-2031	2032-2036	2037-2041
Penrith City	1.05%	1.08%	1.17%	1.40%
NSW total	1.40%	1.08%	0.99%	0.91%

Source: NSW Department of Planning, Housing and Infrastructure 2024

The importance of infrastructure keeping up with growth has been an issue for our community for many years. Overall, our residents accept that their city is growing and changing, and that growth can bring benefits such as more jobs, more vibrant town centres, more opportunities for cultural events and better housing choices. There are also challenging aspects of growth, such as increased congestion, pressure on social services, and local infrastructure can become overcrowded or overwhelmed.

Table 2: PCC Community survey results – Infrastructure and population

Issue	2022		2024	
	Importance	Satisfaction	Importance	Satisfaction
Infrastructure meets population needs	88%	62%	92%	63%

Source: Penrith City Council Community Satisfaction Survey 2024

As Penrith continues to grow, Council is challenged to plan for population-driven increases in services, where the extent and timing of growth in demand will vary depending on the service. Hence resourcing demand will not be linear and always coincide with growth but may reflect other demographic drivers and shifting community expectation.

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Ensuring infrastructure meets community expectations

Condition and safety of local transport infrastructure

Our road asset renewal program makes up almost half our expenditure on asset renewal each year. Changes in climate, particularly heat and rain, have a significant impact on our roads, reducing their life cycle, increasing emergency maintenance and, in the case of our footpaths and cycleways, influencing how much our community can use these assets at certain times of year.

Table 3: Community survey results – Transport infrastructure

Issue	2022		2024	
	Importance	Satisfaction	Importance	Satisfaction
Condition of local roads	94%	55%	94%	58%
Paths and cycleways	69%	83%	75%	77%
Provision of car parking	87%	64%	90%	67%

Source: Penrith City Council Community Satisfaction Survey 2024

Our community depends on local roads, footpaths and cycleways to get around, and it is important they are safe and in good condition. Our community has also told us that more footpaths, more shade cover over existing footpaths and better cycling routes (including bike safe roads) would encourage them to use active transport more.

Condition of our public spaces, parks and sports fields

Green spaces, public space and opportunities for active recreation are some of the assets that our community has expressed significant interest in both provision and maintenance as the population grows. These facilities provide opportunities to build social networks, have fun and improve health, and are important contributors to enhancing lifestyle in our city. If their condition deteriorates or they become overcrowded, their ability to meet our community's needs is significantly reduced. We must also consider the request from our community to make community facilities and sports grounds more energy and water efficient; and plant and maintain more trees to improve tree canopy and support cooling of our city.

Table 4: Community Survey Results – Public spaces, parks and sports fields

Issue	2022		2024	
	Importance	Satisfaction	Importance	Satisfaction
Condition of public spaces	85%	79%	89%	86%
Facilities in local parks, reserves and open green spaces	81%	82%	87%	82%
Access to clean and shaded streets and public spaces	77%	779%	85%	82%
Playgrounds meet play needs	749%	87%	71%	89%
Condition of sports fields	73%	883%	75%	88%

Source: Penrith City Council Community Satisfaction Survey 2024

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Our Finances

The Long-Term Financial Plan

The Long-Term Financial Plan (LTFP) is a 10-year plan that identifies current and future financial capacity to meet current service levels as well as acting on aspirations set out in the Community Strategic Plan, while ensuring Council's continued financial sustainability. The LTFP is reviewed on an annual basis.

The LTFP addresses these challenging questions:

- How financially resilient are we in the face of uncertainty?
- Can we afford what the Community is asking for?
- What are the opportunities for new revenue and economic growth?
- How do we effectively phase delivery of activities over time?

The LTFP provides information on what can be funded by Council including continuing services at levels necessary to meet community expectation. It is an important document which aims to balance community aspirations against financial realities.

Contained in the plan are:

- assumptions used to develop the plan
- projected income and expenditure, balance sheet and cash-flow statements
- scenarios based on different financial settings
- methods of monitoring financial performance

The LTFP Council has modelled two financial scenarios to see the effect of these different approaches. These are referred to as the base case and sustainable assets scenarios.

Scenario 1 – Base case (business as usual)
The base case continues providing a level of service driven by existing budget allocation being Council's operating budget (operating result less depreciation, and capital grants and contributions) and allocates funds to infrastructure renewal and new assets as available. Under this scenario Council does not create sufficient revenues to maintain and renew assets, resulting in a steady deterioration of asset conditions and increasing the infrastructure backlog.

Scenario 2 – Sustainable assets
This scenario models the level of asset expenditure required over 10 years to bring Council's infrastructure backlog in line with the industry benchmark of 2%. It utilises cash reserves and capital revenues to fund the planned level of asset renewals expenditure, and models what increase in rates through a Special Rate Variation would be required to deliver sustainable assets and maintain a positive cash position.

For full details of Council's 2025-35 Long Term Financial Plan please review Appendix 1.

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Our Assets

Asset Management Framework

Our infrastructure assets enable us to provide services to the community. Management of these assets is a critical area of Council's responsibilities, governed by legislated standards. The Asset Management Framework provides a strong and informed decision-making process to plan effectively and adequately to manage, renew and replace existing assets and deliver new ones. Council's asset management planning is supported by:

- Asset Management Policy
- Strategic Asset Management Plan (SAMP)
- Asset management plans (AMPs) for each asset class
  - Buildings
  - Open space and recreation
  - Transport
  - Stormwater

In developing our SAMP, Council has predicted infrastructure consumption and renewal needs. Future infrastructure requirements are included where projects are approved and funded. It is expected that many new asset projects will be developed with the support of grants and/or new funding streams and should be strategically assessed for their impact on Council's long-term financial sustainability before they are approved.

The purpose of the SAMP is to:

- communicate information about assets (including condition and performance)
- identify strategies and actions required to provide defined levels of service
- prioritise and address asset renewal and maintenance to ensure ongoing service priority to the community.

The specific objectives of the SAMP are:

- to ensure decision-making reflects community value for this generation and the next
- to develop clearly defined and agreed service levels, to inform asset investment, to support the community's quality of life
- to drive quality service outcomes by taking a risk-based approach to the way assets are managed
- to ensure availability of resources to maintain assets over the longer term

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

- current asset condition and performance
- levels of service
- forecasted demand for infrastructure and services
- funding constraints

For full details of Council's Asset Management Policy SAMP and AMPs please review Appendix 2.

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Our People

Workforce Management Strategy

Our employees provide vital services for our growing city and are employed in a range of over 60 professions including Finance, Engineering, Childcare, Marketing, Property, Leisure and Recreation plus many more.

We continue to invest in a wide range of contemporary programs and initiatives to support our diverse and growing workforce.

The Workforce Management Strategy outlines key issues impacting our workforce and supports our people to perform at their best. It applies a contemporary lens to ensure our plan is robust and adaptable to current and future changing needs and influences that may affect our delivery of services. Specifically, this plan will:

- describe the workplace values and frameworks that underpin all we do
- reflect on our learnings from the previous Workforce Management Strategy and how they inform our journey moving forward
- assess the road ahead for Penrith including insights and trends in the industry
- outline our People Strategy to further enhance Council's capacity to deliver on its strategic objectives and ensure our people are ready for the future needs of Council and our community.

For full details of Council's 2025-29 Workforce Management Strategy, please review Appendix 3.

Conclusion

The 2025-35 Resourcing Strategy will guide and support Council's work over the next four years of Council's term. It has identified the resources required through integrated asset, people and financial planning and management to deliver on the principal activities and actions identified in the 2025-29 Delivery Program and the next four years of Operational Plans. Through these, we will communicate our progress, and challenges towards meeting the community's vision and aspirations outlined in the Community Strategic Plan.

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Appendix 1

Our Finances: 2025-35 Long Term Financial Plan

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Our Finances

2025-35 Long Term Financial Plan

PENRITH CITY COUNCIL

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1. EXECUTIVE SUMMARY

All councils are required to complete a Long Term Financial Plan (LTFP) as part of the Resourcing Strategy that informs the Delivery Program. Financial planning supports the delivery and realisation of Council's vision, as set out in the Community Strategic Plan, while ensuring Council's continued financial sustainability.

The Long Term Financial Plan addresses challenging questions:

- How financially resilient are we in the face of uncertainty?
- Can we afford what the community is asking for?
- What are the opportunities for new revenue and economic growth?
- How do we effectively phase delivery of activities over time?

The Projections contained in the LTFP are based on the best information available at the time and are subject to change as a result of various internal and external factors, Councils LTFP is reviewed annually.

Council has modelled two scenarios:

Scenario 1 – Business as Usual

- Continue providing a level of service driven by existing budget allocation including allocation of predicted new assets – the current balanced Asset Management Plan and the Long Term Financial Plan. This scenario results in an overall deterioration of the average asset portfolio.

Scenario 2 – Sustainable Assets

- Allocation of additional renewal funding to bring Council's current asset portfolio to condition 3, or better over the 10-year period. As a result of this strategy, the asset renewal ratio will be above the 100% benchmark for the majority of the 10-year period, while the backlog ratio will ease below the 2% benchmark by the end of the same period. Under this scenario, projected deficits are substantial.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Penrith Council has a history of strong financial management over many years and notably in 2015 Penrith was deemed 'Fit for the Future' by the Independent Pricing and Regulatory Tribunal (IPART) providing an independent validation of Council's strategies in place and also the strategies proposed for the future.

As a result of being at the centre of one of Australia's fastest growing regions, Council continues to deliver numerous significant projects and services that respond to the needs of our diverse and growing population. While our projects and services benefit the community, they come with a substantial financial investment that must be responsibly managed. This means that we need to look carefully at our strategy for managing existing and future assets and resources to ensure a prosperous and cohesive City now and into the future.

Like all Councils that are experiencing growth, we are challenged by our ageing assets, many of which are coming to the end of their life cycle. Coupled with this, we have seen from the success of facilities such as the recently opened Gipps Street Recreation Precinct and Regatta Park, that our community is keen for newer and well-maintained assets with a high level of amenity and connectivity. Providing this level of service across the many ageing assets raises challenges for our Council as we struggle to match our available resources to the aspirations of our community. Council is not immune to the rising cost of living, and the impost that this has on our services from maintenance and construction of new assets through to the delivery of services.

These challenges have been apparent in our Long-Term Financial Plan (LTFP) for some time and Council has managed our finances, making prudent and strategic decisions regarding the development of our assets and services within the available resources. Under Scenario 1 - Business as Usual LTFP we commence the Base Year with a $3m deficit in the current draft 2025-26 Budget, project relatively small surpluses over the 10 years to 2034-35, and have insufficient funding to manage our ageing asset portfolio. The projected opening deficit and small surpluses represent the cumulative impact of the growth of the organisation, an ageing asset base, and continued provision of services at the level expected by the community. It is therefore clear that to maintain existing assets and service levels, and respond to increasing community expectations, we will need to review our longer-term financial strategies. We plan to look at all aspects of our operations, including service levels and alternative revenue streams (albeit limited), while we engage closely with our community to deliver their vision for our city.

2. INTRODUCTION

The NSW governments Integrated Planning and Reporting framework requires councils to have:

- a Community Strategic Plan (of at least 10 years)
- a Delivery Program (four years)
- an Operational Plan (one year)
- a Resourcing Strategy containing:
  - Long Term Financial Plan
  - Workforce Management Plan
  - Asset Management Plan
  - ICT/Digital Strategy (optional)

The Resourcing Strategy details how Council will allocate resources such as time, money, assets, and people to achieve the goals set out in their Community Strategic Plan.

The Long Term Financial Plan forms one component of the Resourcing strategy, it acts as a tool to Ensure council can continue to deliver current and proposed services into the future and make informed financial decisions by identifying the resources needed to implement the Community Strategic Plan, Delivery Program, and Operational Plan. The LTFP provides a key tool for the development and monitoring of Council's Financial Strategy. The Plan outlines Council's capacity to manage assets and deliver services over the next ten years. Council has a responsibility to manage its resources and finances to ensure its long-term sustainability.

3. OBJECTIVES

A financially sustainable Council is one that has the ability to fund ongoing service delivery and renew and replace assets without imposing excessive debt or rate increases on future generations. Specific objectives to achieve this aim are:-

- Council must achieve a **fully funded operating position** reflecting that it collects enough revenue to fund operational expenditure, repayment of debt and depreciation.
- Council must **maintain sufficient cash reserves** to ensure it can meet its short-term working capital requirements.
- Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.
- Council must **maintain its asset base**, by renewing identified ageing infrastructure.

To clarify our direction the financial strategies implemented to improve our financial capacity have been summarised under the acronym "Sustain".



These seven strategies will provide a framework to guide our approach, set outcomes, assist in decision making, and measure our success in achieving ongoing financial sustainability.

4. PERFORMANCE MEASURES

When assessing Council's financial performance and sustainability a number of indicators/ratios are considered relevant and have been used to assess the scenarios proposed.

These include:

- *Operating Performance Ratio*

  This measure aims to provide an indication of how Council generates revenue and allocates expenditure. It is an indication of continued capacity to meet ongoing expenditure requirements. Benchmark >0%

- *Own Source Revenue Ratio*

  Own source revenue measures the degree of reliance on external funding sources (e.g., grants and contributions). It is an indicator of fiscal flexibility and robustness. Financial flexibility increases as the level of own source revenue increases. It also gives council greater ability to manage external shocks or challenges. Benchmark >60%

- *Debt Service Cover Ratio*

  This ratio measures the operating cash to service debt including interest, principle, and lease payments. Benchmark >2x

- *Unrestricted Current Ratio*

  This ratio represents Councils ability to meet it's short-term obligations as they fall due. Benchmark >1.5x

- *Building and Infrastructure Asset Renewal Ratio*

  The building and infrastructure renewals ratio represents the replacement or refurbishment of existing assets to an equivalent capacity or performance. The ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration. Benchmark >100%

- *Infrastructure Backlog*

  The infrastructure backlog ratio indicates the proportion of backlog against the total value of Council's infrastructure assets. It is a measure of the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way. Benchmark <2%

- *Asset Maintenance Ratio*

  The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance. It aims to measure the rate of asset degradation or renewal. Benchmark >100x

Key Financial Performance indicators are reported on part of the Annual Financial Statements in the "Statement of performance measures" which compares current year to previous year and to the benchmark.

5. ASSUMPTIONS

The long-term financial model requires Council to identify all material items of revenue and expenditure and determine the external and internal influences that could significantly impact on Council's finances.

In preparing the LTFP, the following assumptions have been included:

5.1 Indexation rates

The Independent Pricing and Regulatory Tribunal (IPART) sets Councils rate peg utilising (among other factors) it's Base Cost Change (BCC) model.

There are a number of Council services which have the BCC or other indexation applied as part of the budgeting process either through Council decisions or as a result of the service specification process. The BCC and other indexation are reviewed annually.

The following predicted BCC indexation has been included in the LTFP:

YEAR	*2025-26*	*2026-27*	2027-28 ONWARDS
BCC	3.6%	3.1%	2.5%

5.2 Interest on Investments

Council has an investment portfolio that varies in size from year to year. These funds are amixture of unspent loans and grants, reserve funds and general revenue with the incomegenerated frequently being tied to the source of funds.

In the LTFP interest rates have been estimated at 3.5% in the long term, calculated over estimated portfolio investment balances.

YEAR	2025-26	*2026-27*	2027-28 ONWARDS
Interest rate	4.25%	3.75%	3.5%

5.3 Loan Borrowings

Council's policy is that the use of debt (borrowings) is appropriate to fund the cost of major new community assets or to smooth the cost of major asset renewals. However, any minor asset acquisitions and the required level of asset renewals (guided by the level of the annual depreciation charge) should be funded out of operating revenues.

New borrowings for major infrastructure projects must be supported by a comprehensive business case. Any additional projects, above the borrowing targeted by the Debt Reduction Policy, will be included in accordance with a practice of utilising additional loan funds only where there will be a positive net cash flow achieved. The annual borrowing program also includes the refinancing of existing loans due for renewal.

There are currently no new borrowings are proposed in the LTFP.

5.4 Rates Income

IPART reviewed its rate peg methodology in 2023 and made changes commencing in the 24-25 financial year, The current methodology allows for adjustments for external factors besides those comprising the BCC, such as population changes and the Emergency Services Levy. Rates Income projections included in the LTFP are:

RATES INCOME GROWTH		
Financial Year	Rate Peg (%)	Rating Growth Base Case ($)
2025-26	4.8	1,426,165
2026-27	3.9	1,400,507
2027-28	3	1,457,184
2028-29	2.5	1,546,432
2029-30	2.5	1,716,748
2030-31	2.5	2,022,460
2031-32	2.5	2,152,091
2033-34	2.5	2,288,346
2034-35	2.5	2,372,276
2035-36	2.5	2,552,713

5.5 Domestic Waste

In addition, residential properties in the Penrith City Council area, including vacant land, are charged for the provision of a domestic waste management service under the Local Government Act 1993. The Domestic Waste function is required to be self-funding. All waste charges are calculated to cover the cost of domestic waste collection services, landfill, waste processing costs, education, communications, provision for future planning and new technologies and all other associated services.

It is important to note that any future years' increases have no impact on the LTFPs stated available funds as domestic waste surpluses and deficits are transferred to and from the Waste Management Reserve.

5.6 User Fees and Charges

Council is a multi-disciplinary organisation that provides extensive services to the community and this category of income provides a significant portion of Council's total revenue. This category of income includes statutory charges and user fees and charges, including those for commercial activities, but excludes domestic waste charges.

Statutory fees charged by Council are subject to direction through regulation and other state government controls. Council does not set these fees and does not have the power to vary the fee set. Examples of statutory fees include development assessment fees, planning certificates and building certificates.

User fees and charges include a diverse range of services from traditional local government services including development related activities, swimming pools, sporting facilities and hall hiring to other more commercial activities including children's services and property development activities. A number of these revenues are subject to fluctuations particularly as a response to economic conditions. All fees in this category are reviewed annually, and some of the general considerations for setting these fees include:

- Cost of the service or operation
- Consumer Price Index
- Other revenue sources which may fund the service
- Laws and Regulations
- Ability of the persons/group using the service to pay
- Benefit to the community (possible subsidy)
- Benchmarking with others providing similar services.

Increases in individual fees and charges vary, and some fees have not been indexed in the LTFP. The income projected within the LTFP for total fees and charges is outlined in the following table.

Average increase over 10 years	2.77%	per annum

	$'m								
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Total Fees & Charges	57	57	59	60	62	64	66	69	71	73

5.7 Grants and Contributions (including S7.11 contributions)

Grants and contributions provide a significant source of funds for Council. These revenues are split into two categories - general and specific purpose.

General Purpose

The Financial Assistance Grant which is an annual allocation from the Federal Government. The grant is provided under the Local Government (Financial Assistance) Act 1995

Specific Purpose

These grants and contributions can be either operating or capital in nature and are tied to specific works or programs.

A number of these grants and contributions have defined end dates and as such these have been removed from the LTFP in the appropriate years with corresponding adjustments being made to the works or programs they are funding.

Development contributions have been indexed and the timing of these payments has been considered in line with expected development and agreements within the individual contribution plans.

The following table shows the grants and contributions income projected in the LTFP. This area is difficult to predict and will be updated as new grants and contributions are received with associated expenditure any applicable asset maintenance costs.

Average increase over 10 years	-2.02%	per annum

$'m

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Total Grants & Contributions	114	149	90	129	64	60	61	61	62	62

5.8 Employee Costs

Employee costs are Council's single biggest area of expenditure each year.

This LTFP has factored in known and predicted award increases in addition to superannuation contributions, Worker's Compensation costs, employee leave entitlements, and staff progression through the salary system.

The overall employee costs budget calculation includes a number of assumptions in relation to the key underlying elements. A summary of these elements and assumptions is provided below.

Salaries and Wages

Budgeted staff numbers are based on the approved organisational structure and any known proposed changes. Projections for overtime, allowances and casual staff are included in estimates. Details of other considerations in determining the overall change inSalaries & Wages are included in this section.

The award increases have been factored into the LTFP, with estimates for future year increases as shown below.

Award Increase	%
2025-26 (Award)	3.0
2026-27 (estimated)	3.0
2027-28 onwards (estimated)	2.5

Council's salary system provides staff with the opportunity to advance through the system via a Skills and Knowledge and Performance-based assessment, and provision for this progression through the salary system has also been factored into the LTFP.

In addition, an amount has been factored into employee costs to account for growth in the number of staff.

Superannuation

As per government legislation the Superannuation Guarantee Levy (SGL) has increased to 12% for the 25-26 financial year with no further increases legislated.

Year	%
2025-26 and thereafter	12.0

Workers Compensation

Recent years has seen an increase to workers compensation premiums for council. Council is currently working with it's Insurer to implement strategies aimed at reducing costs. Annual premium costs in the LTFP are predicted to increase in line with the Award increase to Salaries & Wages.

Resignation and Retirement

Council's Employee Leave Entitlement (ELE) Reserve is used to provide a buffer for resignation and retirement payments each year. The number of staff who may leave Council during a given year is difficult to predict, so the budget each year includes funding for average levels of retirements and separations. Council policy is to maintain an amount of at least 20%, averaged over three years of leave entitlements (excluding annual leave) in ELE Reserve. It is estimated that at least 20% of entitlements will be maintained in the ELE reserve over the life of the LTFP.

5.9 Materials and Contracts

Maintenance and Operations of new buildings is indexed at 2.5% of construction cost, and then LGCI is applied annually in future years. In addition, maintenance and operations for predicted new civic works assets and parks are indexed annually based on per unit criteria by asset type.

Expenditure on all major expenditure items, including materials and contracts for asset maintenance (including roads, buildings, and parks) has been increased by the BCC each year.

The following table shows the materials and contracts projected in the LTFP.

Average increase over 10 years	2.09%	per annum

$'m

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Total Materials & Contracts	103	105	104	106	108	111	114	119	120	124

5.10 Other Expenses

Utilities including electricity, street lighting and water/sewerage have been increased primarily by CPI. Where previously approved by Council other items of expenditure in this category, including contributions to other level of governments and authorities and sporting groups, have been indexed annually by BCC.

The following table shows the estimated other expenses projected in the LTFP.

Average increase over 10 years	0.45%	per annum

$'m

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Total Other Expenses	18	18	18	18	18	18	18	18	18	19

5.11 Children's Services

The Children's Services activities of Council are largely self-funded by user fees, however there are a small number of areas where Council has taken a policy decision to provide a valuable service to the community at a subsidised cost.The LTFP assumes that any increase in expenditure is offset by an increase in user fees and charges, maintaining Council's subsidy at the current level.

5.12 Entities

Council a separate company, Penrith Performing & Visual Arts (PPVA), limited by guarantee that is administered by an independent Board. The setting of fees in relation to PPVA is the responsibility of the PPVA Board, any surpluses generated do not contribute to Council's general revenue and are retained by the PPVA.

5.13 Depreciation

Depreciation has been included in the LTFP based on the estimated remaining life of existing and new assets.

5.14 Capital Expenditure

The LTFP's projections for capital expenditure assume a continuation of Council's recurrent capital programs, and projects projected by separate models for section 7.11 projects, Property Development Projects, and City Significant/Major Projects along with any known grant funding.

It is likely that the total actual capital expenditure will be higher than that stated and the LTFP will be updated as project estimates become available. The majority of the

additional expenditure will have associated funding sources such as development contributions, reserve transfers or special purpose grants, or will have a particular funding strategy to enable their admission into the budget.

The impact of all ongoing operational and maintenance costs for known projects has been included in the LTFP. As new projects are identified and included the allocation for these increased costs will be adjusted accordingly.

6. SCENARIO ONE - BASE CASE

6.1 Introduction

The base case is premised on Council having its assets fit for purpose to have council in a position to deliver services to the expected standard.

Assumptions included in this scenario are outlined in the above section.

6.2 Sustainability assessment

The forecast financial position of the Base Case scenario has been assessed in relation to the four financial sustainability objectives.

6.2.1 The first objective is:

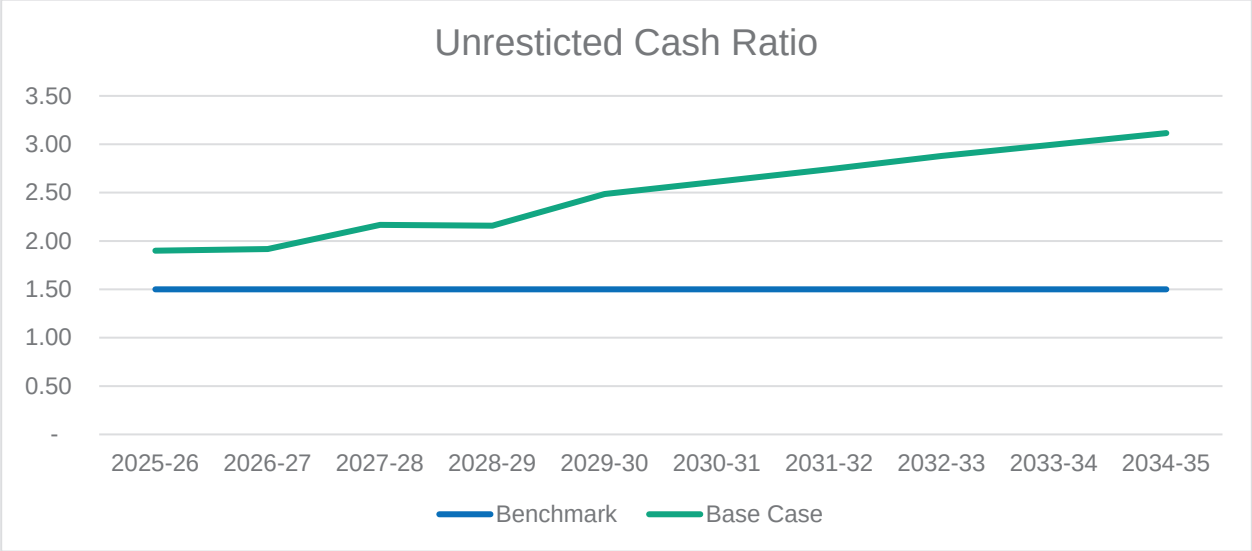
Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, and depreciation.

In relation to the Base Case:

- The *Net Operating Result before Capital Grants and Contributions* is a measure of Council's ability to contain operating expenditure within operating revenue. In the base scenario this is not achieved.
- The *Operating Result* which includes Capital Grants and Contributions is positive for the first four of the ten years covered by the LTFP.
- The overall *Budget Position* each year (including all sources of income) is a surplus result each year excluding the base 2025-26 year.

6.2.2 The second objective is:

Council must **maintain sufficient cash reserves** to ensure that it can meet its short-term working capital requirements. Measured by the Unrestricted Current Ratio, the Base Scenario is predicted to meet the benchmark across the period modelled.



6.2.3 The third objective is:

Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.

With the Base Case scenario, Council has a fully funded capital program.

6.2.4 The fourth objective of financial sustainability is:

Council must maintain its asset base by renewing identified ageing infrastructure. The Base Case provides for a minimum level of asset renewal and maintenance expenditure to maintain the community's assets in line with Council's Budget Policy.

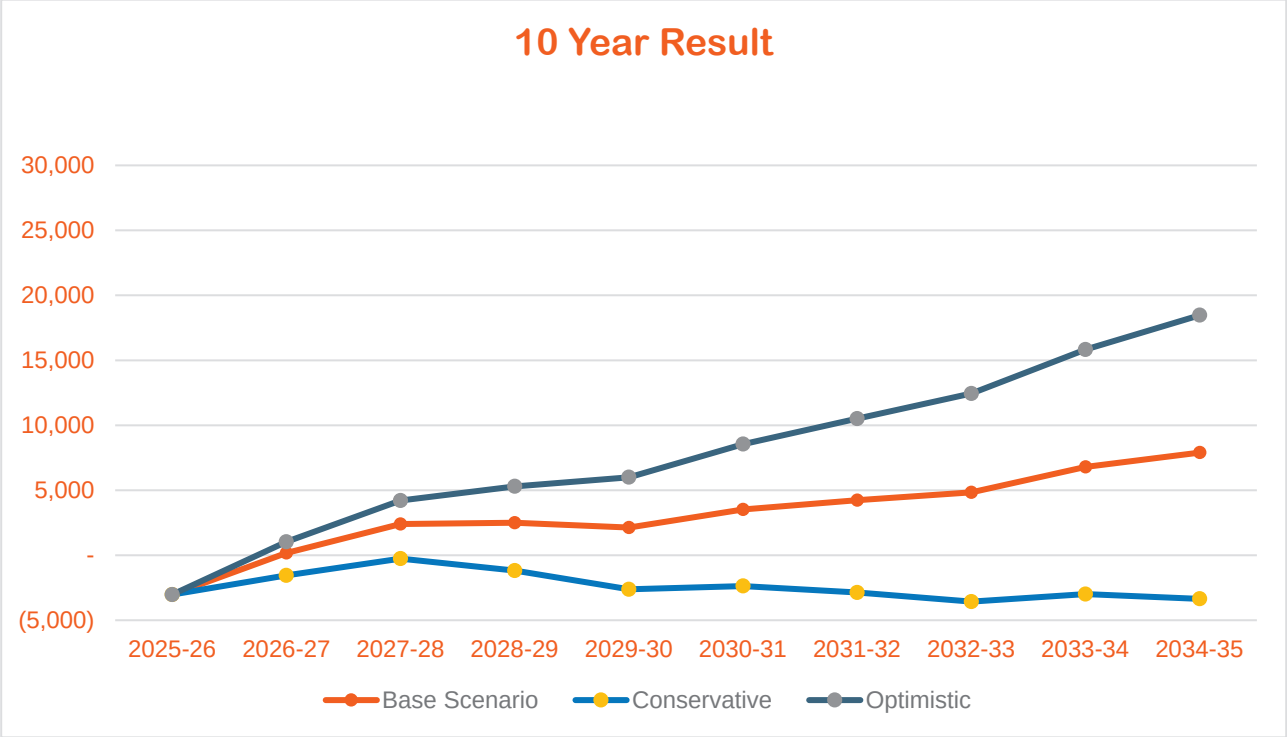
This 'business as usual' approach will lead to a deterioration of Council's current asset portfolio over time which will be further impacted by its significant future capital expenditure program in earlier years of the period modelled. This is evident from the worsening asset ratios.

6.3 Sensitivity analysis

The LTFP contains a number of assumptions based on various sources such as legislation, inflation, current service provisions and wage markets. Variations in these assumptions during the life of the plan may have a significant impact on Council's future financial plans.

The assumptions in the Base Case scenario have been tested for sensitivity to both favourable and unfavourable fluctuations in revenues and expenditure, with particular reference to rates income and employee costs.

The following graph show the impact of the above sensitivities on Council's budget position.



Budget Result	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Base Scenario	(3,025)	170	2,408	2,497	2,127	3,524	4,242	4,842	6,794	7,900
Conservative	(3,025)	(1,552)	(261)	(1,179)	(2,622)	(2,369)	(2,869)	(3,566)	(2,991)	(3,353)
Optimistic	(3,025)	1,036	4,207	5,297	5,999	8,551	10,511	12,445	15,827	18,468

There may be a number of risks associated with any long term financial planning predictions. Risk can be minimised by regular review of LTFP assumptions, incorporation of risk assessment in all Major Project reviews, and modelling of scenarios. The following is a non-exhaustive list of several identified external risks that may also impact on the LTFP, should they eventuate, they could result in a significant change in operating revenue or expenditure and the need to review service levels:

- Budget reductions in state and federal governments may impact future funding provisions of grants and contributions.
- Continued increased cost shifting from other levels of government may adversely impact current expenditure levels of Council.
- Climate change and its effect on local flooding and ecology.
- Global political or economic issues impacting cost and supply of goods and materials

7. SCENARIO TWO

7.1 Introduction

Scenario Two aims to maintain the current asset portfolio at condition 3 or better, in addition to reducing the infrastructure backlog ratio to 2% over the next 10 years.

This scenario includes all the components of the base model, plus significant investment to address the infrastructure backlog over the next 10 years.

7.2 Sustainability assessment

The forecast financial position of Scenario Two has been assessed in relation to the four financial sustainability objectives.

7.2.1 The first objective is:

Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure and depreciation.

In relation to Scenario Two:

- The *Net Operating Result before Capital Grants and Contributions* is a measure of Council's ability to contain operating expenditure within operating revenue. In Scenario Two this is not achieved.
- The *Operating Result* which includes Capital Grants and Contributions is generally negative for the 10 years covered by the LTFP.
- The overall *Budget Position* each year (including all sources of income) is a deficit result each year.

7.2.2 The second objective of financial sustainability is:

Council must **maintain sufficient cash reserves** to ensure it can meet its short-term working capital requirements. Scenario Two does not meet this principle with unrestricted cash reserves predicted to go into negative from 2026-27 onwards.

7.2.3 The third objective of financial sustainability is:

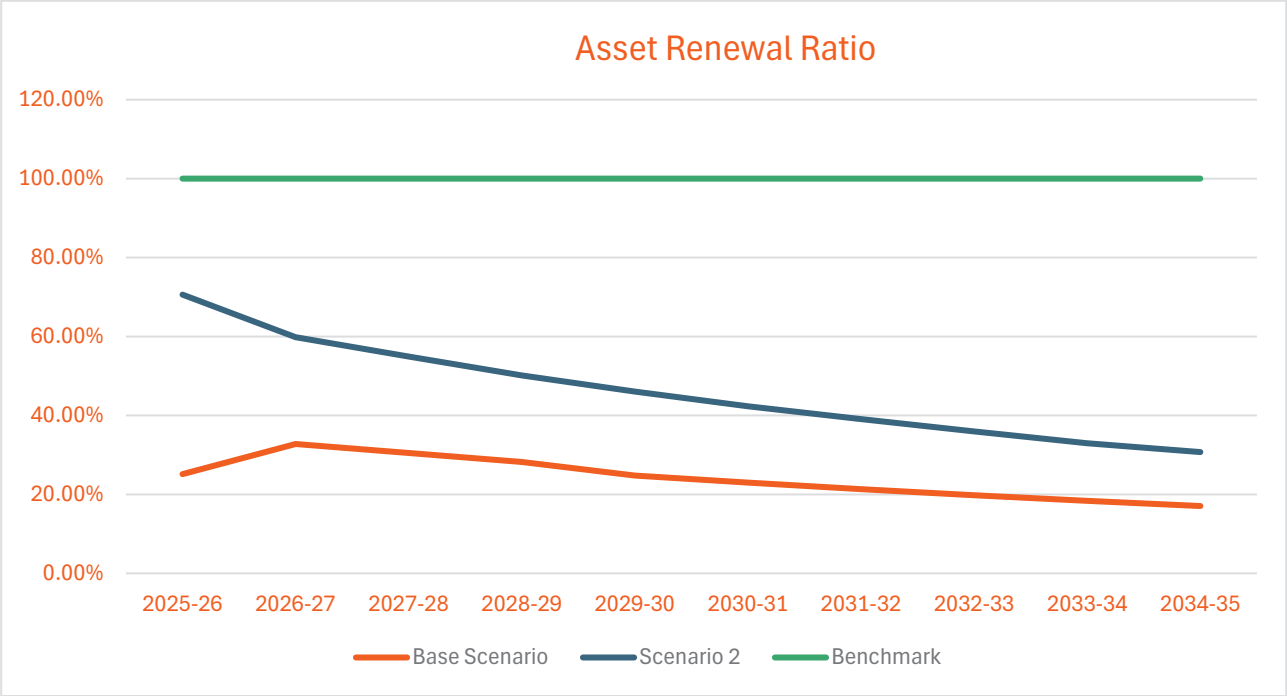
Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works. This is provided for in Scenario Two.

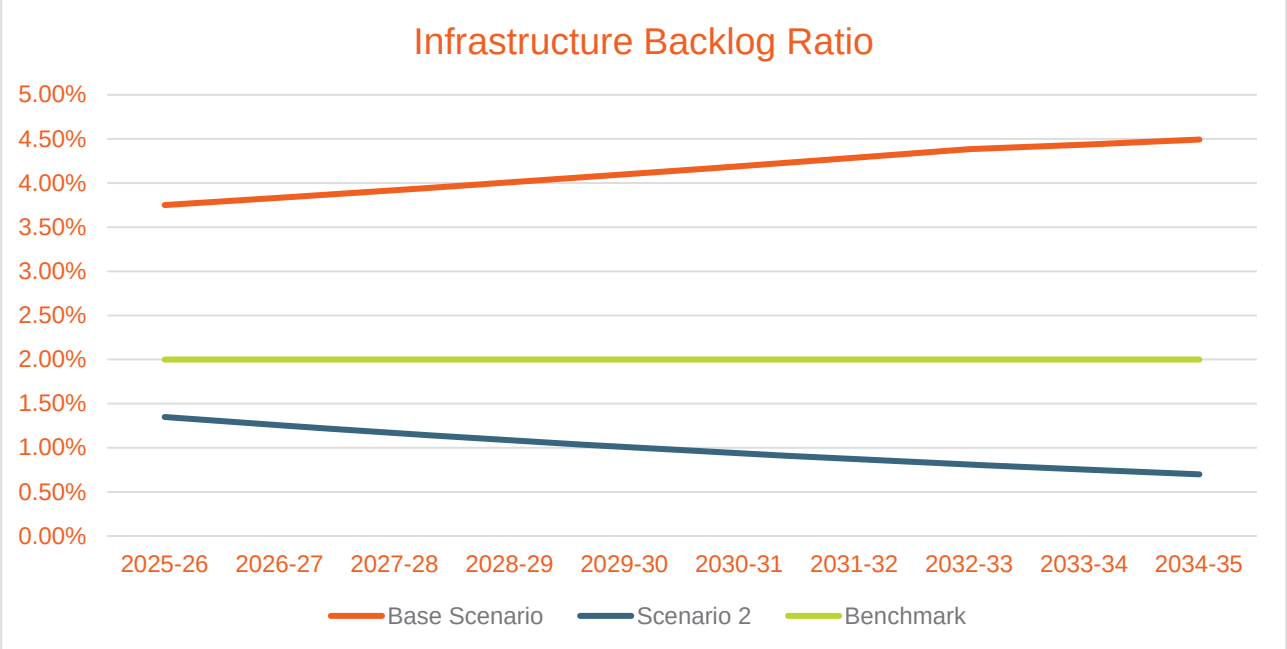
7.2.4 The fourth objective of financial sustainability is:

Council must **maintain its asset base**, by renewing identified ageing infrastructure. This scenario assumes a level of investment required to maintain assets and to improve asset conditions to bring Council in line with the benchmark for infrastructure backlog ratio of 2%. As a result, the building and infrastructure renewal ratio is maintained favourably against the benchmark.

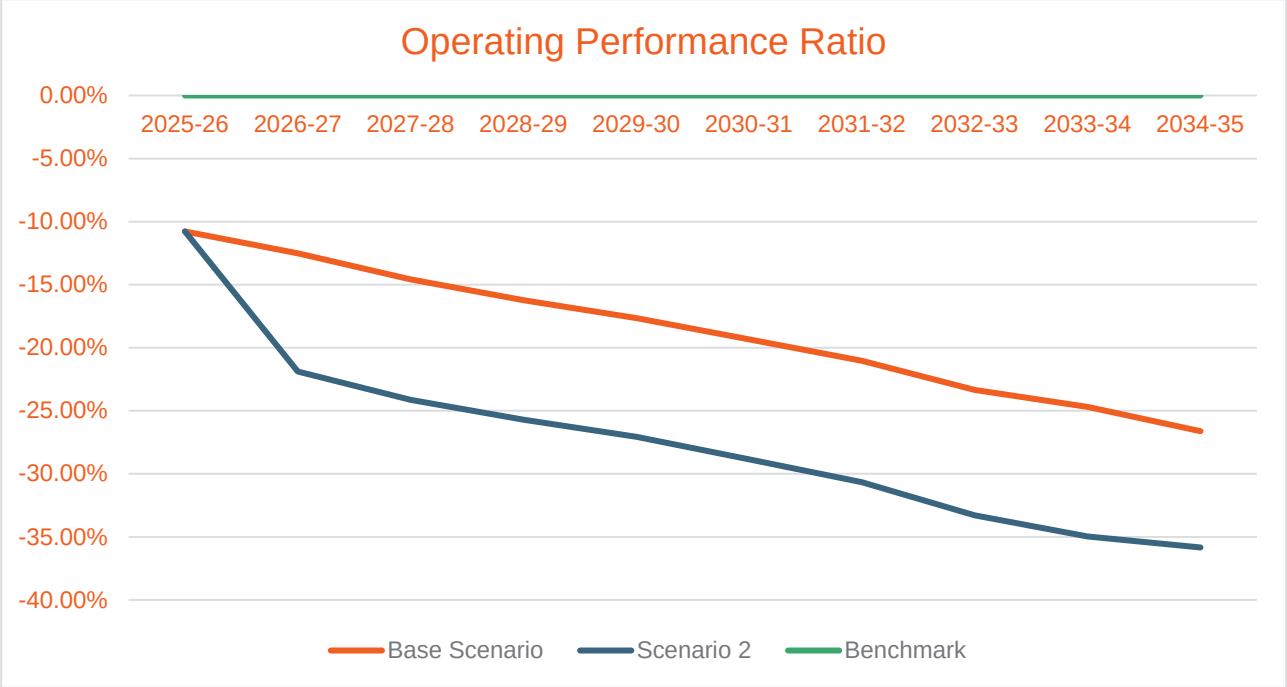
SCENARIO COMPARISON

Both the base case and sustainable asset scenarios do not meet all the principles of financial sustainability. The base case scenario preserves cash at the expense of deteriorating asset conditions and the second maintains asset conditions in line with benchmarks but will quickly run out of the cash required.





Neither scenario meets the benchmark for financial sustainability as highlighted by the Operating Performance ratio below which indicates whether Council is sustainable in terms of its operating result. Council's Operating Result continues to be significantly impacted by asset revaluations, increased investment in Asset Construction and Dedications, and increasing depreciation associated with the increased value of Councils assets.



8. FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS

Income Statement - Base Scenario ($'000)

Operations from Ordinary Activities	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Operating Expenditure										
Employee Costs	167,325	170,973	175,615	180,930	186,587	192,416	198,421	204,606	210,978	217,542
Interest Charges	955	835	731	637	563	497	428	364	318	284
Depreciation and Amortisation	78,367	85,469	93,293	101,793	111,000	121,057	131,887	143,689	156,596	170,512
Materials and Contracts	102,795	104,649	103,645	106,435	108,207	111,184	114,145	119,336	120,425	123,700
Other Expenses	17,835	18,009	18,080	18,153	18,228	18,255	18,333	18,414	18,486	18,570
Net Loss from the Disposal of Assets	-	-	582	595	608	621	635	649	664	679
Total Operating Expenditure	**367,276**	**379,936**	**391,947**	**408,542**	**425,193**	**444,030**	**463,848**	**487,058**	**507,466**	**531,287**
Operating Revenue										
Rates and Annual Charges	224,446	231,869	238,658	245,734	253,226	261,352	269,895	278,833	288,102	297,833
User Charges and Fees	57,312	56,760	58,568	60,444	62,389	64,406	66,499	68,670	70,922	73,259
Interest Income	13,300	12,652	11,859	11,856	11,854	11,851	11,849	11,846	11,843	11,835
Operating Grants and Contributions	22,851	22,782	23,080	23,366	23,661	23,964	24,277	24,599	24,931	25,273
Other Revenue	9,684	9,695	9,886	10,082	10,285	10,494	10,709	10,931	11,159	11,395
Net Gain from the Disposal of Assets	3,942	3,917	-	-	-	-	-	-	-	-
Total Operating Revenue	**331,534**	**337,676**	**342,051**	**351,482**	**361,415**	**372,068**	**383,228**	**394,879**	**406,958**	**419,595**
Result before Capital Grants and Contributions	**(35,742)**	**(42,259)**	**(49,896)**	**(57,060)**	**(63,779)**	**(71,962)**	**(80,620)**	**(92,179)**	**(100,508)**	**(111,693)**
Capital Grants & Contributions	90,919	125,832	66,461	105,221	39,945	36,400	36,528	36,657	36,787	36,918
Operating Result	**55,177**	**83,572**	**16,565**	**48,161**	**(23,834)**	**(35,562)**	**(44,092)**	**(55,522)**	**(63,721)**	**(74,774)**
Funding Statement (Sources & Application)										
Add back non funded items	82,223	89,441	97,364	105,966	115,277	125,442	136,381	148,296	161,318	175,352
Funds received from Sale of Assets	3,536	2,628	2,799	2,675	3,100	2,611	2,825	3,283	2,579	3,210
Loans Received	-	-	-	-	-	-	-	-	-	-
Budget (Surplus) / Deficit										
Funds Transferred (to)/from Reserves held	(31,731)	(16,922)	(20,100)	(29,939)	(32,186)	(30,929)	(31,892)	(31,250)	(34,923)	(36,115)
Net Fund Available	**109,205**	**158,719**	**96,629**	**126,863**	**62,358**	**61,562**	**63,222**	**64,807**	**65,252**	**67,673**
Application of Funds										
Assets Acquired	(108,321)	(155,428)	(91,256)	(122,147)	(58,556)	(56,301)	(57,176)	(58,582)	(57,513)	(59,307)
Internal Loans	78	76	78	80	83	85	88	91	93	239
Loan Repayments Made	(3,988)	(3,196)	(3,043)	(2,299)	(1,757)	(1,823)	(1,891)	(1,474)	(1,040)	(705)
Total Application	**(112,230)**	**(158,549)**	**(94,221)**	**(124,366)**	**(60,230)**	**(58,038)**	**(58,979)**	**(59,965)**	**(58,459)**	**(59,773)**
Net Costs funded from Rates & Other Untied Income	**(3,025)**	**170**	**2,408**	**2,497**	**2,127**	**3,524**	**4,242**	**4,842**	**6,794**	**7,900**

Balance Sheet (Draft) - Base Scenario ($'000)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
ASSETS										
Current Assets										
Cash & Cash Equivalents	120,430	144,294	154,546	199,585	220,412	257,044	296,438	336,009	381,162	428,462
Investments	153,568	153,568	153,568	153,568	153,568	153,568	153,568	153,568	153,568	153,568
Receivables	19,374	21,711	18,872	21,754	18,697	19,233	19,988	20,762	21,594	24,878
Inventories	764	777	770	791	804	826	848	886	894	918
Contract assets and contract cost assets	11,123	11,123	11,123	11,123	11,123	11,123	11,123	11,123	11,123	11,123
Other	9,138	9,284	9,214	9,430	9,569	9,795	10,025	10,422	10,510	10,763
Total Current Assets	314,396	340,757	348,092	396,250	414,172	451,589	491,989	532,770	578,851	629,712
Non-Current Assets										
Investments	41,699	41,699	41,699	41,699	41,699	41,699	41,699	41,699	41,699	41,699
Receivables	5,414	5,513	5,604	5,699	5,799	5,907	6,022	6,141	6,265	3,982
Infrastructure, Property, Plant & Equipment	3,909,805	3,981,054	3,975,636	3,992,720	3,936,569	3,868,580	3,790,408	3,701,369	3,599,043	3,483,949
Investment Property	45,648	45,648	45,648	45,648	45,648	45,648	45,648	45,648	45,648	45,648
Intangible Assets	360	360	360	360	360	360	360	360	360	360
Total Non-Current Assets	4,002,926	4,074,274	4,068,947	4,086,126	4,030,075	3,962,194	3,884,137	3,795,218	3,693,016	3,575,639
TOTAL ASSETS	**4,317,322**	**4,415,031**	**4,417,039**	**4,482,376**	**4,444,246**	**4,413,783**	**4,376,126**	**4,327,987**	**4,271,866**	**4,205,350**
LIABILITIES										
Current Liabilities										
Payables	55,194	57,791	60,128	63,037	65,946	69,127	72,446	76,173	79,551	83,347
Contract liabilities	24,646	30,480	20,707	27,581	16,824	16,546	16,903	17,272	17,654	18,049
Borrowings	3,196	3,043	2,299	1,757	1,823	1,891	1,474	1,040	1,073	1,108
Employee benefit provisions	46,170	50,021	53,967	58,012	62,159	66,409	70,765	75,230	79,807	84,498
Other provisions	368	444	522	602	685	770	858	949	1,042	1,281
Total Current Liabilities	129,574	141,779	137,623	150,989	147,437	154,743	162,446	170,664	179,128	188,284
Non-Current Liabilities										
Contract liabilities	13,896	18,749	10,521	15,960	6,909	6,458	6,519	6,582	6,646	6,712
Borrowings	22,608	19,565	17,266	15,509	13,686	11,795	10,321	9,282	8,209	7,101
Employee benefit provisions	1,462	1,584	1,709	1,837	1,969	2,103	2,241	2,383	2,528	2,676
Total Non-Current Liabilities	37,967	39,899	29,497	33,307	22,564	20,356	19,082	18,246	17,383	16,489
TOTAL LIABILITIES	**167,541**	**181,678**	**167,120**	**184,296**	**170,001**	**175,099**	**181,528**	**188,911**	**196,510**	**204,773**
Net Assets	**4,149,782**	**4,233,354**	**4,249,919**	**4,298,080**	**4,274,246**	**4,238,684**	**4,194,599**	**4,139,077**	**4,075,356**	**4,000,577**
EQUITY										
Retained Earnings	1,614,619	1,698,191	1,714,756	1,762,917	1,739,083	1,703,521	1,659,436	1,603,914	1,540,193	1,465,414
Revaluation Reserves	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	4,149,782	4,233,354	4,249,919	4,298,080	4,274,246	4,238,684	4,194,599	4,139,077	4,075,356	4,000,577
Total Equity	**4,149,782**	**4,233,354**	**4,249,919**	**4,298,080**	**4,274,246**	**4,238,684**	**4,194,599**	**4,139,077**	**4,075,356**	**4,000,577**

Cash Flow Statement (Draft) - Base Scenario ($'000)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	224,101	231,662	238,468	245,536	253,017	261,126	269,656	278,584	287,844	297,561
User Charges & Fees	57,992	56,710	58,734	60,615	62,567	64,591	66,691	68,869	71,128	73,472
Investment & Interest Revenue Received	12,970	12,453	11,797	11,463	11,719	11,531	11,531	11,527	11,482	11,457
Grants & Contributions	105,362	143,778	60,005	124,856	32,516	45,512	46,921	47,374	47,839	48,316
Bonds & Deposits Received	5,503	5,778	6,067	6,370	6,688	7,023	7,374	7,743	8,130	8,536
Other	9,523	9,465	10,468	9,792	10,923	10,583	10,768	10,991	11,221	11,601
Payments:										
Employee Benefits & On-Costs	(163,396)	(166,924)	(171,466)	(176,676)	(182,227)	(187,946)	(193,838)	(199,909)	(206,163)	(212,606)
Materials & Contracts	(102,806)	(105,133)	(104,065)	(106,965)	(108,722)	(111,742)	(114,715)	(119,977)	(120,970)	(124,316)
Borrowing Costs	(955)	(835)	(731)	(637)	(563)	(497)	(422)	(364)	(318)	(289)
Bonds & Deposits Refunded	(3,704)	(3,890)	(4,084)	(4,288)	(4,503)	(4,728)	(4,964)	(5,212)	(5,473)	(5,747)
Other	(18,462)	(17,636)	(17,888)	(17,711)	(17,843)	(17,788)	(17,855)	(17,785)	(18,110)	(18,046)
Net Cash provided (or used in) Operating Activities	126,126	165,427	87,306	152,355	63,573	77,665	81,146	81,840	86,611	89,941
Cash Flows from Investing Activities										
Receipts:										
Sale of Infrastructure, Property, Plant & Equipment	3,536	2,628	2,799	2,675	3,100	2,611	2,825	3,283	2,579	3,210
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(93,910)	(140,995)	(76,811)	(107,692)	(44,089)	(41,822)	(42,685)	(44,079)	(42,997)	(44,778)
Net Cash provided (or used in) Investing Activities	(90,374)	(138,367)	(74,012)	(105,017)	(40,989)	(39,210)	(39,860)	(40,796)	(40,418)	(41,568)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(3,988)	(3,196)	(3,043)	(2,299)	(1,757)	(1,823)	(1,891)	(1,474)	(1,040)	(1,073)
Net Cash Flow provided (used in) Financing Activities	(3,988)	(3,196)	(3,043)	(2,299)	(1,757)	(1,823)	(1,891)	(1,474)	(1,040)	(1,073)
Net Increase/(Decrease) in Cash & Cash Equivalents	31,765	23,864	10,252	45,039	20,827	36,632	39,394	39,571	45,153	47,299
plus: Cash & Cash Equivalents - beginning of year	88,665	120,430	144,294	154,546	199,585	220,412	257,044	296,438	336,009	381,162
Cash & Cash Equivalents - end of the year	**120,430**	**144,294**	**154,546**	**199,585**	**220,412**	**257,044**	**296,438**	**336,009**	**381,162**	**428,462**
Cash & Cash Equivalents - end of the year	120,430	144,294	154,546	199,585	220,412	257,044	296,438	336,009	381,162	428,462
Investments - end of the year	195,267	195,267	195,267	195,267	195,267	195,267	195,267	195,267	195,267	195,267
Cash, Cash Equivalents & Investments - end of the year	**315,697**	**339,561**	**349,813**	**394,852**	**415,679**	**452,311**	**491,705**	**531,276**	**576,429**	**623,729**
Representing:										
- External Restrictions	160,732	172,036	183,362	202,588	222,101	239,470	256,761	273,993	291,161	308,294
- Internal Restricitons	114,346	119,964	128,739	139,451	152,124	165,685	180,286	194,303	212,059	231,041
- Unrestricted	40,619	47,560	37,712	52,812	41,453	47,157	54,659	62,980	73,209	84,394
	315,697	**339,561**	**349,813**	**394,852**	**415,679**	**452,311**	**491,705**	**531,276**	**576,429**	**623,729**

RATIOS - Base Scenario

Ratio	Benchmark	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
OPERATING RATIOS											
Operating Performance Ratio	> 0%	-10.78%	-12.51%	-14.59%	-16.23%	-17.65%	-19.34%	-21.04%	-23.34%	-24.70%	-26.62%
Own Source Operating Revenue Ratio	> 60%	73.07%	67.94%	78.08%	71.84%	84.15%	85.22%	85.51%	85.81%	86.09%	86.38%
Debt Service Cover Ratio	> 2x	8.8x	10.9x	11.7x	15.5x	20.6x	21.4x	22.3x	28.2x	41.6x	59.8x
Real Operating Expenditure per Capita Ratio		1,639	1,672	1,700	1,749	1,797	1,853	1,911	1,982	2,040	2,110
ASSET RATIOS											
Building & Infrastructure Asset Renewal Ratio	> = 100%	25.14%	32.77%	30.49%	28.23%	24.78%	22.97%	21.32%	19.79%	18.36%	17.06%
Infrastructure Backlog Ratio	< 2%	3.75%	3.83%	3.92%	4.01%	4.10%	4.19%	4.29%	4.39%	4.44%	4.49%
Asset Maintenance Ratio	> 100%	78.31%	75.76%	74.04%	72.69%	71.11%	68.73%	66.40%	64.12%	61.88%	59.70%

Scenario Two

Income Statement - Scenario 2 ($'000)										
Operations from Ordinary Activities	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**2034-35**
Operating Expenditure										
Employee Costs	167,325	170,973	175,615	180,930	186,587	192,416	198,421	204,606	210,978	217,542
Interest Charges	955	835	731	637	563	497	428	364	318	284
Depreciation and Amortisation	78,367	90,057	98,825	108,136	118,173	129,040	140,814	153,579	168,180	181,244
Materials and Contracts	102,795	131,714	130,792	133,391	135,082	138,610	142,125	148,757	150,647	151,663
Other Expenses	17,835	18,009	18,080	18,153	18,228	18,255	18,333	18,414	18,486	18,570
Net Loss from the Disposal of Assets	-	-	582	595	608	621	635	649	664	679
Total Operating Expenditure	**367,276**	**411,588**	**424,626**	**441,842**	**459,242**	**479,440**	**500,757**	**526,369**	**549,272**	**569,982**
Operating Revenue										
Rates and Annual Charges	224,446	231,869	238,658	245,734	253,226	261,352	269,895	278,833	288,102	297,833
User Charges and Fees	57,312	56,760	58,568	60,444	62,389	64,406	66,499	68,670	70,922	73,259
Interest Income	13,300	12,652	11,859	11,856	11,854	11,851	11,849	11,846	11,843	11,835
Operating Grants and Contributions	22,851	22,782	23,080	23,366	23,661	23,964	24,277	24,599	24,931	25,273
Other Revenue	9,684	9,695	9,886	10,082	10,285	10,494	10,709	10,931	11,159	11,395
Net Gain from the Disposal of Assets	3,942	3,917	-	-	-	-	-	-	-	-
Total Operating Revenue	**331,534**	**337,676**	**342,051**	**351,482**	**361,415**	**372,068**	**383,228**	**394,879**	**406,958**	**419,595**
Result before Capital Grants and Contributions	**(35,742)**	**(73,911)**	**(82,575)**	**(90,359)**	**(97,827)**	**(107,372)**	**(117,529)**	**(131,490)**	**(142,314)**	**(150,387)**
Capital Grants & Contributions	90,919	125,832	66,461	105,221	39,945	36,400	36,528	36,657	36,787	36,918
Operating Result	**55,177**	**51,920**	**(16,114)**	**14,862**	**(57,883)**	**(70,971)**	**(81,001)**	**(94,833)**	**(105,527)**	**(113,469)**
Funding Statement (Sources & Application)										
Add back non funded items	82,223	94,029	102,897	112,309	122,451	133,425	145,309	158,185	172,902	186,083
Funds received from Sale of Assets	3,536	2,628	2,799	2,675	3,100	2,611	2,825	3,283	2,579	3,210
Loans Received	-	-	-	-	-	-	-	-	-	-
Budget (Surplus) / Deficit										
Funds Transferred (to)/from Reserves held	(31,731)	(16,922)	(20,100)	(29,939)	(32,186)	(30,929)	(31,892)	(31,250)	(34,923)	(36,115)
Net Fund Available	**109,205**	**131,654**	**69,482**	**99,907**	**35,482**	**34,136**	**35,241**	**35,386**	**35,030**	**39,709**
Application of Funds										
Assets Acquired	(108,321)	(181,313)	(117,071)	(147,649)	(85,470)	(83,108)	(84,082)	(85,392)	(84,221)	(85,909)
Internal Loans	78	76	78	80	83	85	88	91	93	239
Loan Repayments Made	(3,988)	(3,196)	(3,043)	(2,299)	(1,757)	(1,823)	(1,891)	(1,474)	(1,040)	(705)
Total Application	**(112,230)**	**(184,433)**	**(120,036)**	**(149,868)**	**(87,144)**	**(84,846)**	**(85,885)**	**(86,775)**	**(85,168)**	**(86,375)**
Net Costs funded from Rates & Other Untied Income	**(3,025)**	**(52,778)**	**(50,554)**	**(49,961)**	**(51,662)**	**(50,709)**	**(50,644)**	**(51,390)**	**(50,137)**	**(46,666)**

Balance Sheet (Draft) - Scenario 2 ($'000)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
ASSETS										
Current Assets										
Cash & Cash Equivalents	79,239	51,541	9,215	43,355	156,043	138,851	123,773	107,569	96,230	89,272
Investments	153,568	153,568	153,568	153,568	14,796	18,467	21,687	25,147	27,569	29,055
Receivables	19,374	21,336	18,116	20,622	17,178	17,326	17,686	18,057	18,481	21,373
Inventories	764	978	971	990	1,002	1,029	1,055	1,104	1,118	1,125
Contract assets and contract cost assets	11,123	11,123	11,123	11,123	11,123	11,123	11,123	11,123	11,123	11,123
Other	9,138	11,326	11,262	11,463	11,596	11,864	12,135	12,642	12,790	12,872
Total Current Assets	273,206	249,871	204,254	241,121	211,739	198,660	187,459	175,642	167,310	164,820
Non-Current Assets										
Investments	41,699	41,699	41,699	41,699	35,204	31,533	28,313	24,853	22,431	20,945
Receivables	5,414	5,513	5,604	5,699	5,799	5,907	6,022	6,141	6,265	3,982
Infrastructure, Property, Plant & Equipment	3,909,805	4,002,350	4,017,215	4,053,459	4,017,048	3,967,883	3,907,690	3,835,571	3,748,370	3,649,147
Investment Property	45,648	45,648	45,648	45,648	45,648	45,648	45,648	45,648	45,648	45,648
Intangible Assets	360	360	360	360	360	360	360	360	360	360
Total Non-Current Assets	4,002,926	4,095,571	4,110,526	4,146,865	4,104,059	4,051,331	3,988,033	3,912,573	3,823,074	3,720,082
TOTAL ASSETS	**4,276,132**	**4,345,442**	**4,314,780**	**4,387,985**	**4,315,798**	**4,249,991**	**4,175,492**	**4,088,215**	**3,990,384**	**3,884,902**
LIABILITIES										
Current Liabilities										
Payables	55,194	61,044	63,391	66,277	69,176	72,423	75,809	79,709	83,184	86,708
Contract liabilities	24,646	30,480	20,707	27,581	16,824	16,546	16,903	17,272	17,654	18,049
Borrowings	3,196	3,043	2,299	1,757	1,823	1,891	1,474	1,040	1,073	1,108
Employee benefit provisions	46,170	50,021	53,967	58,012	62,159	66,409	70,765	75,230	79,807	84,498
Other provisions	368	444	522	602	685	770	858	949	1,042	1,281
Total Current Liabilities	129,574	145,032	140,886	154,229	150,667	158,040	165,809	174,200	182,760	191,645
Non-Current Liabilities										
Contract liabilities	13,896	18,749	10,521	15,960	6,909	6,458	6,519	6,582	6,646	6,712
Borrowings	22,608	19,565	17,266	15,509	13,686	11,795	10,321	9,282	8,209	7,101
Employee benefit provisions	1,462	1,584	1,709	1,837	1,969	2,103	2,241	2,383	2,528	2,676
Total Non-Current Liabilities	37,967	39,899	29,497	33,307	22,564	20,356	19,082	18,246	17,383	16,489
TOTAL LIABILITIES	**167,541**	**184,931**	**170,383**	**187,536**	**173,231**	**178,396**	**184,891**	**192,447**	**200,143**	**208,134**
Net Assets	**4,108,591**	**4,160,512**	**4,144,397**	**4,200,450**	**4,142,567**	**4,071,595**	**3,990,602**	**3,895,768**	**3,790,241**	**3,676,768**
EQUITY										
Retained Earnings	1,573,428	1,625,349	1,609,234	1,665,287	1,607,404	1,536,432	1,455,439	1,360,605	1,255,078	1,141,605
Revaluation Reserves	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163	2,535,163
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	4,108,591	4,160,512	4,144,397	4,200,450	4,142,567	4,071,595	3,990,602	3,895,768	3,790,241	3,676,768
Total Equity	**4,108,591**	**4,160,512**	**4,144,397**	**4,200,450**	**4,142,567**	**4,071,595**	**3,990,602**	**3,895,768**	**3,790,241**	**3,676,768**

Cash Flow Statement (Draft) - Scenario 2 ($'000)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	224,101	231,662	238,468	245,536	253,017	261,126	269,656	278,584	287,844	297,561
User Charges & Fees	57,992	56,710	58,734	60,615	62,567	64,591	66,691	68,869	71,128	73,472
Investment & Interest Revenue Received	12,970	12,828	12,177	11,840	12,105	11,920	11,925	11,930	11,891	11,849
Grants & Contributions	105,362	143,778	60,005	124,856	32,516	45,512	46,921	47,374	47,839	48,316
Bonds & Deposits Received	5,503	5,778	6,067	6,370	6,688	7,023	7,374	7,743	8,130	8,536
Other	9,523	9,465	10,468	9,792	10,923	10,583	10,768	10,991	11,221	11,601
Payments:	-	-	-	-	-	-	-	-	-	-
Employee Benefits & On-Costs	(163,396)	(166,924)	(171,466)	(176,676)	(182,227)	(187,946)	(193,838)	(199,909)	(206,163)	(212,606)
Materials & Contracts	(102,806)	(132,911)	(131,213)	(133,917)	(135,596)	(139,182)	(142,710)	(149,437)	(151,213)	(152,220)
Borrowing Costs	(955)	(835)	(731)	(637)	(563)	(497)	(422)	(364)	(318)	(289)
Bonds & Deposits Refunded	(3,704)	(3,890)	(4,084)	(4,288)	(4,503)	(4,728)	(4,964)	(5,212)	(5,473)	(5,747)
Other	(18,462)	(15,911)	(17,882)	(17,723)	(17,848)	(17,753)	(17,820)	(17,693)	(18,059)	(18,189)
Net Cash provided (or used in) Operating Activities	126,126	139,749	60,543	125,768	37,080	50,649	53,579	52,876	56,827	62,285
Cash Flows from Investing Activities										
Receipts:										
Sale of Infrastructure, Property, Plant & Equipment	3,536	2,628	2,799	2,675	3,100	2,611	2,825	3,283	2,579	3,210
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(93,910)	(166,879)	(102,626)	(133,193)	(71,003)	(68,629)	(69,591)	(70,889)	(69,706)	(71,380)
Net Cash provided (or used in) Investing Activities	(90,374)	(164,251)	(99,827)	(130,518)	(67,903)	(66,018)	(66,766)	(67,606)	(67,127)	(68,170)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(3,988)	(3,196)	(3,043)	(2,299)	(1,757)	(1,823)	(1,891)	(1,474)	(1,040)	(1,073)
Net Cash Flow provided (used in) Financing Activities	(3,988)	(3,196)	(3,043)	(2,299)	(1,757)	(1,823)	(1,891)	(1,474)	(1,040)	(1,073)
Net Increase/(Decrease) in Cash & Cash Equivalents	31,765	(27,698)	(42,327)	(7,050)	(32,579)	(17,192)	(15,078)	(16,204)	(11,339)	(6,958)
plus: Cash & Cash Equivalents - beginning of year	88,665	120,430	92,732	50,405	43,355	156,043	138,851	123,773	107,569	96,230
Cash & Cash Equivalents - end of the year	**120,430**	**92,732**	**50,405**	**43,355**	**10,776**	**138,851**	**123,773**	**107,569**	**96,230**	**89,272**
Cash & Cash Equivalents - end of the year	120,430	92,732	50,405	43,355	156,043	138,851	123,773	107,569	96,230	89,272
Investments - end of the year	195,267	195,267	195,267	195,267	50,000	50,000	50,000	50,000	50,000	50,000
Cash, Cash Equivalents & Investments - end of the year	**315,697**	**287,999**	**245,672**	**238,622**	**206,043**	**188,851**	**173,773**	**157,569**	**146,230**	**139,272**
Representing:										
- External Restrictions	160,732	172,036	183,362	202,588	222,101	239,470	256,761	273,993	291,161	308,294
- Internal Restricitons	114,346	119,964	128,739	139,451	152,124	165,685	180,286	194,303	212,059	231,041
- Unrestricted	40,619	(4,002)	(66,429)	(103,417)	(168,183)	(216,303)	(263,273)	(310,727)	(356,990)	(400,063)
	315,697	**287,999**	**245,672**	**238,622**	**206,043**	**188,851**	**173,773**	**157,569**	**146,230**	**139,272**

RATIOS - Scenario 2

Ratio	Benchmark	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
OPERATING RATIOS											
Operating Performance Ratio	> 0%	-10.78%	-21.89%	-24.14%	-25.71%	-27.07%	-28.86%	-30.67%	-33.30%	-34.97%	-35.84%
Own Source Operating Revenue Ratio	> 60%	73.07%	67.94%	78.08%	71.84%	84.15%	85.22%	85.51%	85.81%	86.09%	86.38%
Debt Service Cover Ratio	> 2x	8.8x	4.2x	4.5x	6.3x	9x	9.6x	10.2x	12.2x	19.3x	31.5x
Real Operating Expenditure per Capita Ratio		1,639	1,812	1,842	1,892	1,941	2,001	2,064	2,143	2,209	2,264
ASSET RATIOS											
Building & Infrastructure Asset Renewal Ratio	> = 100%	70.61%	59.84%	54.90%	50.16%	46.05%	42.33%	39.08%	35.97%	32.98%	30.72%
Infrastructure Backlog Ratio	< 2%	1.35%	1.25%	1.17%	1.09%	1.01%	0.94%	0.87%	0.81%	0.75%	0.70%
Asset Maintenance Ratio	> 100%	104.70%	104.91%	104.91%	104.84%	104.77%	104.69%	104.62%	105.56%	105.69%	102.42%

APPENDIX

CAPITAL EXPENDITURE 10 YEAR FORECAST - Base Scenario

Project Detail	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Construction of Bicycle Facilities	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Plant Replacement	1,090,150	1,090,150	1,090,150	1,090,150	1,117,404	1,145,339	1,173,972	1,203,322	1,233,405	1,264,240
Rural Roads Resealing	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500	59,500
Road Resealing/ Resheeting (Pt AREAS)	5,131,772	5,213,554	5,283,307	5,354,804	5,428,088	5,503,204	5,580,199	5,659,118	5,740,011	5,822,926
Dedication - Subdivision Roads	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Dedication - Drainage Works	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Motor Vehicle Purchases	4,195,000	3,818,125	4,198,822	4,170,298	5,079,505	4,034,320	4,490,955	5,470,071	3,964,606	5,313,613
Rural Roads Widening	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000
Traffic Facilities - Regulatory	525,000	514,000	514,000	514,000	514,000	514,000	514,000	514,000	514,000	514,000
Roads Reconstruction	1,164,160	1,199,298	1,229,281	1,260,013	1,291,513	1,323,801	1,356,896	1,390,818	1,425,589	1,461,229
LTC / Urgent Traffic Facilities	99,465	102,548	105,112	107,740	110,433	113,194	116,024	118,925	121,898	124,945
Bus Shelters Program	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000
Disability Access Improvements	33,300	33,300	33,300	33,300	33,300	33,300	33,300	33,300	33,300	33,300
Building Upgrades - Childcare	-	200,000	207,000	214,245	221,744	229,505	237,537	245,851	254,456	263,362
CS IT Replacement Capital	25,000	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840
OOSH Bus Fleet Replacement	-	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840
CS Playground Upgrades	150,000	150,000	155,250	160,684	166,308	172,128	178,153	184,388	190,842	197,521
Shared Pathways	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000
Urban Drainage Construction Program	1,107,926	1,111,179	1,113,883	1,116,656	1,119,497	1,122,409	1,125,395	1,128,455	1,131,591	1,134,806
Traffic and Transport Facilities Program	392,593	404,763	414,882	425,255	435,886	446,783	457,953	469,401	481,136	493,165
Building Asset Renewal	6,288,842	6,331,330	6,367,363	6,404,297	6,442,154	6,480,959	6,520,733	6,561,501	6,603,289	6,646,121
Footpath Delivery Program	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Roads Reconstruction	1,030,839	1,062,795	1,089,365	1,116,599	1,144,514	1,173,127	1,202,455	1,232,516	1,263,329	1,294,913
Werrington Road, Werrington - Proposed Shared Path and	200,000	-	-	-	-	-	-	-	-	-
Roads to Recovery 2024-2029	2,435,648	2,892,332	3,044,560	3,044,560	1,522,275	1,522,275	1,522,275	1,522,275	1,522,275	1,522,275
Stormwater Work Improvement Program	385,670	385,670	385,670	385,670	385,670	385,670	385,670	385,670	385,670	385,670
Library Resources - Capital	634,910	634,910	634,910	634,910	634,910	634,910	634,910	634,910	634,910	634,910
Library Special Purpose Projects -Building	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Desktop Hardware / Devices	510,869	526,706	539,874	553,370	567,205	581,385	595,919	610,817	626,088	641,740
Server Infrastructure	201,949	208,209	213,415	218,750	224,219	229,824	235,570	241,459	247,496	253,683
Audio/Visual Meeting Room Equipment Upgrades	100,000	-	-	-	-	-	-	-	-	-
Penrith Library - Various Works	150,000	-	-	-	-	-	-	-	-	-
Dunheved Road Upgrade	41,200,000	52,800,000	9,305,266	-	-	-	-	-	-	-
Bennett Park St Marys Mixed Recreation Space	663,943	1,255,963	-	-	-	-	-	-	-	-
Cook Park Amenity Building & Grandstand Upgrade	10,553,089	7,499,061	-	-	-	-	-	-	-	-
Local Roads Package (LRP) Round 4	3,365,000	8,599,255	-	-	-	-	-	-	-	-
Londonderry Park Playground Upgrade	158,000	-	-	-	-	-	-	-	-	-
St Marys City Planning and Development	191,224	7,625,000	1,270,875	-	-	-	-	-	-	-
Multi Indoor Sports Stadium	36,203	6,918,896	14,460,000	65,000,000	1,620,500	-	-	-	-	-
Nursery Upgrade and Cumberland Plain Improvement Pro	2,396,724	-	-	-	-	-	-	-	-	-
Andromeda Ovals, Field Surface and Carpark improvemer	1,016,180	-	-	-	-	-	-	-	-	-
Parker Street Reserve Upgrades	1,281,794	520,000	-	-	-	-	-	-	-	-
Greenway Drive South Penrith Playspace Upgrade	190,000	-	-	-	-	-	-	-	-	-
Amaroo Street Kingswood Playspace Upgrade	190,000	-	-	-	-	-	-	-	-	-
Ladbury Avenue Penrith Playspace Upgrade	190,000	-	-	-	-	-	-	-	-	-
Adelaide Street St Marys Playspace Upgrade	190,000	-	-	-	-	-	-	-	-	-
Wattle Avenue North St Marys Playspace Upgrade	220,000	-	-	-	-	-	-	-	-	-
Edna Dunn Reserve South Penrith Playspace Upgrade	215,000	-	-	-	-	-	-	-	-	-
Robin Wiles Park North St Marys Playspace Upgrade	600,000	-	-	-	-	-	-	-	-	-
Sales Park, Luddenham – Installation of outdoor health an	100,000	-	-	-	-	-	-	-	-	-
Allsopp and Patterson Oval, Cambridge Park – Playspace u	411,750	-	-	-	-	-	-	-	-	-
Glenmore Park Child and Family Precinct, Glenmore Park –	131,750	-	-	-	-	-	-	-	-	-
Margaret Porter Reserve, St Marys - Playground Renewal	216,752	-	-	-	-	-	-	-	-	-
Myrtle Road Playground Renewal – Sunflower Drive, Claren	198,740	-	-	-	-	-	-	-	-	-
Blaxland Crossing Reserve, Wallacia - Drainage works	200,000	-	-	-	-	-	-	-	-	-
Weir Reserve Pedestrian Bridge and Path Restoration Work	192,500	-	-	-	-	-	-	-	-	-
Mulgoa Rise Sportsground Sports Surface Turf Reconstruc	204,558	-	-	-	-	-	-	-	-	-
Urban Rivers Grant Protecting Platypus - Jerrys Creek - Ca	570,000	55,000	39,000	-	-	-	-	-	-	-
New Capital Grants - Open Space New		2,446,965	2,471,435	2,496,149	2,521,110	2,546,321	2,571,785	2,597,503	2,623,478	2,649,712
New CapitalGrants - Open Space Renewal & Upgrade		7,340,895	7,414,304	7,488,447	7,563,331	7,638,964	7,715,354	7,792,508	7,870,433	7,949,137
New Capital Grants - Buildings New		618,181	624,362	630,606	636,912	643,281	649,714	656,211	662,773	669,401
New CapitalGrants - Buildings Renewal & Upgrade		1,854,542	1,873,087	1,891,818	1,910,736	1,929,844	1,949,142	1,968,633	1,988,320	2,008,203
S711 - Traffic Facilities - Works		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
S711 - Building		661,833	661,833	661,833	661,833	661,833	661,833	661,833	661,833	661,833
S711 - Drainage (irrigation,drainage, water feature)		10,492	10,492	10,492	10,492	10,492	10,492	10,492	10,492	10,492
S711 - Park Furniture		67,565	67,565	67,565	67,565	67,565	67,565	67,565	67,565	67,565
S711 - Landscaping		75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
S711 - Fields / Parks (new, embellished,)		129,053	129,053	129,053	129,053	129,053	129,053	129,053	129,053	129,053
S711 - Play Equipment		53,973	53,973	53,973	53,973	53,973	53,973	53,973	53,973	53,973
S711 - Roads (paths, car parks, bollards, roads)		386,502	386,502	386,502	386,502	386,502	386,502	386,502	386,502	386,502
S711 - Field lighting		14,919	14,919	14,919	14,919	14,919	14,919	14,919	14,919	14,919
S711 - Signage		337	337	337	337	337	337	337	337	337
Neighbourhood Renewal	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Parks Asset Renewal	663,356	1,003,530	1,028,618	1,054,334	1,080,692	1,107,709	1,135,402	1,163,787	1,192,882	1,222,704
CCTV Upgrade & Renewal Program	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Nursery Redevelopment - Security and Surveillance Comp	150,000	-	-	-	-	-	-	-	-	-
Erskine Pk Urban Reinvestment (refer MP970)	154,350	85,174	-	-	-	-	-	-	-	-
Mayoral Youth Challenge	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
Neighbourhood Centres/Halls Improvements	99,048	99,048	99,048	99,048	99,048	99,048	99,048	99,048	99,048	99,048
SES Equipment Priority List	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
RID Squad Motor Vehicle Purchases	45,000	-	-	-	-	-	-	-	-	-
Aldington Rd Mamre Precinct - Accelerated Infrastructure	1,398,000	12,815,000	9,087,000	-	-	-	-	-	-	-
Playspace Network Upgrades - Westinvest	-	1,338,585	284,511	-	-	-	-	-	-	-
	108,320,554	155,428,464	91,255,650	122,147,324	58,556,326	56,300,554	57,175,629	58,581,915	57,512,552	59,306,805

Appendix 2

Our Assets: 2025-35 Strategic Asset Management Plan

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Our Assets

2025-35 Strategic Asset Management Plan

PENRITH CITY COUNCIL

DRAFT APRIL 2025

Document status

	Version	Approving Director	Date
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1 EXECUTIVE SUMMARY

This Strategic Asset Management Plan (SAMP) states the approach to implementing the principles and the objectives set out in the Asset Management Policy. It includes specific requirements to outline the processes, resources, structures, roles and responsibilities necessary to establish and maintain the asset management system. The asset groups covered by this SAMP are buildings, roads infrastructure, bridges, footpaths and other road assets, stormwater, swimming pools and open space assets.

The SAMP highlights major issues which need to be addressed for each of the asset classes over the next ten years. The strategy also highlights the necessary actions for Penrith City Council (Council) to help close the gap between current asset management practice and move towards a 'best appropriate practice' position in the future.

Both the SAMP and the Asset Management Plans (AMPs) have been prepared in accordance with the International Infrastructure Management Manual (IIMM) and the Institute of Public Works Engineering Australasia (IPWEA) National Asset Management Strategy (NAMS) guidelines. Development of an asset management strategy and plans for council infrastructure assets is a mandatory requirement for NSW local government. The key findings for each asset class are included in the asset management plans section of this strategy and are covered in a concise but detailed manner.

This strategy includes Council's Asset Management Policy. The policy provides a framework for managing infrastructure assets to support the delivery needs of the community.

1.1 ASSET VALUES

In preparing this SAMP, it has been identified that Penrith City Council has an infrastructure and asset portfolio with a current replacement cost of approximately $3.55 billion. The asset values are the value of assets, as at 30 June 2024, based on the Infrastructure, Property, Plant and Equipment Register of the fixed asset register, taking into account recent asset revaluations. These values are updated on an annual basis, in line with the annual financial statements, once completed.

Table 1 Asset classes and values

Asset class	Gross replacement cost (CRC)	Written down value (WDV)	Annual depreciation expense
Buildings	$571,729,000	$340,620,000	$13,526,000
Open space	$181,812,000	$131,297,000	$6,939,000
Roads			

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Sealed Roads	$907,158,000	$680,015,000	$13,561,116
Unsealed Roads	$5,960,000	$3,148,000	$54,918
Footpaths	$100,285,000	$56,076,000	$3,519,146
Bridges	$187,380,000	$102,164,000	$925,719
Other road assets	$518,099,000	$248,951,000	$6,890,087
Total - Roads	**$1,718,882,000**	**$1,090,354,000**	**$24,950,986**
Stormwater drainage	$1,066,929,000	$717,102,000	$9,429,000
Grand total	**$3,548,152,000**	**$2,285,950,000**	**$54,844,986**

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1.2 ASSET BACKLOG

As per the 2023/24 Special Schedule 7 analysis, Council has a combined asset backlog of $93 million, with this being the estimated cost to bring assets to a satisfactory standard. The satisfactory standard is currently taken as condition 3.

Table 2 Asset backlog summary

Estimated cost to satisfactory	Backlog ($,000)	Backlog ratio % (backlog / WDV)
Total infrastructure	$93,157	4.36%

1.3 ASSET CONDITION

Reviewing asset condition data shows that the most of Council's assets are in a satisfactory or better condition. The reliability of Council's condition data varies between the asset classes with most data being reliable, or highly reliable. Details of Council's current asset condition are shown in the table below. The condition is represented as a percentage of the replacement cost of Council's assets.

Table 3 Asset condition

Asset class	Asset condition (% of CRC)				
	1	2	3	4	5
Buildings	15%	49%	20%	16%	0%
Sealed roads	15%	34%	32%	18%	1%
Unsealed roads	2%	20%	60%	10%	8%
Bridges	29%	33%	37%	1%	0%
Footpaths	28%	24%	42%	5%	1%
Other road assets	17%	57%	23%	2%	1%
Stormwater	12%	33%	41%	10%	4%
Open space	4%	45%	48%	4%	0%
Total	**15%**	**40%**	**33%**	**11%**	**2%**

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1.4 EXPENDITURE AND REPORTING

Table 4 Combined asset expenditure projections – base case

Expenditure projections ($,000s) – combined assets		2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031	2031/ 2032	2032/ 2033	2033/ 2034
Actual	Renewal	$32,936	$85,731	$112,776	$42,092	$30,020	$28,804	$29,117	$29,437	$29,763	$30,097
	New and expanded assets	$51,926	$79,948	$79,802	$41,814	$19,347	$19,386	$19,424	$19,464	$19,504	$19,545
	Maintenance	$18,599	$19,055	$19,642	$20,195	$20,751	$21,314	$21,893	$22,485	$23,089	$23,707
	Operational	$25,043	$26,217	$27,311	$30,892	$32,030	$33,196	$34,395	$35,626	$36,889	$38,169
	Total expenditure	$128,504	$210,952	$239,532	$134,993	$102,149	$102,700	$104,831	$107,012	$109,245	$111,517
Required	Required renewal (depreciation)	$24,951	$25,859	$26,750	$27,665	$28,608	$29,579	$30,580	$31,610	$32,672	$33,766
	New and expanded assets	$51,926	$79,948	$79,802	$41,814	$19,347	$19,386	$19,424	$19,464	$19,504	$19,545
	Maintenance	$50,310	$52,386	$54,063	$56,501	$57,914	$58,798	$59,703	$60,628	$61,575	$62,544
	Operational	$26,048	$27,984	$29,936	$30,749	$30,888	$31,028	$31,169	$31,311	$31,453	$31,597
	Total	$153,234	$186,178	$190,552	$156,728	$136,757	$138,791	$140,876	$143,013	$145,204	$147,451
Overall (GAP)		-$24,729	-$24,730	$24,774	$48,980	-$21,735	-$34,608	-$36,091	-$36,045	-$36,001	-$35,959
Maintenance gap		-$31,710	-$31,711	-$33,331	-$34,421	-$36,305	-$37,162	-$37,484	-$37,809	-$38,143	-$38,486
Renewal gap		$7,985	$7,985	$59,872	$86,026	$14,427	$1,412	-$775	-$1,462	-$2,173	-$2,909

1.5 LEVELS OF SERVICE

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 level of service.

A level of service is a measurable description of what Council delivers (or intends to deliver) in an activity which relates to something that can be controlled. Council has prepared specific community and technical levels of service which cover the accessibility, quality, responsiveness, affordability, customer satisfaction, sustainability, health and safety and financial performance regarding the delivery of their infrastructure assets.

These have been developed for all asset classes and are detailed in the respective AMPs and address the adopted lifecycle management of assets. The overarching SAMP establishes a basic framework to measure service level outcomes. It is important to note that while service levels have been developed and are informed by Council's Community Strategic Plan, Council is yet to undertake community and stakeholder consultation to 'accept' the service levels.

1.6 HIGH LEVEL STRATEGIC ACTIONS

Table 5 High level strategic actions

Ref	Task	Priority
1.1	Develop and implement strategy to harmonise the classification structure of assets, asset attributes, and asset rating systems for condition, performance, utilisation and capacity data of road, building, drainage and open space infrastructure.	H
1.2	Implement program to collect asset condition data, particularly Council's stormwater.	VH
1.3	Document clear asset lifecycle strategy for all assets, which is to be supported by Council's Long-Term Financial Plan.	H
2.1	Document the assumptions and methodology used to determine the current depreciation values of all. Special consideration should be given to the determination of useful life, remaining life and asset condition.	H
2.2	Review asset capitalisation procedure and develop asset capitalisation review procedure involving project managers, asset managers and finance.	H
3.1	Develop clear and concise service levels for each asset group. These service levels should drive asset expenditure and service delivery improvements.	VH

Ref	Task	Priority
3.2	Develop and implement a plan to review infrastructure strategies, including community facilities strategy, transport strategy, and open space and recreation strategy.	M
3.3	Continue towards the integration of the Long-Term Financial Plan (LTFP) and asset management plan(s).	H
3.4	Develop asset management plans for each asset class.	VH
3.5	Monitor and report on levels of service in the Operational Plan.	H
4.1	Review roles and responsibilities particularly of asset managers and operational staff to promote strategic planning for assets.	VH
4.2	Undertake risk and criticality assessment of Council's infrastructure assets.	H
4.3	Develop inspection and maintenance strategies around critical assets and highlight emergency response plans should there be a major service disruption within the assets.	H
4.4	Review risk treatment/minimisation strategy for high-risk assets annually.	H
5.1	Continue work towards the implementation of a corporate asset management system. Ensure asset hierarchy and asset characteristics are aligned prior to going live with the system.	VH
6.1	Reconstitute the Asset Management Steering Group to ensure that the asset management improvement plan is being implemented	VH
6.2	Formalise and document asset handover processes and capitalisation processes.	H
6.3	Map out the organisation's asset management roles and responsibilities and formalise/clarify asset management functions ensuring the asset management practices are accurately reflected in Council's financial management and financial modelling	VH

2 INTRODUCTION

2.1 ASSET PLANNING

Development of AMPs for Council's infrastructure is a mandatory requirement for NSW councils, as per the *NSW Local Government Act 1993* and its subsequent amendments. As such, Penrith City Council has developed the following SAMP to cover the period 2024 – 2033. The key findings for each asset class are included in the asset management plans section of this strategy and are covered in a concise but detailed manner.

The provision of infrastructure is one of the most important roles of Council, as assets support the delivery of services that deliver on Council's long-term objectives. A formal approach to asset management is essential to ensure that services are provided in the most cost-effective and value-driven manner. To ensure this, it is essential that asset management is fully aligned and integrated with Council's Community Strategy and Long-Term Financial Plan and Workforce Plan. This ensures that community needs, and expectations are well understood, and that funding requirements and consequences are understood and available.

Council's current planning framework is based on the 'Local Government Financial Asset Sustainability Framework'.

Figure 1 Penrith City Council asset management planning framework



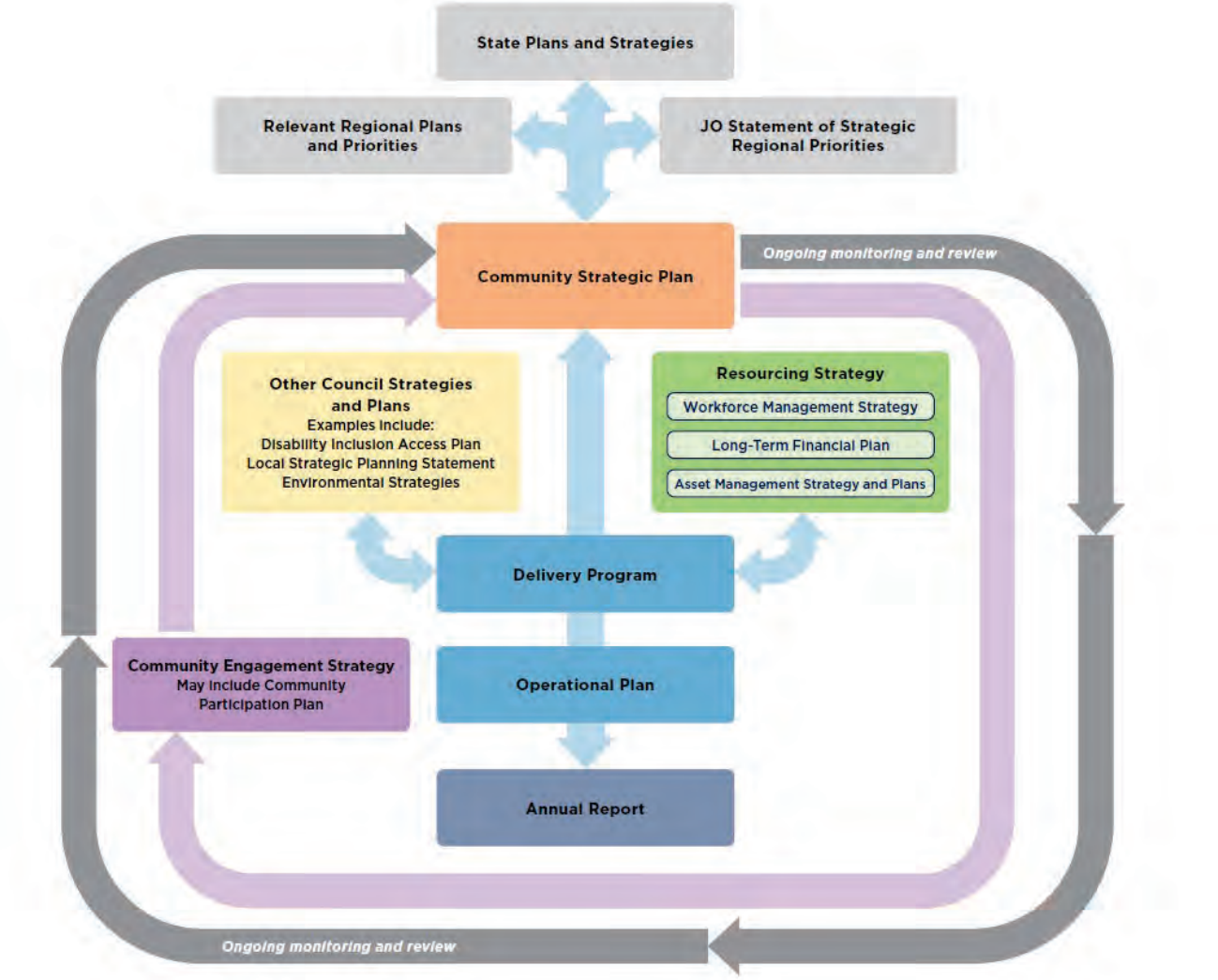
Council has adopted a 'whole of council' approach, beyond just a 'lifecycle' approach, and is committed to delivering value for money to the current and future generations of the community. The Strategic Asset Management Plan is underpinned by Council's Community Strategic Plan which was developed using the guiding principles of:

- We can work close to home:
    - Attract investment to grow the economy and increase the range of businesses operating in the region.
    - Provide access to lifelong learning to maximise opportunities for our community.
- We plan for our future growth:
    - Facilitate development in the city that considers the current and future needs of our community.
    - Protect the city's natural areas, heritage and character.
    - Ensure services, facilities and infrastructure meet the changing needs of our city.
- We can get around the city:
    - Work with partners to improve public transport.

    - Provide a safe and efficient road and pathway network.
    - Provide parking to meet the needs of the city.
    - Improve passenger and freight transport connections in the region.
- We have safe, vibrant places:
    - Make our public places safe and attractive.
    - Help make our major centres and important community places safe and attractive.
    - Work with our communities to improve wellbeing and infrastructure in their neighbourhoods.
- We care about our environment
    - Protect and improve the environment of our City
    - Support our community to use resources wisely
    - Minimise risks to our community from natural disasters and a changing climate
- We are healthy and share strong community spirit
    - Provide opportunities for our community to be healthy and active
    - Help build resilient, inclusive communities
    - Enhance the cultural vitality of the City
- We have confidence in our council
    - Be open and fair in our decisions and our dealings with people
    - Manage our money and our assets to be sustainable now and into the future
    - Deliver our services to provide best value for money
    - Give our community the chance to have a say in decisions that affect them
    - Invest in our people
    - Work with our alliance partners, Blue Mountains City Council and Hawkesbury City Council, to share skills, knowledge and resources and find ways to deliver services more efficiently

Council's framework has been developed in line with the legislated planning framework from the 'Integrated Planning and Reporting (IP&R) Guidelines for local government in NSW'.

Figure 2 Relationship between Council's plans and resourcing strategies



- **Community Strategic Plan** - outlines what the community wants; the objectives of the community and strategies to achieve those objectives.
- **Resourcing Strategy** - details the resources available to Council to deliver the Community Strategic Plan.
- **Delivery Program/Operational Plan** - details how Council will use the resources that it has, to meet the objectives in the Community Strategic Plan, specifically where Council has been identified as responsible or as a supporting partner in the identified strategies.
- **Annual Report** - is the reporting mechanism used by Council to report on those activities and actions that Council proposed in its Delivery Program and Operational Plan.

This SAMP establishes a framework to enable the prioritisation of asset groups through planning, construction, maintenance and operation of infrastructure necessary to achieve the goals and objectives as set out in:

- Penrith City Council Resourcing Strategy
- Penrith City Strategy
- NSW State Plan
- Greater Sydney Commission – Western City District Plan
- Penrith City Local Strategic Planning Statement 2020

2.2 SCOPE OF THIS STRATEGIC ASSET MANAGEMENT PLAN

This SAMP has been developed to provide the framework to ensure that new and existing Council's infrastructure assets are operated, maintained, renewed and upgraded to ensure that the levels of service are achieved in the most cost effective and sustainable way. It meets Council's commitments under the IP&R Framework in that all Council's infrastructure assets are fully accounted for. Details on each asset class, including the inventory, condition, predicted and required expenditure are included in the appendices.

The audience for this SAMP 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 ensure a sustainable service offering to the community by evolving and embedding a culture of asset management
- to ensure decision-making reflects community value for this generation and the next
- to develop clearly defined and agreed service levels, to inform asset investment, to support the community's quality of life
- to drive quality service outcomes by taking a risk-based approach to the way assets are managed
- to ensure availability of resources to maintain assets over the longer term.

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

- current asset condition and performance
- levels of service
- forecasted demand for infrastructure and services
- funding constraints.

This strategy supports Council's aim to have 'best value' asset management strategies and practices. This is achieved by continually developing and improving the whole of 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 for current and future generations.

This SAMP has been prepared using a 'top down' approach whereby 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, renewal and replacement based on local knowledge of assets and options for meeting current levels of service.

Future revisions of this SAMP will use 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.

The format of this SAMP is outlined in the table on the following page.

Table 6 Strategic Asset Management Plan structure

Sections	Guidelines
1. Executive summary	Provides a high-level summary of the combined asset management plans and highlights the main issues for consideration.
2. Introduction	Outline of the purpose and scope of the plan and how the plan relates to other key policies and strategies.
3. Asset Management Policy	Excerpt from Council's adopted Asset Management Policy outlining the principles guiding Council's asset management practices.
4. Asset management practices	Provision of a comprehensive strategic asset management gap analysis process for asset management.
5. Levels of service	Outline of levels of service and asset performance standards and customer/community expectations and feedback regarding levels of service.
6. 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.
7. Risk management plan	Provision of an asset-based risk management plan.
8. Overarching Strategic Asset Management Plan	Provision of a summary of Council's overall Asset Strategy including Asset Management Policy and identification of critical assets.

2.3 COUNCIL'S ASSETS

Council uses infrastructure assets to provide services to the community. An outline of the range of infrastructure assets and the services provided from the assets is shown below:

Table 7 Range of infrastructure assets and services

Asset class	Description	Services provided
Buildings	This includes Office / administration centres, libraries, community centres, childcare centres, halls, amenities for sports fields and public toilets.	Council owns and maintains a wide variety of buildings ranging from the Joan Sutherland Performing Art Centre to canteens at local sporting grounds. These buildings provide services for all members of our community – providing places to

Asset class	Description	Services provided
		hold events, meet up with friends, attend a playgroup or borrow a book. Council also owns buildings that provide us with a source of income as well as providing a service, such as our child care centres and pools.
Roads Infrastructure	This includes roads, kerb and guttering, bridges, footpaths and cycleways.	Transportation of goods and services from production to market and to consumers. Movement of people around the council area for business, education, recreation, and leisure.
Drainage	This includes drainage pipelines, pits and inlets; gross pollutant traps; dams and headwalls; wetlands.	Drainage assets transport storm water to reduce the risk of flooding. They also help protect water quality throughout the city.
City Parks and Sports fields	This includes natural areas, street trees, playgrounds, active playing fields and courts.	Our natural areas, parks and sports fields give our residents and visitors the chance to be active in many ways, participate in organised sport or just relax and enjoy being outside.
Plant and Fleet	Council has a wide variety of plant and equipment items that are included in its asset registers. These assets are not considered as infrastructure assets and not included in this SAMP.	These assets support the delivery of many of our services. They provide the equipment for ongoing maintenance of all our infrastructure, plus transport for many of our other services including building and health inspections, emergency services and our rangers.

Full details of Council's assets are covered in the individual asset management plans found in the appendices.

2.4 ABOUT PENRITH CITY COUNCIL

Penrith City is a located on the edge of the world heritage listed Blue Mountains National Park just 54km from Sydney and is uniquely positioned between the north-west and south-west Sydney growth centres, as well as at the gateway to the new Western Sydney Airport and Aerotropolis.

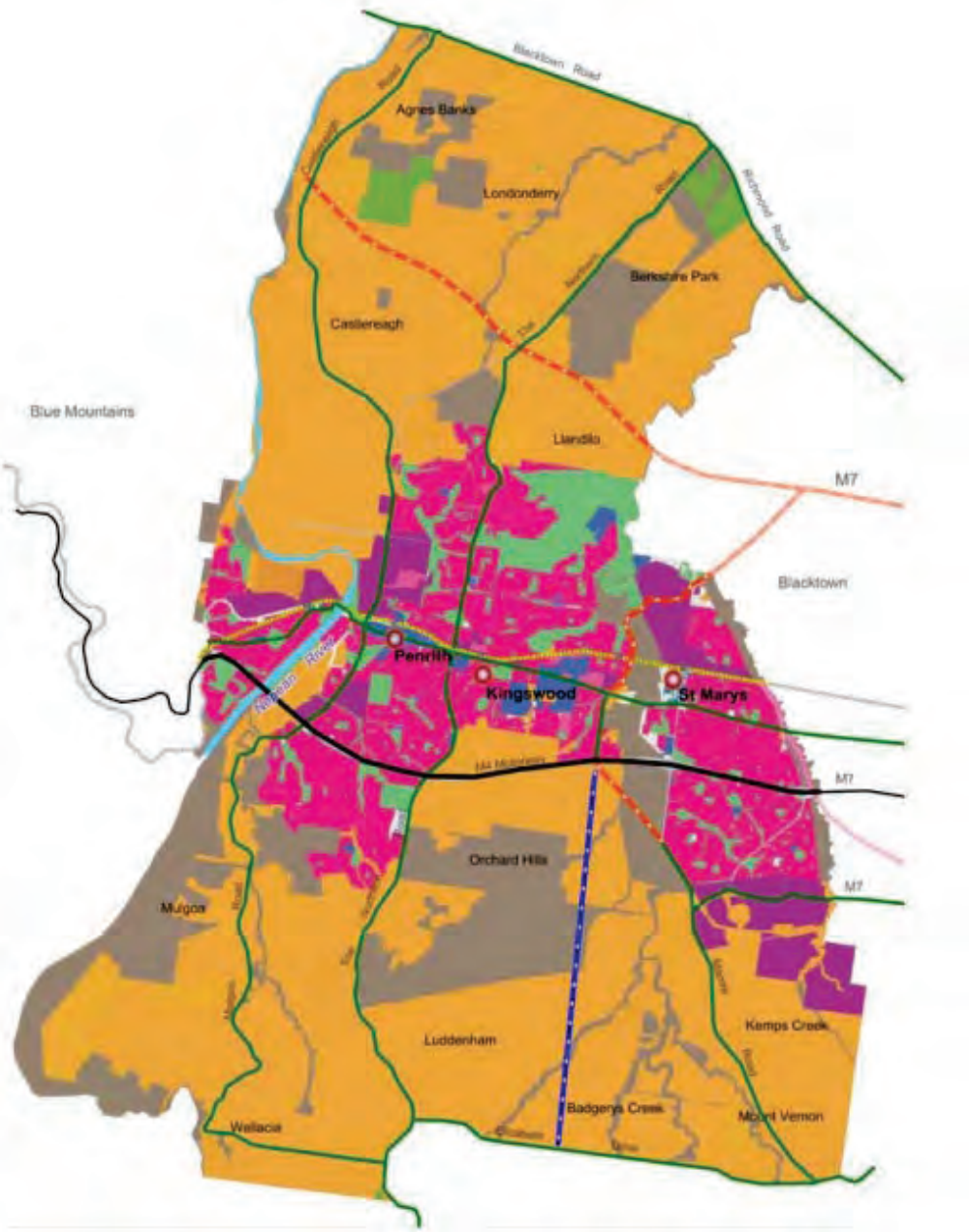
The local government area (LGA) stretches from Agnes Banks in the north to Badgerys Creek in the South and Emu Plains in the West to St Marys in the East. The council has been

divided into three wards and these include the following suburbs:

- South Ward
    - Badgerys Creek, parts of Emu Plains, Glenmore Park, Jamisontown, parts of Kingswood, Leonay, Luddenham, Mulgoa, Orchard Hills, parts of Penrith, Regentville, South Penrith and Wallacia.
- East Ward
    - Caddens, Claremont Meadows, Colyton, Erskine Park, Kemps Creek, parts of Kingswood, Mount Vernon, North St Marys, Orchard Hills, Oxley Park, St Clair and St Marys
- North Ward
    - Agnes Banks, Berkshire Park, Cambridge Gardens, Cambridge Park, Castlereagh, Cranebrook, Emu Heights, parts of Emu Plains, Jordan Springs, parts of Kingswood, Llandilo, Londonderry, parts of Penrith, Werrington, Werrington County and Werrington Downs.

The LGA contains both urban and rural areas with most of the population living in residential areas in a linear corridor along the Great Western Highway and the Western railway. Most of the urban area is residential, with some commercial areas and industrial areas, including extractive industries and manufacturing. Much of the rural area is used for agricultural purposes, including dairying, poultry farming, hobby farming, orcharding, market gardening and horse breeding. Council has significant sporting and recreation facilities across the LGA and provides access to a wide range of sporting clubs and associations.

Figure 3 Penrith City Council LGA



2.5 LINKS TO COUNCIL PLANS AND STRATEGIES

The Strategic Asset Management Plan and asset management plans have been prepared in line with the vision and strategy outlined in the 'Penrith City Community Strategic Plan 2036+' (CSP).

Infrastructure assets will play both a direct and indirect role in achieving the strategic objectives of the CSP. The following table indicates how Council's assets play a role in the delivery of the key strategies outlined in the CSP.

Table 8 Linkages to the Corporate Strategic Plan

Strategy	Buildings	Transport	Stormwater	City Parks and Sports fields
We can work close to home				
Attract investment to grow the economy and increase the range of businesses operating in the region	x	x	x	
Provide access to lifelong learning to maximise opportunities for our community	x			
We plan for our future growth				
Facilitate development in the city that considers the current and future needs of our community.	x	x	x	x
Protect the City's natural areas, heritage and character	x			x
Ensure services, facilities and infrastructure meet the changing needs of our city	x	x	x	x
We can get around the city				
Work with partners to improve public transport		x		
Provide a safe and efficient road and pathway network		x		
Provide parking to meet the needs of the city		x		
Improve passenger and freight transport connections in the region		x		
We have safe, vibrant places				
Make our public places safe and attractive	x	x	x	x
Help make our major centres and important community places safe and attractive	x			x
Work with our communities to improve wellbeing and infrastructure in their neighbourhoods	x	x	x	x
We care about our environment				
Protect and improve the environment of our City				x
Support our community to use resources wisely				
Minimise risks to our community from natural disasters and a changing climate	x	x	x	x

Strategy	Buildings	Transport	Stormwater	City Parks and Sports fields
We are healthy and share strong community spirit				
Provide opportunities for our community to be healthy and active		x		x
Help build resilient, inclusive communities				
Enhance the cultural vitality of the City				
We have confidence in our council				
Be open and fair in our decisions and our dealings with people				
Manage our money and our assets to be sustainable now and into the future	x	x	x	x
Deliver our services to provide best value for money				
Give our community the chance to have a say in decisions that affect them				
Invest in our people				
Work with our alliance partners, Blue Mountains City Council and Hawkesbury City Council, to share skills, knowledge and resources and find ways to deliver services more efficiently	x	x	x	x

3 ASSET MANAGEMENT POLICY

3.1 PURPOSE

To own, maintain and update assets across the LGA to enhance and improve liveability in our city.

3.2 POLICY STATEMENT

The Asset Management Policy provides the framework that with the Community Strategic Plan, Delivery Program and Resourcing Strategy enable the Asset Management Strategy and Asset Management Plans to be implemented. The Policy will;

- as custodians of public infrastructure, create a culture where all Councillors and employees are aware of the importance of their involvement in the provision of assets.
- undertake strategic asset planning that delivers customer focused services to maximise use and benefits of the Council's assets.
- adopt a whole of lifecycle approach to asset acquisition, operation, maintenance and disposal that delivers fit for purpose, sustainable and reliable assets with clear visibility on all associated risks and costs.
- comply with all statutory and regulatory requirements.
- align with ISO 55001 standard in the management of assets over their lifecycle.
- continuously evolve and improve the Asset Management processes, systems, resources and capability to optimise the delivery and performance of Council assets and to provide safe, sustainable, effective and reliable services.

3.3 FOUNDATION PRINCIPLES

Compliance:

- Comply with all relevant legislative requirements and standards. Ensure all political, economic, social and technological environments are considered in asset management decision making.
- Comply with LGA, IP&R and Risk Management/Governance requirements.

Strategic asset planning:

- Establish and maintain a framework to enable the development and application of sound asset management practice throughout the organisation.
- A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Departments of Council.

- Asset management principles will be integrated within existing planning and operational processes.
- Community needs, including gap analysis, will be considered for all significant decisions affecting infrastructure.
- Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.

Service levels

- Asset management plans and long-term financial plans will be updated over time to include service levels agreed with the community and Councillors. Service levels form the basis of annual budget estimates and define risk consequences.
- Asset renewal plans will be prioritised and implemented based on agreed service levels and the effectiveness of the current assets to provide that level of service.

Risk management

- The principles of risk management will be applied to Asset Management, in accordance with Council's Enterprise Risk Management Framework and applicable Standards (ISO 31000; ISO 55000).
- A risk-based approach provides a systematic, rational and defensible process for the use of limited resources to manage the magnitude of infrastructure assets within the Penrith LGA.

Resource and funding allocation

- Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
- Councillors and relevant staff will be provided with information and (where necessary) training to ensure that there is enough awareness in key areas of the organisation to make informed decisions around asset management that are consistent with this policy.

3.4 SCOPE

This policy applies to all Councillors, Council employees and service providers.

This policy applies to assets owned and operated by council, associated with or managed by council owned entities and assets owned by Council for a commercial purpose as specified below.

Assets owned and operated by Council

Council will operate and maintain its own assets.

Assets associated with or managed by Council owned entities

Council will apply the provisions and principles of this policy to assets associated with or managed by Council owned entities with respect to maintenance (scheduled and unscheduled) and like for like replacement. Identification of the service levels required to meet the needs of users is the responsibility of the entity, however service levels for maintenance and like for like replacement must be agreed by Council. Upgrade of council owned assets will be considered through a business case.

Assets owned by Council for a commercial purpose

The Property Development Department is responsible for the management of assets owned by Council for a commercial purpose. The principles of this policy will apply to the extent necessary to ensure that these assets meet the needs of users, risks are appropriately managed, and the assets are able to meet the needs of Council with regard to income generation.

3.5 ACCOUNTABILITIES

- Council is accountable for consideration of this policy in line with decision making.
- The Property Development Manager, Director Corporate Services and General Manager are accountable for the management of assets owned by Council for a commercial purpose.
- The General Manager and Director of City Services are accountable for the implementation and monitoring of this policy, for example ensuring systems are in place to:
    - develop and maintain, strategies and plans to support this policy
    - distribute this policy to all relevant persons in the organisation
    - ensure that any individuals or organisations that must adhere to this policy as a result of a contract or other agreement with the organisation are appropriately advised
    - monitor implementation and compliance
    - Assess whether Council meets Fit for the Future benchmarks for Asset Management including:
    - Building and Infrastructure Renewal ratio
    - Infrastructure Backlog Ratio
    - Asset Maintenance Ratio.

4 ASSET MANAGEMENT PRACTICES

4.1 ASSET MANAGEMENT INFORMATION SYSTEMS

Penrith City Council Council's asset knowledge, information and data are corporate assets and are managed as part of the asset management framework. The current applications used by Council include:

- Financial and Asset Register – TechnologyOne
- Pavement Management System for Roads – SMEC (Roads Infrastructure Data)
- Assyst – Bridge data

4.2 DATA COLLECTION AND VALIDATION

In the preparation of this Strategic Asset Management Plan, Council has used the most current and up to date information available from Council's corporate finance system and the works and assets system.

As part of Council's asset management improvement plan, Council aims to foster a culture of continuous improvement in service delivery to ensure best value in service provision for the community. This will be supported by the asset management plans including ongoing monitoring, audit and improvement practices which are to be used to optimise Council's operational and renewal expenditure.

4.3 MONITORING AND REVIEW PROCEDURES

Council utilises a performance management framework to track the achievement of the CSP, Delivery Program, Operational Plan and asset management improvement plan outcomes. This will be reviewed and reported on annually by the executive team.

4.4 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, as outlined in the table below.

Table 9 Asset data confidence scale

Confidence grade	General meaning
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.
Acceptable	Data based on sound records, procedures, investigations and analysis with some shortcomings and inconsistencies.
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.

Table 10 Asset data confidence rating*

Asset class	Inventory	Condition	Age	Overall
Buildings	Reliable	Reliable	Reliable	Reliable
Roads Infrastructure	Reliable	Reliable	Reliable	Reliable
Bridges	Reliable	Reliable	Reliable	Reliable
Footpaths	Reliable	Acceptable	Uncertain	Acceptable
Other Road Assets	Acceptable	Acceptable	Acceptable	Acceptable
Stormwater	Uncertain	Very Uncertain	Very Uncertain	Very Uncertain
Open Space	Reliable	Acceptable	Uncertain	Reliable

*Morrison Low 2022

4.5 FUNDING STRATEGY

Council's funding strategy aims to align Council's Long Term Financial Plan, Asset Management Plans and annual budget to accommodate the lifecycle requirements of its assets. By having a unified process, all decision-making numbers can be traced back to the AMPs, thereby informing the annual budgets and forward programs providing a degree of certainty for delivery timeframes and resourcing requirements.

In order to ensure value, Council will plan capital upgrade and new projects to meet 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
- undertaking project scoping for all capital upgrade/new projects to identify:
    - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset
    - the project objectives to rectify the deficiency including value management for major projects
    - the range of options, estimated capital and lifecycle 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/new programs
- reviewing current and required skills base and implement training and development to meet required construction and project management needs
- reviewing the current resources and capacity of the organisation to deliver the Capital Works Program on an annual basis
- reviewing 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/expansion of existing assets are the same as those for renewal, as shown in the appendices.

5 LEVELS OF SERVICE

5.1 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 plan 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 an activity which relates to something that can be controlled. Service levels may relate to:

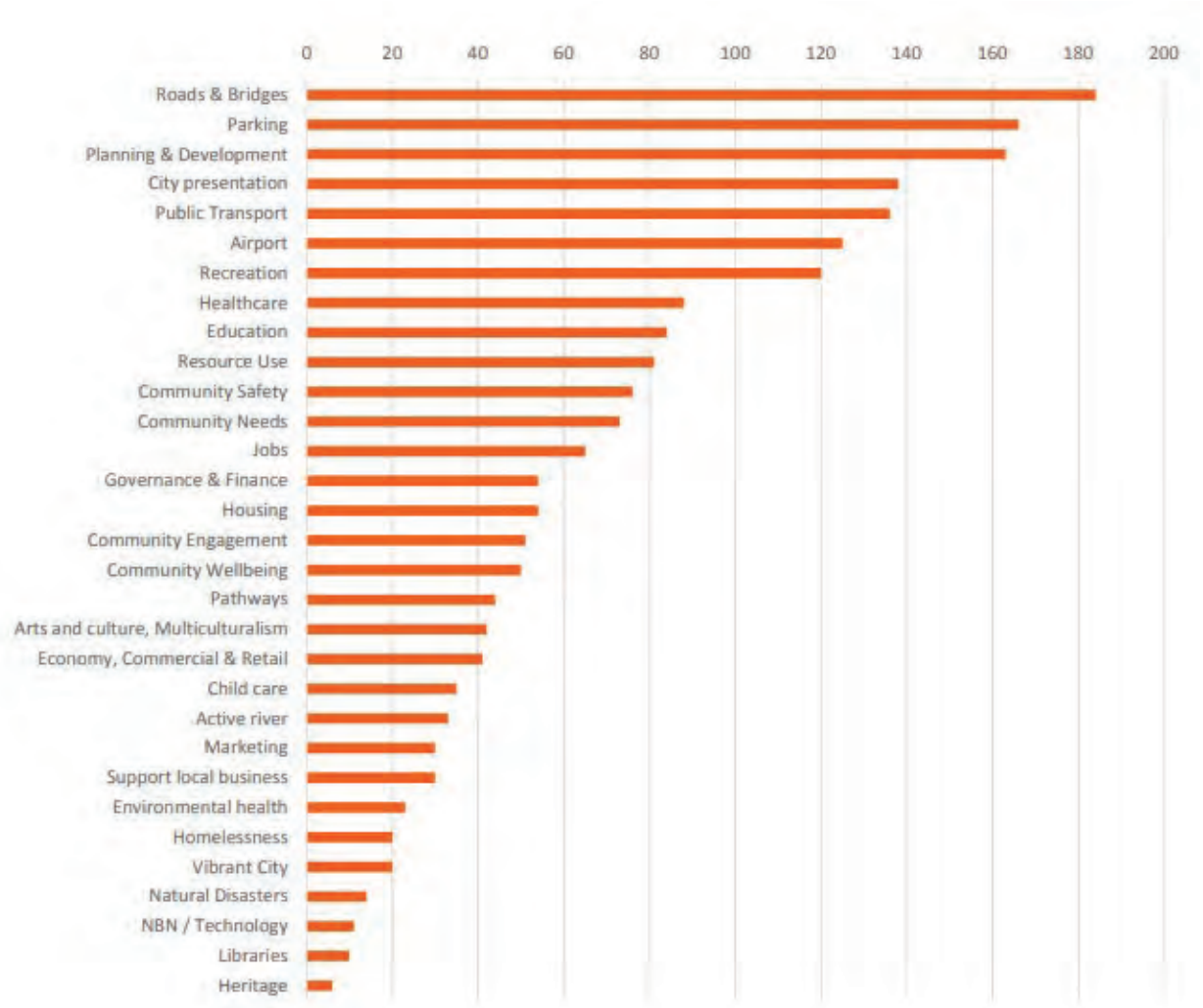
- the reliability of an asset
- the quality of an asset
- having the right quantity of assets
- the safety/risk/security of the assets.

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.

5.2 KEY ISSUES FROM COMMUNITY CONSULTATION

As part of Councils Community consultation for the Community Strategic Plan, council conducted extensive surveys to determine what areas were priorities for the community. The following graph highlights the key findings of the consultation.

Figure 4 Key emerging issues and number of responses



5.3 PERFORMANCE MEASURES

The level of service statement is supported by performance measure(s), also referred to as performance indicator(s), that indicate how the organisation is performing in relation to that level of service. The performance measure includes targets that are made up of community and technical measures. The customer measure relates to how the community receives the service, whereas technical measures support customer measures to ensure all aspects of organisational performance are being monitored, even those that may not be understood by customers.

In this plan, the level of service 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'. However, it is important to recognise that some performance measures may be influenced by external factors. For example, the number of fatalities can be influenced by road management, but driver behaviours, police enforcement and a number of other factors also strongly contribute to the overall outcome.

5.4 SERVICE LEVEL OUTCOMES

The levels of service in this plan 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:

- condition
    - accessibility and/or availability
    - quality/condition
- functionality
    - reliability/responsiveness
    - sustainability
    - customer satisfaction
- capacity
    - affordability
    - health and safety.

5.4.1 CONDITION

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 customers 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/condition

Asset quality is also very important. In this regard, 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 below.

Table 11 Asset condition rating matrix

Condition rating	Condition	Descriptor	Guide	Residual life as a % of total life	Mean percentage residual life
1	Excellent	An asset in excellent overall condition,	Normal maintenance	>86	95

Condition rating	Condition	Descriptor	Guide	Residual life as a % of total life	Mean percentage residual life
		however, is not new and providing its intended level of service.	required		
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	Significant renewal required (to 20 - 40% of the asset)	10 to 40	35

Condition rating	Condition	Descriptor	Guide	Residual life as a % of total life	Mean percentage residual life
		Capital Works Plan.			
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

5.4.2 FUNCTION

Responsiveness

Council will maintain assets in a diligent manner and be responsive to the needs of the community now and into the future. 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.

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.

5.4.3 CAPACITY

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.

Health and safety

Council will endeavour to identify and mitigate all key health and safety risks created by the 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 for swimming.

Each of the service level outcomes is related directly to the Council's 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 whilst balancing the potential risks to the community and the Council.

5.5 FINANCIAL BASED SERVICE LEVELS

The premise of asset management is that asset requirements and asset management 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 lifecycle management strategies and works programme identified within this Strategic Asset Management Plan.

5.5.1 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 (averaged over 3 years).

5.5.2 ASSET CONSUMPTION RATIO

The average proportion of 'as new' condition remaining for assets. This 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. It 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.

5.5.3 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.

5.5.4 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. The benchmark is 100% (averaged over 3 years).

5.5.5 ASSET MAINTENANCE RATIO

This ratio compares actual versus required annual asset maintenance for each asset class. A ratio of above 100% indicates that Council is investing enough funds that year to halt the infrastructure backlog from growing. The benchmark is greater than 100% (averaged over 3 years).

6 FUTURE DEMAND

6.1 DEMAND FORECAST

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

- population growth
- changes in the demography of the community
- urban planning
- residential occupancy levels
- commercial/industrial demand
- technological changes which impact the asset
- the economic situation
- government policy
- the environment.

Table 12 Future demand impacts

Projection	Impact on services
Population growth	
Estimated 2022 population is 219,685. Growth in older age groups is a key consideration for future asset provision.	Increased population increases demand for all asset classes. Changing demographics may mean that assets that are still in good condition may not be in the best form or location to meet changing community needs. Ongoing engagement is required to ensure assets provided are fit for purpose.
Urban consolidation	
High rise and multi-unit development will become more common. Public spaces – parks, squares etc. – will become more popular and expectations of their quality will increase.	Greater use of facilities will increase operational and maintenance costs, and may bring forward the need for renewal and upgrade. Increased density can put pressure on recreational and community assets in particular, as block sizes shrink.
New urban growth	
New lots will continue to be developed in Glenmore Park, Jordan Springs, Thornton and other	Release areas add to the asset portfolio in all areas – drainage, transport and some building and park assets are usually constructed by the developer and dedicated to Council. Additional fleet and assets and increased

Projection	Impact on services
identified release areas to meet State Government growth targets.	capacity in park and building assets may be required to cater to the additional demand. Growth in some assets has been accounted for as part of the financial modelling for this plan.
Transport network	
1% - 2% growth in transport network per year	Greater traffic congestion on existing roads and additional road networks to maintain. Growth in transport assets of 1%-2% is included in the modelling for the plan. If growth rates exceed this the quality of the network will decline unless additional funding is allocated.
Traffic levels	
2-3% growth in traffic per year	Greater traffic congestion will require additional funding to road maintenance. If growth rates exceed that predicted the quality of the network will decline unless additional funding is allocated.
Climate change	
Less frequent, more extreme weather events, particularly heatwaves, storms, intense rainfall and risk of bushfire.	All asset classes could be impacted by any extreme event. Risk management planning particular for bushfire and flood will become more important, as will research into weather resistant building techniques and materials. Operational and maintenance costs are likely to increase (electricity in particular) increasing energy efficiency, water efficiency and use of alternate energy sources will become a key way to address this. Street trees and green spaces will be critical in managing urban heat to reduce impact on our most vulnerable communities
Community Priorities and expectations	
Community priorities will change over time, particularly as the nature of the population changes and different recreational and travel trends develop.	Asset provision, particularly building and recreational assets, must keep up with changing community priorities and expectations. This may have impacts on asset location, internal and external design, usage patterns, management, and planning. Keeping in touch with our community, asset users and monitoring trends in recreation and leisure will assist in mitigating this risk, allowing us to be proactive in the planning and refurbishment of assets to ensure they continue to meet changing expectations.

6.2 DEMAND MANAGEMENT STRATEGIES

Demand management strategies have been developed to effectively manage the growth of Penrith City Council. These strategies will need to be monitored to ensure that they capture and are responsive to changing community expectations and demographic

profile as the region develops.

Table 13 Demand management strategies

Service Impact	Demand Management Plan
Assets require upgrading to accommodate higher levels of use or changed usage patterns	Asset rationalisation – provide funds to upgrade assets to increase capacity through sale of underutilised assets. This applies particularly to buildings and parks but must be done in conjunction with extensive community engagement.
Ongoing maintenance of underutilised community buildings, some of which will require significant expenditure in the near future	Review model for delivery and function of community buildings to determine purpose for council's community building portfolio, key current and likely future use requirements, potential alternative methods of delivery and options for rationalisation of assets where several existing within proximity. Identify facilities available through other providers that may be able to be used to perform similar functions
Increased demand for access to sports fields from existing and new sports	Improve lighting of sports fields to accommodate longer hours of use Improve drainage, design, and maintenance of playing surfaces to withstand additional use
Increase in traffic on road network results in congestion and greater need for traffic management facilities	Encourage alternative modes of transport Advocate for a better regional road network to reduce pressure on local roads as rat runs
Aging fleet and plant assets require higher levels of maintenance (scheduled and unscheduled) and have lower resale value.	As plant ages investigate alternative options to ownership (including lease) Investigate options to share plant items with adjoining councils Look to purchase alternative plant with higher potential utilisation rates
Overall community expectations exceed Council's capacity to deliver	Education of the community and Councillors of Council's capacity to deliver, operate, maintain, renew, and replace assets Undertake comprehensive asset management planning for potential new capital projects that highlights ongoing costs, including operating, maintenance, renewal, and replacement so decisions are made based on whole of life costs, not construction costs

7 RISK MANAGEMENT

Council implements a holistic and comprehensive framework to risk management, focusing on an informed approach to risk which is detailed in Council's Enterprise Risk Management Framework. The framework outlines the ongoing operation of a holistic risk reporting and review process, providing guidance for business units at all levels and fostering their knowledge of risk management within the parameters of the International Standard for Risk Management ISO 31000:2009.

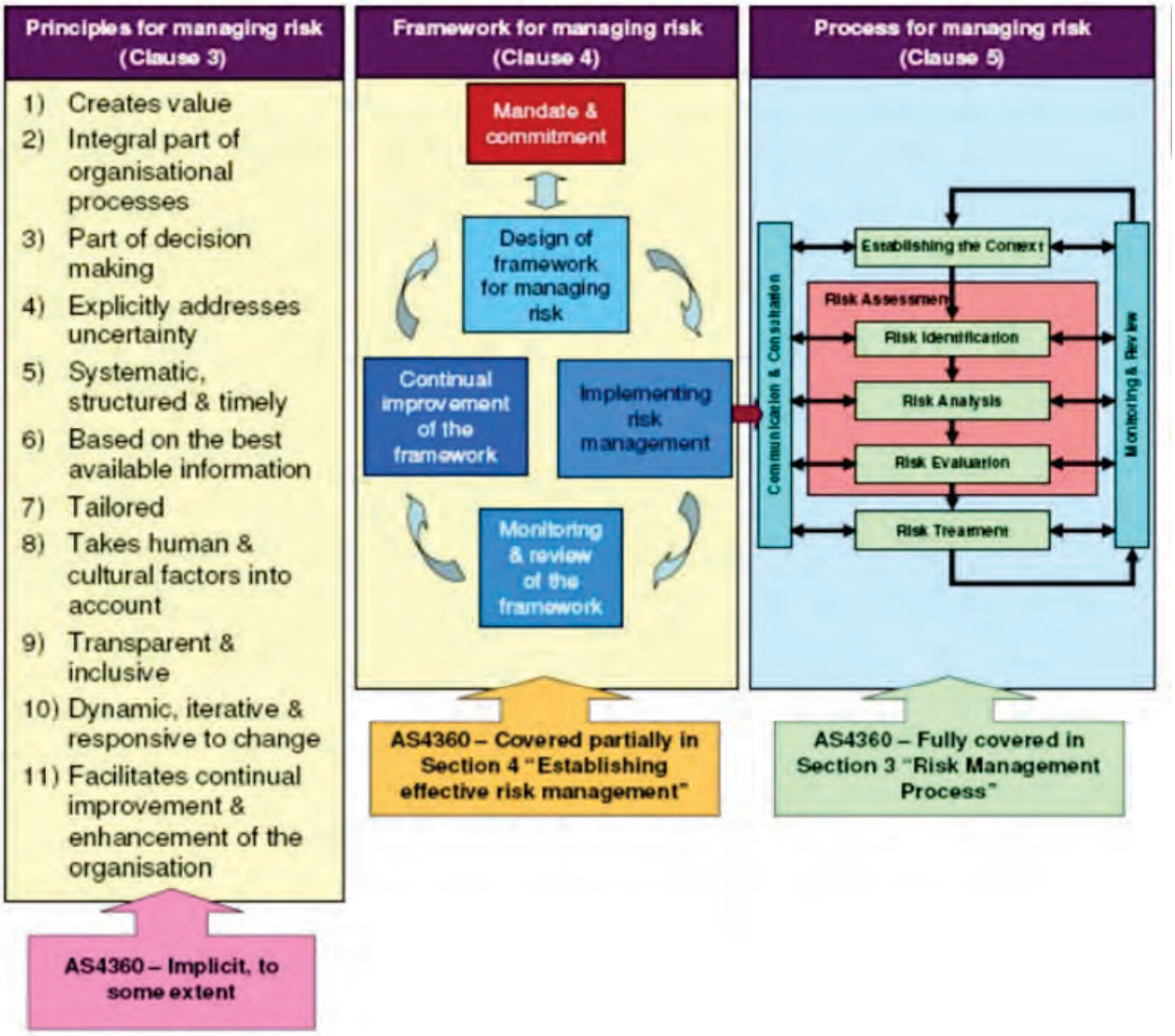


Figure 5 Risk management parameters – ISO 31000:2009

This is a structured, best-practice and proven approach that is to be applied Council-wide to support the management of strategic, operational, financial, regulatory, and other risk. Under this approach, there are five key stages to the risk management process:

- communicate and consult - with internal and external stakeholders
- establish context - the boundaries

- risk assessment - identify, analyse and evaluate risks
- treat risks - implement and assess controls to address risk
- monitoring and review - risks reviews and audit.

These stages are further detailed in Council's Risk Management Strategy.

7.1 INFRASTRUCTURE RISK MANAGEMENT FRAMEWORK

Council is currently developing 'infrastructure risk management plans' for each of its asset classes. These plans provide greater detail on Council's risk management approach for each of its infrastructure assets, including the risk analysis (likelihood and consequence) and treatment criteria specific to each asset class.

In general, risks are evaluated in the following way in Council's asset risk registers:

- risk identification
    - which asset is at risk?
    - what can happen?
    - when can it occur?
    - what are the possible causes?
    - what are the existing controls?
    - is the risk credible?
- risk analysis
    - what is the likelihood of occurrence?
    - what are the consequences of occurrence?
    - risk rating
    - what action is required?
    - is the risk acceptable?
- risk treatment
    - what treatment options are available?
    - what is the plan to treat the risk?
    - what is the residual risk?
- risk treatment plan
    - actions
    - responsibility
    - resource
    - budget
    - due date.

7.2 STRATEGIC INFRASTRUCTURE RISKS

Using Council's Risk Management Framework, some high-level infrastructure-based risks have been identified that are associated with the management of the assets. These strategic risks are identified in following table.

Table 14 Risk identification table

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Urban road	Unserviceable, water over road due to flooding	Flooding/damage caused by under capacity	Very high	Communications/community awareness of Council policies
Road base (pavement)	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
Footpath or shared path	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
Kerb and gutter	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
All assets	Defect inspection program not implemented	Lack of resources; responsibility not clearly defined	Very high	Resolve asset management role and responsibility
Urban road	Unserviceable, due to major damage by developer	Inappropriate construction management by developers for highrisk work	High	Proactive public domain inspections

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Urban road	Unserviceable, due to damage by utility provider or their contractor	Inappropriate construction management by utility providers and their contractors	High	Review utility provider work management practices; proactive precinct inspections
Urban road	Unserviceable, road blocked/water over road due to flooding	Due to defects of stormwater pit/pipe on/under a road	High	Proactive precinct inspections
Urban road	Unserviceable, road blocked/water over road due to flooding	Due to condition of stormwater pit/pipe on/under a road	High	Proactive condition inspection process
Urban road	Unserviceable, oil/chemical spill	As a result of a vehicular or industrial accident	High	Critical assets
Urban road	Unserviceable, water over road due to flooding	Flooding caused by trunk stormwater drainage asset failure	High	Critical assets
Urban road	Unserviceable, water over road due to flooding	Illegal dumping causing trunk drainage blockage	High	Critical assets
Urban road	Waste containers causing hazards and sight distance problems	Skip bins placed inappropriately on roads, not compliant to conditions	High	Continue existing regulatory controls; proactive precinct inspections
Road base (pavement)	Asset failure	Pavement condition due to poor wearing surface condition	High	Proactive precinct inspections; proactive condition inspection process
Bridge or culvert	Asset failure	Structural fatigue; traffic loads	High	Proactive precinct inspections; proactive condition inspection process
Bridge or culvert	Structural flood or storm damage	Severe storms	High	Proactive precinct inspections; proactive condition inspection process
Bridge or culvert	Structure deterioration	Lack of planned or reactive maintenance	High	Proactive precinct inspections; maintenance program

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Footpath or shared path	Unserviceable, due to damage by utility provider or their contractor	Inappropriate construction management by utility providers and their contractors	High	Review utility provider work management practices; proactive precinct inspections
Footpath or shared path	Trip or fall	Service pits	High	Review utility provider work management practices; proactive precinct inspections
Footpath or shared path	Trip or fall	Surface	High	Proactive precinct inspections; maintenance program
Footpath or shared path	Trip or fall	Tree roots/slab lift or tilt	High	Proactive precinct inspections; maintenance program
Footpath or shared path	Waste containers/materials on footpath causing obstruction	Skip bins placed in inappropriate location	High	Continue existing regulatory controls; proactive precinct inspections
Kerb and gutter	Cyclists crash/collision, due to stormwater grate	Stormwater grate missing	High	Proactive precinct inspections
Kerb and gutter	Poor condition causing injury	Slip, trip and fall from pedestrians crossing roads	High	Proactive precinct inspections
Traffic facility/ pedestrian crossing	Collision - motor vehicle and pedestrian	Facilities not maintained to appropriate condition	High	Proactive precinct inspections; maintenance program
All assets	Unserviceable, due to damage caused by natural disaster	Natural disaster emergency	High	Review critical assets and disaster management responsibilities

7.3 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 key aspect of planning is the identification of events in which the functionality of assets is compromised, including potentially catastrophic events in which function is completely lost". Council determines the criticality of assets based upon the following criteria:

- complexity
- impact of loss of service
- environmental impact
- health and safety impact
- cost of failure.

Critical assets for each asset class have been identified in their respective asset management plans.

8 EXPENDITURE PROJECTIONS

8.1 ASSET VALUES

In preparing this SAMP, it has been identified that Penrith City Council has an infrastructure assets portfolio valued with a current replacement cost of just under $3.6 billion. The major asset classes included in this strategy and their values are detailed in the table below.

Table 15 Summary of combined infrastructure assets values

Asset class	Gross replacement cost (CRC)	Written down value (WDV)	Annual depreciation expense
Buildings	**$571,729,000**	**$340,620,000**	**$13,526,000**
Open space	**$181,812,000**	**$131,297,000**	**$6,939,000**
Roads			
Sealed Roads	$907,158,000	$680,015,000	$13,561,116
Unsealed Roads	$5,960,000	$3,148,000	$54,918
Footpaths	$100,285,000	$56,076,000	$3,519,146
Bridges	$187,380,000	$102,164,000	$925,719
Other road assets	$518,099,000	$248,951,000	$6,890,087
Total - Roads	**$1,718,882,000**	**$1,090,354,000**	**$24,950,986**
Stormwater drainage	$1,066,929,000	$717,102,000	$9,429,000
Grand total	**$3,548,152,000**	**$2,285,950,000**	**$54,844,986**

8.2 ASSET BACKLOG

As per the 2023/24 Special Schedule 7 analysis, Council has a combined asset backlog of $93.157 million, with this being the estimated cost to bring assets to a satisfactory standard. The satisfactory standard is currently taken as condition 3. The breakdown of backlog per asset class as of 30 June 2024 is shown in the following table.

Table 16 Asset backlog summary

Estimated cost to satisfactory	Backlog ($,000)	Backlog ratio % (backlog / WDV)
Total infrastructure	$93,157	4.36%

8.3 ASSET CONDITION

Reviewing asset condition data shows that the most of Council's assets are in a satisfactory or better condition. The reliability of Council's condition data varies between the asset classes with most data being reliable, or highly reliable. Details of Council's current asset condition are shown in the table below. The condition is represented as a percentage of the replacement cost of Council's assets.

Table 17 Asset condition

Asset class	Asset condition (% of CRC)				
	1	2	3	4	5
Buildings	15%	49%	20%	16%	0%
Sealed Roads	15%	34%	32%	18%	1%
Unsealed Roads	2%	20%	60%	10%	8%
Bridges	29%	33%	37%	1%	0%
Footpaths	28%	24%	42%	5%	1%
Other Road Assets	17%	57%	23%	2%	1%
Stormwater	12%	33%	41%	10%	4%
Open Space	4%	45%	48%	4%	0%
Total	**15%**	**40%**	**33%**	**11%**	**2%**

8.4 EXPENDITURE AND REPORTING

A summary of the projected expenditure requirements can be found in the following table.

Table 18 Combined asset expenditure projections

Expenditure projections ($,000s) – combined assets		2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031	2031/ 2032	2032/ 2033	2033/ 2034
Actual	Renewal	$32,936	$85,731	$112,776	$42,092	$30,020	$28,804	$29,117	$29,437	$29,763	$30,097
	New and expanded assets	$51,926	$79,948	$79,802	$41,814	$19,347	$19,386	$19,424	$19,464	$19,504	$19,545
	Maintenance	$18,599	$19,055	$19,642	$20,195	$20,751	$21,314	$21,893	$22,485	$23,089	$23,707
	Operational	$25,043	$26,217	$27,311	$30,892	$32,030	$33,196	$34,395	$35,626	$36,889	$38,169
	Total expenditure	$128,504	$210,952	$239,532	$134,993	$102,149	$102,700	$104,831	$107,012	$109,245	$111,517
Required	Required renewal (depreciation)	$24,951	$25,859	$26,750	$27,665	$28,608	$29,579	$30,580	$31,610	$32,672	$33,766
	New and expanded assets	$51,926	$79,948	$79,802	$41,814	$19,347	$19,386	$19,424	$19,464	$19,504	$19,545
	Maintenance	$50,310	$52,386	$54,063	$56,501	$57,914	$58,798	$59,703	$60,628	$61,575	$62,544
	Operational	$26,048	$27,984	$29,936	$30,749	$30,888	$31,028	$31,169	$31,311	$31,453	$31,597
	Total	$153,234	$186,178	$190,552	$156,728	$136,757	$138,791	$140,876	$143,013	$145,204	$147,451
Overall (GAP)		-$24,729	-$24,729	-$24,730	$24,774	$48,980	-$21,735	-$34,608	-$36,091	-$36,045	-$36,001
Maintenance gap		-$31,710	-$31,710	-$31,711	-$33,331	-$34,421	-$36,305	-$37,162	-$37,484	-$37,809	-$38,143
Renewal gap		$7,985	$7,985	$7,985	$59,872	$86,026	$14,427	$1,412	-$775	-$1,462	-$2,173

8.5 FINANCIAL PERFORMANCE

The Office of Local Government has established financial benchmarks for councils to strive towards and adhere to. The charts below showcase Council's current financial service levels and the impacts of Council's projected expenditure upon these service levels

Figure 6 Combined Asset Expenditure Budget

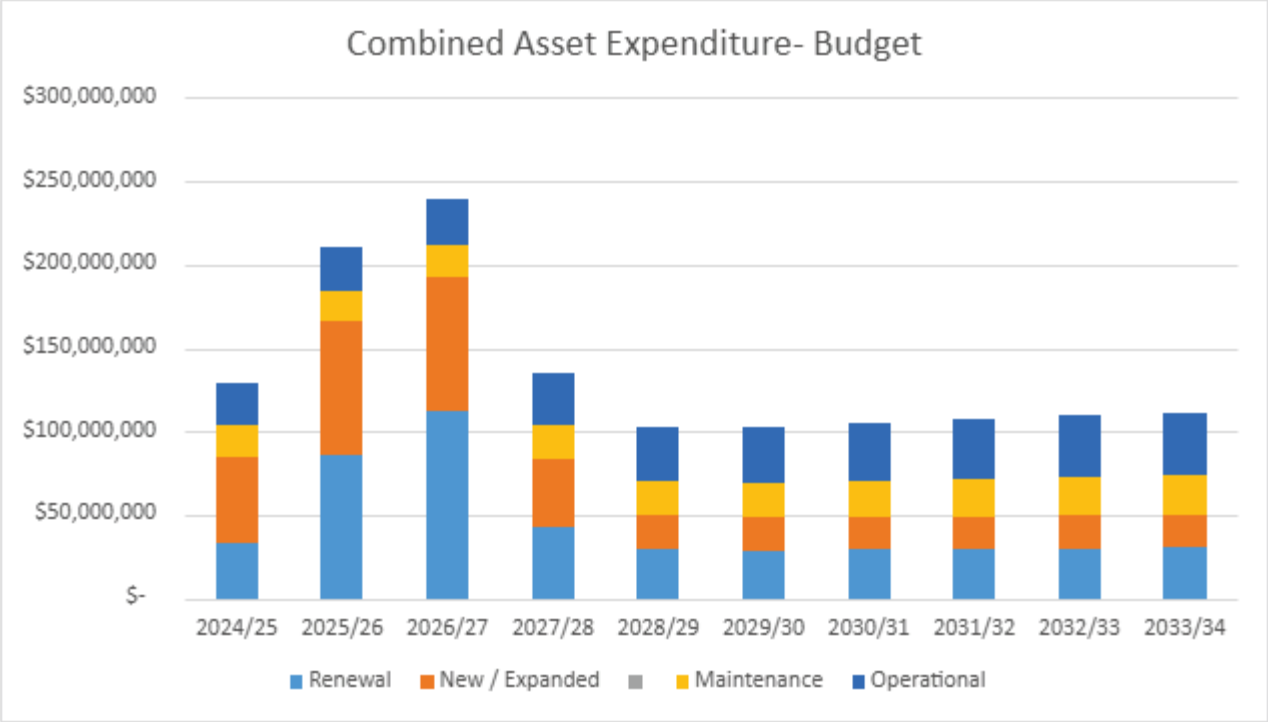


Figure 7 Asset Condition by Asset Class

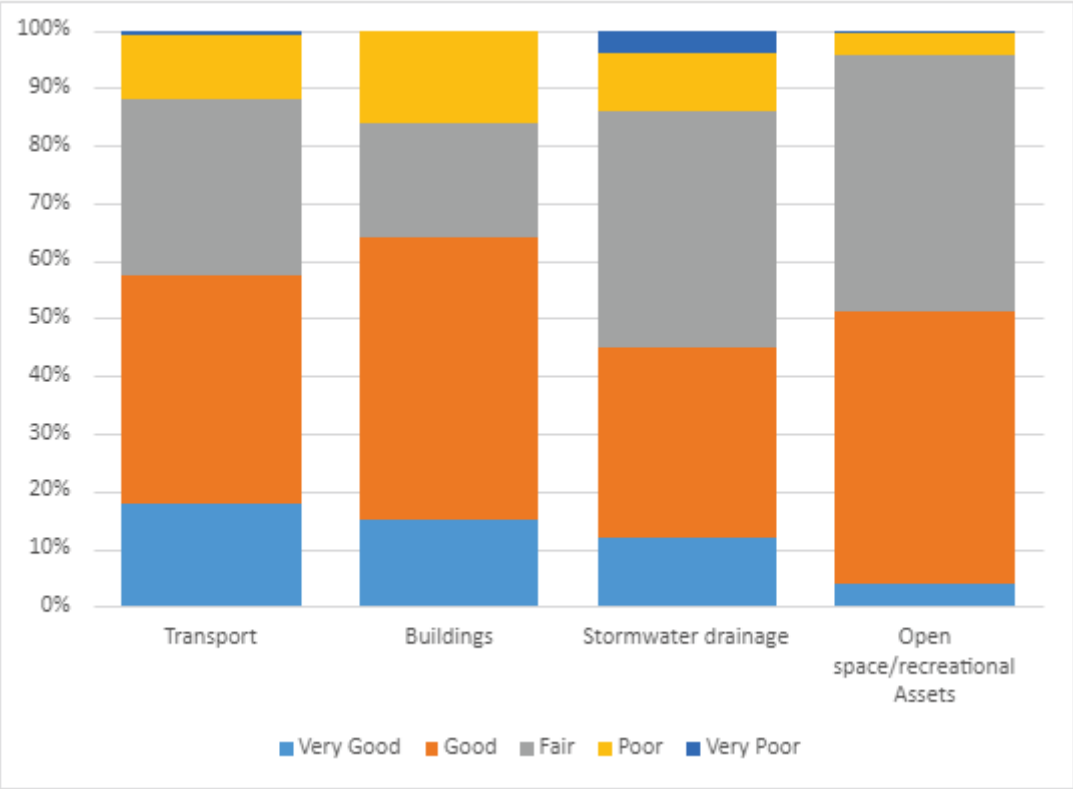


Figure 8 Asset Renewal Ratio

Combined Asset Renewals	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	232/33	33/34	Total
Actual renewal ($m)	$32.94	$85.73	$112.78	$42.09	$30.02	$28.80	$29.12	$29.44	$29.76	$30.10	$450.77
Req. renewal/ depreciation ($m)	$54.84	$57.41	$60.14	$63.19	$65.68	$67.93	$70.25	$72.63	$75.09	$77.63	$664.80
GAP ($m)	-$21.91	$28.32	$52.63	-$21.09	-$35.66	-$39.12	-$41.13	-$43.20	-$45.33	-$47.53	-$214.02

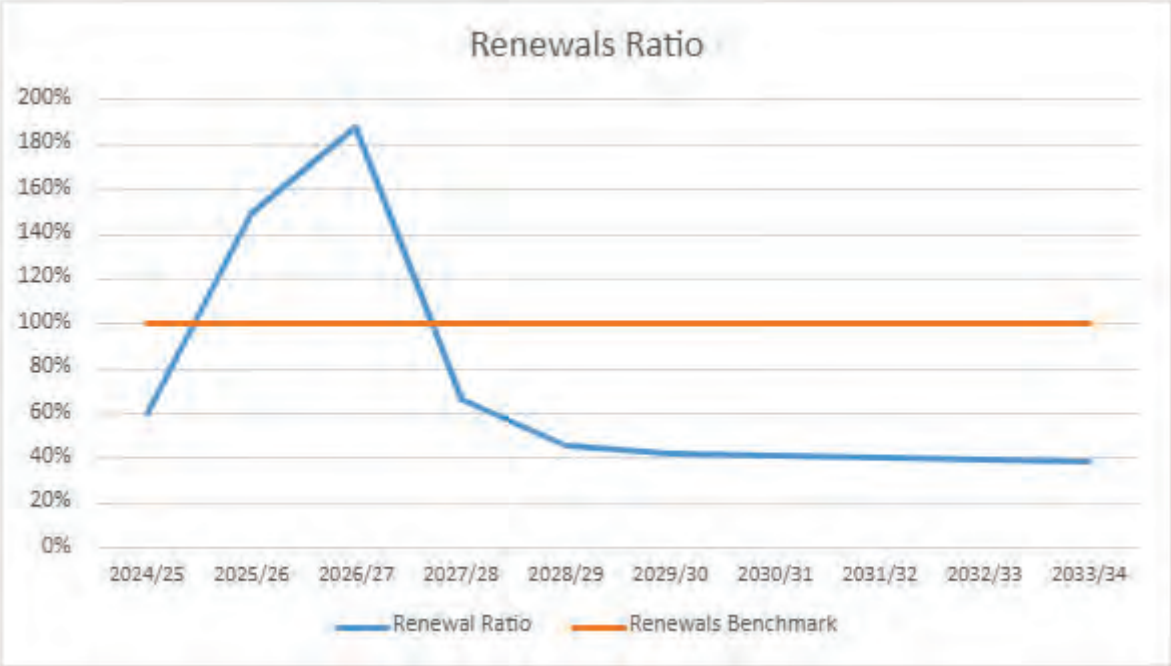
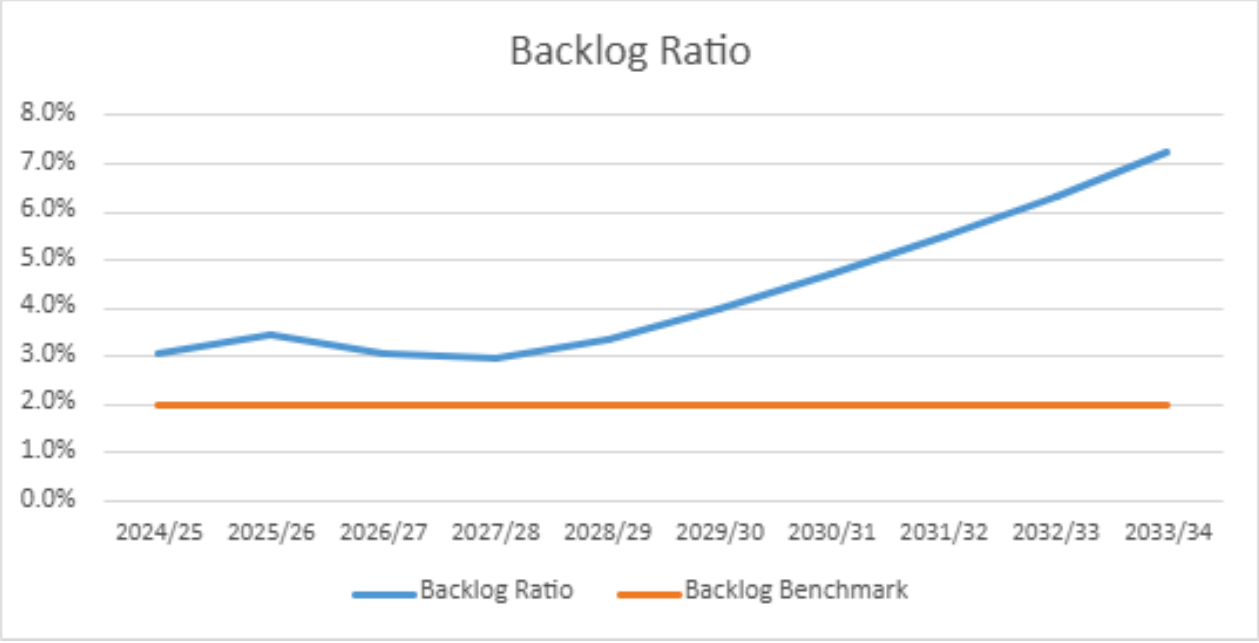


Figure 9 Asset Backlog Ratio



9 SUMMARY OF COUNCIL'S ASSET PORTFOLIO

9.1 TRANSPORT

Council's transport assets are valued at $1.817 billion. The lifecycle budget expenditure for the transport assets is shown below.

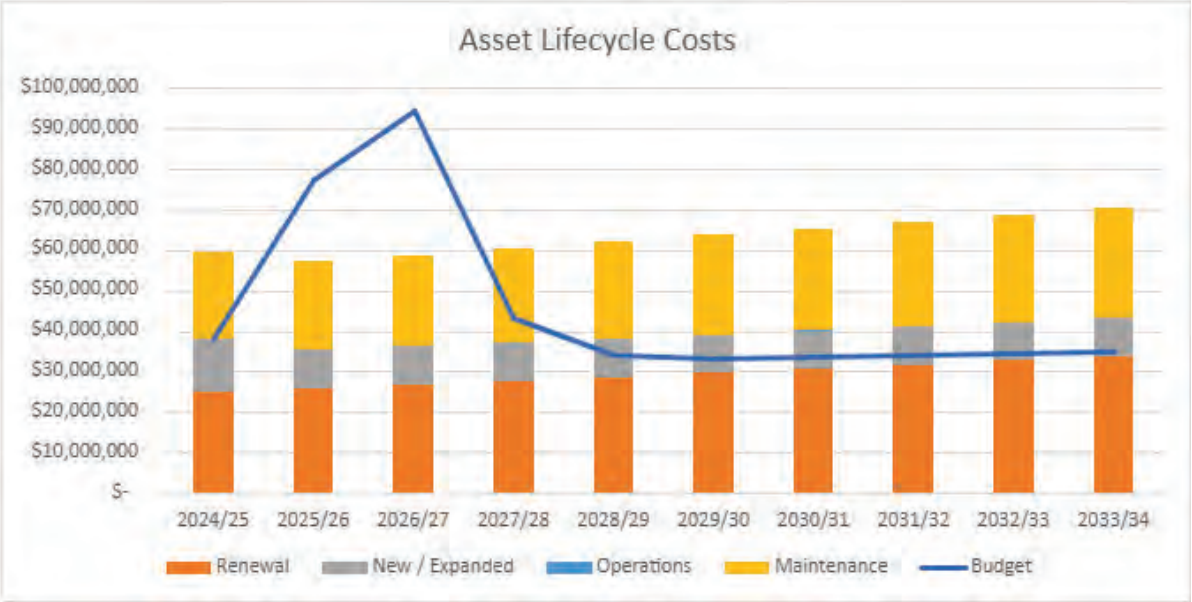
Table 19 Lifecycle budget expenditure for transport assets

Lifecycle Expenditure 000's	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget
Operational	$0	$0	$0
Maintenance	$12,780,657	$12,987,012	$13,310,535
Capital renewal	$12,002,261	$54,919,008	$72,016,034
Capital new	$13,288,699	$9,587,058	$9,391,312
Total	$38,071,617	$77,493,078	$94,717,881

9.1.1 10-YEAR ASSET LIFECYCLE EXPENDITURE

Council's Transport Assets 10-year Resourcing Strategy, as illustrated in Figure 5, displays large spikes in capital between 2024/25-2026/27 for new projects committed to in Council's Delivery Program. The initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

Figure 10 Transport assets expenditure forecast for 2024/25–2033/34



9.2 PROPERTY

Council's property assets are valued at $571 million.

Table 20 below shows the lifecycle budget expenditure for Council's property assets:

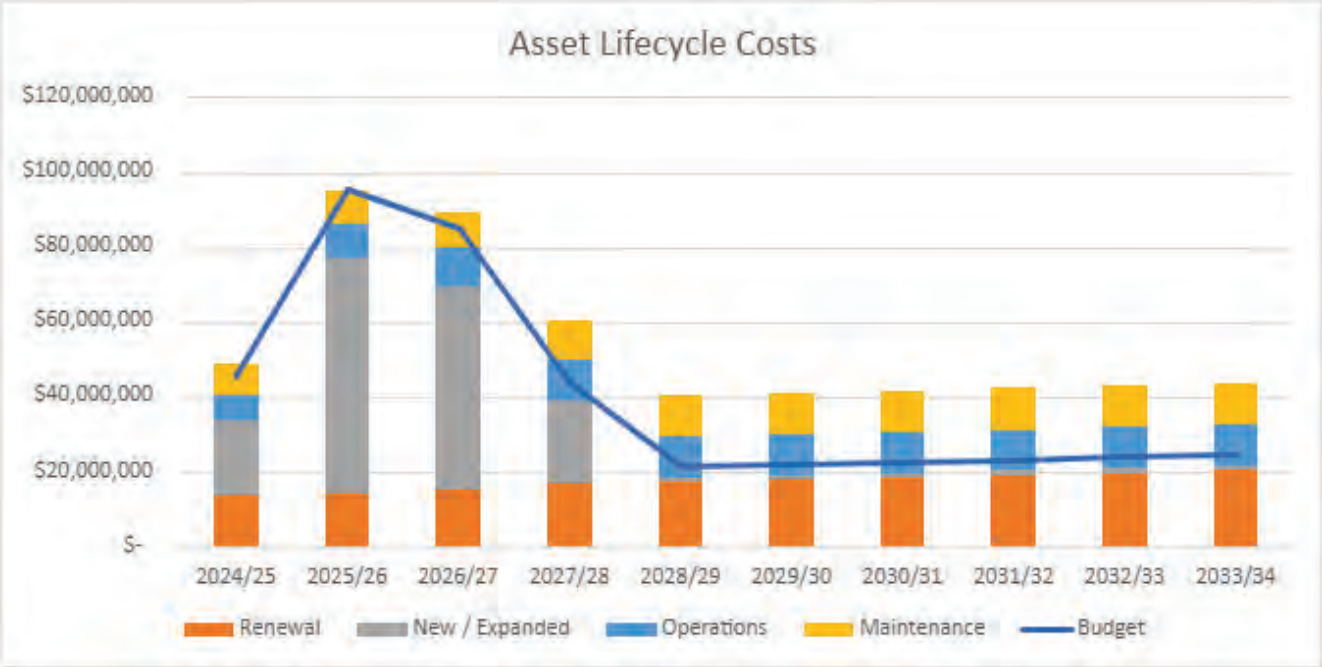
Table 20 Lifecycle budget expenditure for property assets

Lifecycle Expenditure	2024/2025	2025/2026	2026/2027
Renewal	$13,526,000	$14,195,253	$15,443,506
New / Expanded	$20,267,117	$63,261,194	$54,045,016
Operations	$6,672,516	$8,570,352	$10,191,702
Maintenance	$8,575,935	$8,879,942	$9,828,860
Budget	$45,488,628	$95,681,749	$84,866,423
Total	$49,041,568	$94,906,740	$89,509,084

9.2.1 10-YEAR ASSET LIFECYCLE EXPENDITURE

Council's Building Assets 10-year Resourcing Strategy, as illustrated in Figure 6, displays large spikes in capital between 2025/26-2026/27 for new projects committed to in Council's Delivery Program. The initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

Figure 11 **Property assets expenditure forecast for 2024/25–2033/34**



9.3 STORMWATER

Council's drainage assets are valued at $1.06 billion. Table 8 shows the lifecycle budget expenditure for drainage assets:

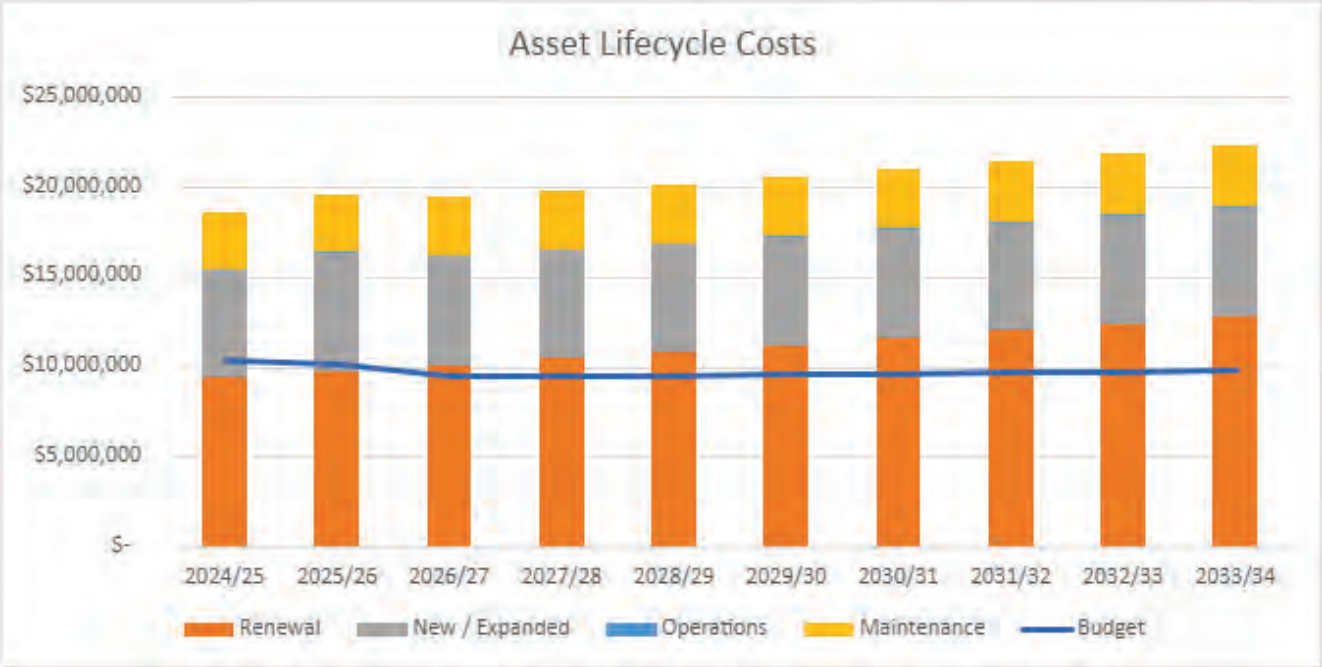
Lifecycle Expenditure	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget
Operations and Maintenance	$1,870,285	$1,901,961	$1,952,945
Capital renewal	$2,522,884	$1,693,596	$1,496,849
Capital new	$6,000,000	$6,570,000	$6,055,000
Total	$10,393,169	$10,165,557	$9,504,794

Table 21 Lifecycle budget expenditure for stormwater assets

9.3.1 10-YEAR ASSET LIFECYCLE EXPENDITURE

Council's Stormwater Assets 10-year Resourcing Strategy, as illustrated in Figure 7, displays capital expenditure builds gradually and increases over the 10 year period for renewal and new projects committed to in Council's Delivery Program. The initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

Figure 12 Stormwater assets expenditure forecast for 2024/25–2033/34



9.4 PARKS AND RESERVES

Council's parks and open space assets are valued at $159.6 million. Table 10 below shows the lifecycle budget expenditure for the parks and reserves assets in Council's Delivery Program 2023-2025.

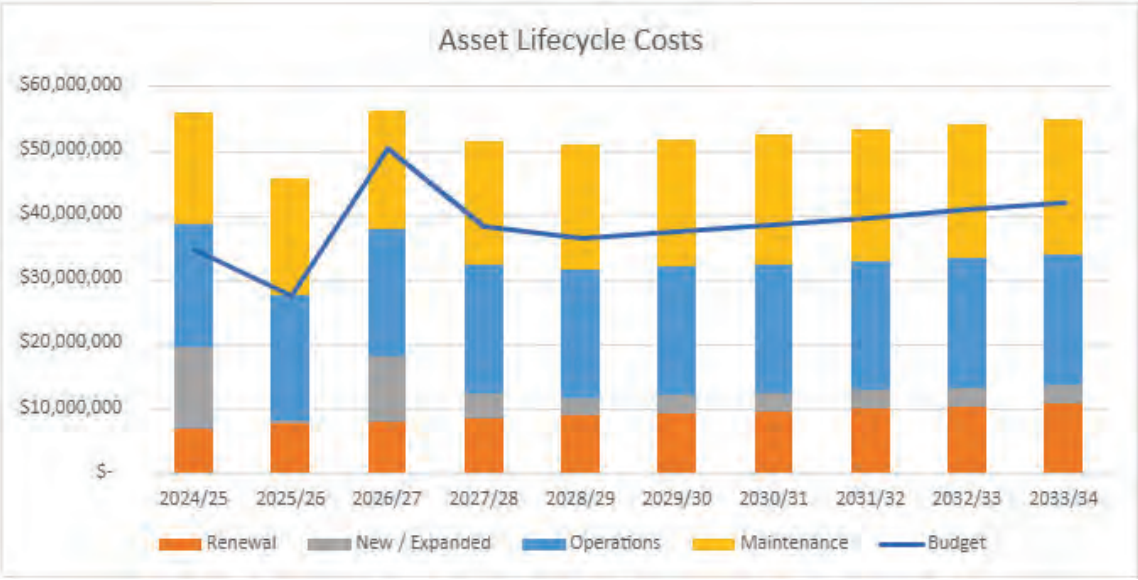
Table 22 Lifecycle budget expenditure for parks and reserves assets

Lifecycle Expenditure	2023/2024 Budget	2024/2025 Budget	2025/2026 Budget
Operations and Maintenance	$18,978,898	$19,902,812	$20,747,487
Capital renewal	$0	$0	$0
Capital new	$3,202,019	$7,178,489	$19,383,973
Total	**$12,369,957**	**$530,224**	**$10,310,965**

9.4.1 10-YEAR ASSET LIFECYCLE EXPENDITURE

Council's Open Space Assets 10-year Resourcing Strategy, as illustrated in Figure 8, displays capital expenditure builds gradually and increases over the 10 year period for renewal and new projects committed to in Council's Delivery Program. The initial acquisition and construction costs of any asset represent only a portion of the costs over its lifecycle. New assets require ongoing funding to operate, maintain, renew, and dispose of in the future.

Figure 13 Open Space assets expenditure forecast for 2024/25–2033/34



10 OVERARCHING IMPROVEMENT PLAN

The Strategic Asset Management Plan is to enable Council to:

- demonstrate how its asset portfolio will meet the service delivery needs of its community into the future
- ensure the integration of Council's asset management with its Community Strategic Plan.

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

Table 19 Asset management strategic actions

Ref	Task	Resourcing	Priority	Responsibility	Target date
Asset knowledge – data					
1.1	Develop and implement strategy to harmonise the classification structure of assets, asset attributes, and asset rating systems for condition, performance, utilisation and capacity data of Road, Building, Drainage and Open Space infrastructure.	Internal	H	AMSG	2025
1.2	Develop and implement program to collect asset condition data, particularly council's stormwater and open space assets	Internal	VH	AMSG	2024
1.3	Council to document clear asset lifecycle strategy for all assets, which is to be supported by councils LTFP	Internal	H	AMSG	2025
Asset knowledge – processes					
2.1	Document the assumptions and methodology used to determine the current depreciation values of all. Special consideration should be given to the determination of useful life, remaining life and asset condition.	Internal	H	Finance	2024

Ref	Task	Resourcing	Priority	Responsibility	Target date
2.2	Review Asset Capitalisation procedure and develop asset capitalisation review procedure involving project managers, asset managers and finance.	Internal	H	Finance/AMWG	2024
Strategic asset planning					
3.1	Develop clear and concise service levels for each asset group. These service levels should drive asset expenditure and service delivery improvements.	Internal/External	VH	Asset Coordinator	2024
3.2	Develop and implement a plan to review infrastructure strategies, including community facilities strategy, transport strategy, and open space and recreation strategy.	Internal	M	AMSG	2024
3.3	Continue towards the integration of the Long-Term Financial Plan (LTFP) and asset management plan(s).	Internal/External	H	Finance	2025
3.4	Develop Asset Management Plans for each asset class	Internal/External	VH	Asset Custodians	2024
3.5	Council is to monitor and report on levels of service in Operational Plan	Internal	H	AMSG	annual
Operations and maintenance work practices					
4.1	Review roles and responsibilities particularly of asset managers and operational staff to promote strategic planning for assets.	Internal/External	VH	AMSG	2024
4.2	Undertake Risk and Criticality assessment of council's infrastructure assets	Internal/External	H	Asset Custodian	2024
4.3	Develop inspection and maintenance strategies around critical assets and highlight emergency response plans should there be a major service disruption within the assets.	Internal/External	H	AMWG	2024
4.4	Council is to review risk treatment/minimisation strategy for high-risk assets annually	Internal/External	H	AMWG	annual

Ref	Task	Resourcing	Priority	Responsibility	Target date
Information systems					
5.1	Continue work towards the implementation of a corporate asset management system. Ensure asset hierarchy and asset characteristics are aligned prior to going live with the system.	Internal	VH	IT	2024
Organisational context					
6.1	Reconstitute the Asset Management Steering Group to ensure that the asset management improvement plan is being implemented	Internal	VH	AMSG	2024
6.2	Council is to formalise and document asset handover processes and capitalisation processes.	Internal	H	AMWG	2025
6.3	Council to map out the organisation's asset management roles and responsibilities and formalise/clarify asset management functions ensuring the asset management practices are accurately reflected in Council's financial management and financial modelling	Internal/External	VH	AMSG	2024



Positively PENRITH

2025-35

ASSET MANAGEMENT PLAN

Buildings

PENRITH CITY COUNCIL

Document status

	Version	Approving Director	Date
	1 – Draft		April 2023
	2 – Draft		May 2023
	3 – Draft	Caroline Orde	Oct 2024

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1 BUILDINGS ASSET MANAGEMENT PLAN

This Asset Management Plan covers the portfolio of structures that deliver a wide range of services to Council's Community. These include services such as childcare, libraries, aquatic centres, performing and visual arts venues, rooms and halls for hire, sports and public amenities as well as Councils Commercial Properties.

As the owner and operator of building and other structural assets, Council has a responsibility for a number of functions including:

- maintenance
- renewal and refurbishment
- upgrades and improvements
- rationalisation of assets.

The planning of these functions is outlined in this Asset Management Plan.

A1.1 PURPOSE OF THIS PLAN

The purpose of this Asset Management Plan is to develop a strategic framework for the maintenance and renewal of buildings and other structures and to provide an agreed level of service in the most effective manner.

This plan includes the following scope of management:

- asset inventory, values and condition
- asset based levels of service
- demand and service management
- risk management
- development of the Long-Term Financial Plan (LTFP) for the maintenance and renewal of buildings and other structures.

A1.2 ASSET INVENTORY, VALUES AND CONDITION

The assets covered by this asset management plan are shown below:

Table 1 Buildings and Other Structures Asset Inventory

Asset Type	Total
Buildings	**315**
Administration & Opera	31
Childcare	41
Community Use	39
Emergency Services	21
Hall	10
Historical	14
Other Building	6
Public Toilet	33
Residential	1
Sporting Facility	114
Theatre & Gallery	5
Commercial	**33**
Other Building	1
Property Development	29
Public Toilet	1
Sporting Facility	2
Grand Total	**348**

A1.3 RESPONSIBILITIES

Council has adopted the following roles and responsibilities matrix for its Buildings and Other Structures Assets

Asset Management	City Presentation	Children Services	Community Facilities	Sporting Facilities	Property Development
Inspect and Condition rate assets	Review Work / portal requests and undertake work for all reactive type works	Create portal requests for all reactive maintenance works identified during Centre operations	Create portal requests for all reactive maintenance works identified during building operations	Create portal requests for all reactive maintenance works identified by users	Property buildings include CWA, U3A, Pigeon Clubs, Baby Health Care Centre, Commercial Buildings and Club Houses
Create Asset Management Plans	complete reactive maintenance work within agreed timeframes	responsible for cleaning based on building usage including all internal rooms external verandas and covered areas	responsible for cleaning based on building usage including all int3eral rooms external verandas and covered areas	Clubs responsible to complete cleaning of amenities building / canteens / storerooms / changerooms / club toilets	Complete reactive works within the agreed timeframes

Create and update maintenance schedules based on asset type, legislative requirement, Australian standards and manufacturers requirements	complete schedules maintenance works within legislated timeframes	maintain all landscaping components within the fenced year located at the front and read of buildings with addition of garden beds between carparks and front buildings	Responsible for chair and table replacement	community facilities and reaction responsible to monitor building usage and operations	complete scheduled maintenance work within agreed / legislated timeframes
Create technical specifications for service delivery contracts / tenders	identify corrective maintenance items from reactive / scheduled tasks and undertake work <$10,.000 otherwise forward to asset management for approval	maintain internal dividing fences within yard spaces	responsible for curtain and blind replacement	community facilities and recreation responsible for hire agreements / user agreements	complete asset replacement / upgrades
Create once off specifications for un-planned asset replacement works	complete minor asset replacement / upgrade for small works <$50,000, all work >$50,000 to be delivered by projects team	maintain and clean freestanding shade structures within the fenced year (excluding gazebos)	responsible for hirer inspections pre & post usage, identifying damage and repairs and liaising with hirer regarding bond reimbursement	maintain landscaping components of assets in line with building occupancy / hirer / usage agreements	
investigate and prioritize complex corrective maintenance tasks >$10,000			maintain all landscaping components within the fenced year located at the front and read of buildings with addition or garden beds between carparks and front buildings		
Review minor single asset creation requests, discuss with appropriate custodian and					

identify funding sources, create scope of works for delivery team					

A1.4 ASSET BASED LEVELS OF SERVICE

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target
	Affordability	The services are affordable and managed using the most cost-effective methods for the required level of service	Review of service agreements and benchmark with other councils	Maintenance/Opex budget expenditure +/- 5% of Annual Budget
Capacity		Council maintains its assets	Asset maintenance ratio, measured by (actual maintenance expenditure. Required maintenance expenditure)	OLG benchmark 100%
	Health and Safety	Ensure all Asset are safe and do not cause a hazard to people	Compliance certification	Fewer than five reported incidents which can be attributed to poorly maintained facilities
		Ensure all Asset are safe and do not cause a hazard to people	Number of insurance claims	0 successful claims
		Ensure all Asset are safe and do not cause a hazard to people	AFSS Completed within 3 months of annual service & inspection	100% of Annual Fire Safety Statements are certified for each facility requiring it within required timeframe
		Ensure all Asset are safe and do not cause a hazard to people	Safety Audits	The three-year rolling average of total claims decreases
Condition	Accessibility/or availability	Provide adequate physical access to facilities	Disability Discrimination Act (DDA) compliance	100% of all new buildings and major Building Asset Renewal works bring the building up to the current DDA Standard
	Quality/Condition	Provide Buildings in good condition and fit for purpose	Survey of Buildings asset condition	90% of Buildings in condition 3 or better (CRC)
		Provide safe suitable facilities, free from hazards	Regular assessments of sites depending on use (e.g. childcare facilities require frequent inspections).	Improvements & outcome from audit / assessment is to be 100% completed within 4 weeks of audit

Service level area	Service level Outcome	Level of Service	Performance Measure process	Performance Target
		Assets are maintained in a satisfactory condition	Backlog ratio (estimated cost to brig asset to a satisfactory condition / written down value of the assets)	OLG benchmark <2%
Function	Customer Satisfaction	Be responsive to the needs of Customers using asset	No customer requests received	85% of requests are completed within Council's service charter
	Reliability/ responsiveness	Be responsive to the needs of asset users	Number customer requests received	85% of requests are completed within Council's service charter
		Provide well maintained facilities that are affordable to the community.	Annual Condition Assessment. Planned v's reactive	Scheduled Maintenance to be > 60% of maintenance budget, Reactive Maintenance to be < 40% of maintenance budget
		Planned works completed in accordance with schedules	Completion of scheduled work	90% completion within service standard.
	Sustainability	Continues to provide building assets to meet the need of the community	Complete capital work program On-time and on-Budget	Annual Capital works for time and budget +/- 5%
		Assets are being renewed in a sustainable manner	Asset renewal ratio (asset renewal expenditure / annual depreciation expense)	OLG benchmark >100%

A1.5 FUTURE DEMAND

Demand Factor	Impact on Assets
Population	The increase in population will impact on the number of people using services provided out of Council owned buildings. Council will need to regularly assess whether the current building portfolio is fit for purpose and has the functionality and capacity to provide the current range of services and any additional services required into the future.
Demographics	Changing demographics may not have a direct impact on the type of buildings council provides, however if the current and / or new services required as a result of changing demographics are not appropriate for the current facilities, then new, enhanced or different buildings may be required.
Social/Economic	May have an impact on the type of services provided and indirectly the type of buildings available.
Transportation Changes	Current facilities may not be appropriately located.
Increasing Costs	Will be a requirement to continue to maximise service delivery within the funding limitations.
Environment and Climate	May impact on the environmental sustainability of buildings and their increasing move to renewable energy sources.
Lifestyle	May have an impact on the type of services provided and indirectly the type of buildings available.
Technology	May require improved environmental management of construction and the management of the building portfolio into the future.

A1.6 MAINTENANCE STRATEGIES

Council actively monitors and maintains its building and commercial property portfolios to ensure assets meet a safe standard and maximise their long-term benefit to the community. These portfolios are currently managed separately with maintenance activities managed by the divisions as per the roles and responsibilities matrix.

Councils classifies its maintenance activities as follows:

- Reactive – Work on breakdowns, failures and or damaged assets that are not operating or are about to fail
- Corrective – Works identified through schedules maintenance/asset inspections whereby assets are not operating as designed or to 100% capacity
- Scheduled – Planned preventative maintenance

Approximately 50% of councils current maintenance expenditure is reactive to community and user requests, 39% is planned and 11% is corrective in nature. In recent years there has been a trend of increasing reactive works and this has resulted in a noticeable backlog of buildings maintenance works.

A1.7 RENEWALS STRATEGIES

Council's renewal strategy for Building assets prioritises condition data while still incorporating broader considerations such as community expectations, asset functionality,

and the goals outlined in Council Strategies.

Councils' buildings asset capital program has been supported by the *Sports and Recreation Strategy* and *Community Facilities Strategy*. While the *Sport and Recreation Strategy* previously informed much of the renewal program, the focus has shifted towards a more data-driven approach as Council's confidence in its building asset condition data has improved, allowing for more targeted and effective interventions.

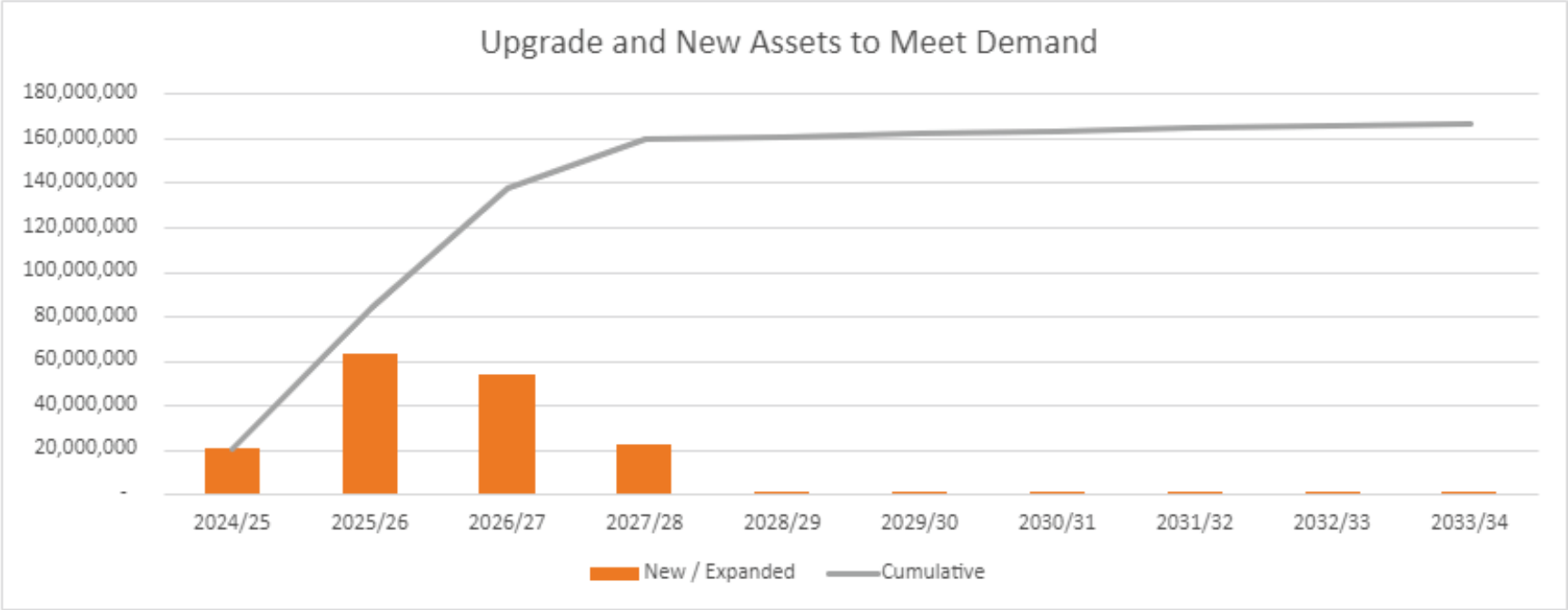
The Joan Sutherland Performing Arts Centre, Regional Gallery, and Ripples all have the requirement of completing their own master and operational program. As such, council has a number of assets which have not been incorporated into councils' capital program which require increase the maintenance burden on council and would be better economically suited for asset replacement/renewal.

Further, it was noted that primarily the current preferred strategy for the planning of asset renewal is refurbishment. However, it has been noted that despite an improvement in condition of these assets, functionality, DDA compliance and community expectations are not being met and council should look for additional funding to meet the Communities expectation for improved functionality, current day compliance and performance as key factors in developing the asset renewal program.

A1.8 EXPENDITURE PROJECTIONS

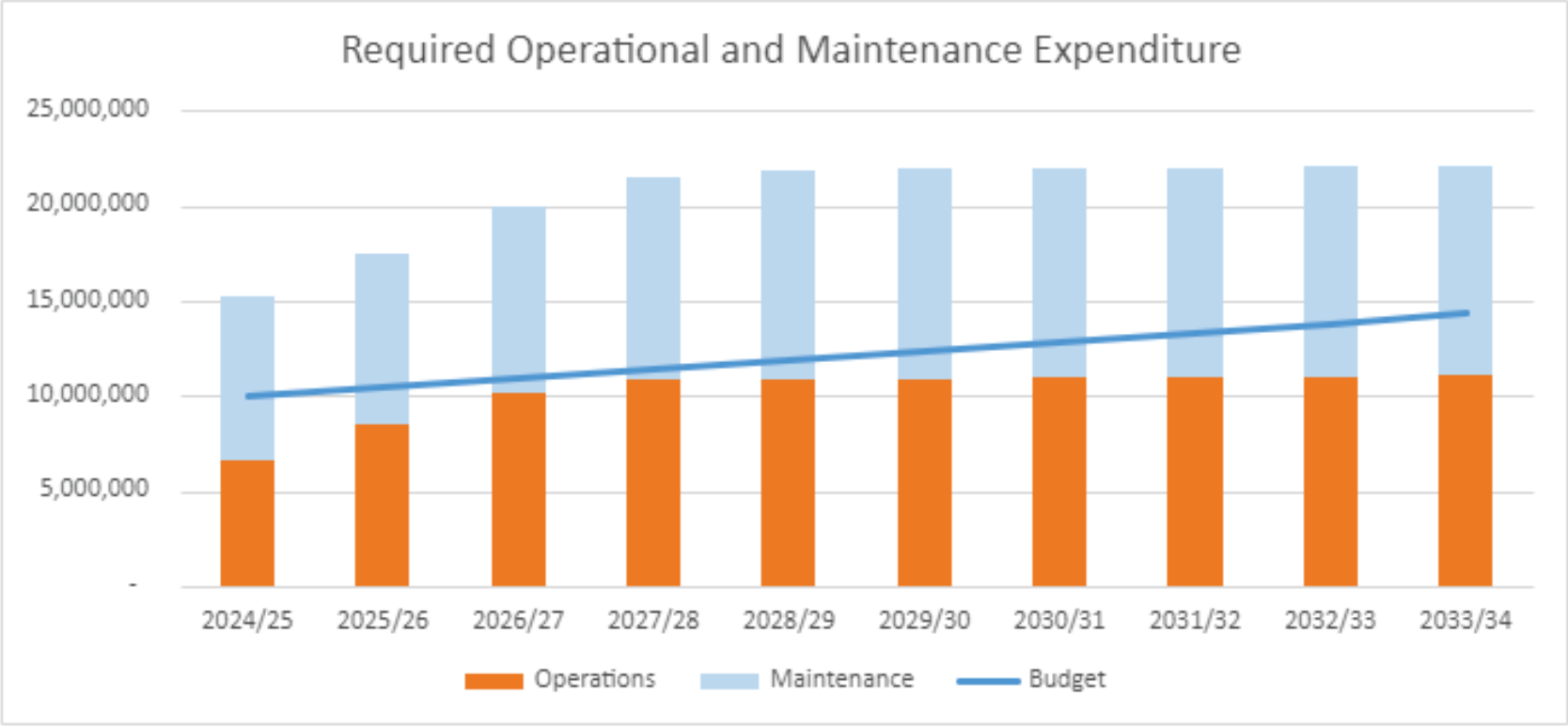
Upgrade and New Assets to meet Demand - (Cumulative)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
New / Expanded	20,267,117	63,261,194	54,045,016	22,389,456	1,195,091	1,195,110	1,195,107	1,195,108	1,195,108	1,195,108
Cumulative	20,267,117	83,528,311	137,573,327	159,962,783	161,157,874	162,352,984	163,548,091	164,743,199	165,938,307	167,133,415



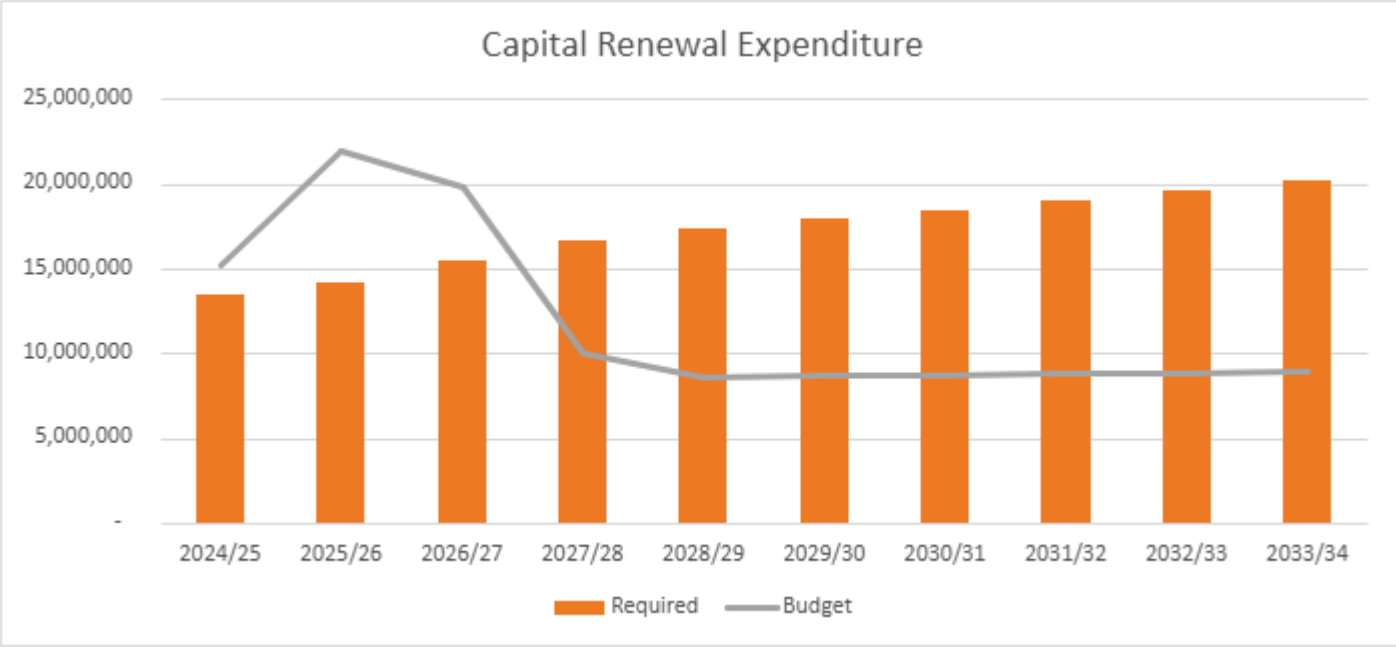
Projected Operations and Maintenance Expenditure

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operations	6,672,516	8,570,352	10,191,702	10,863,386	10,899,239	10,935,092	10,970,945	11,006,798	11,042,652	11,078,505
Maintenance	8,575,935	8,879,942	9,828,860	10,639,535	10,975,377	10,993,303	11,011,230	11,029,156	11,047,083	11,065,010
Budget	10,012,553	10,480,502	10,942,252	11,414,027	11,886,988	12,361,066	12,850,154	13,347,362	13,852,983	14,369,532



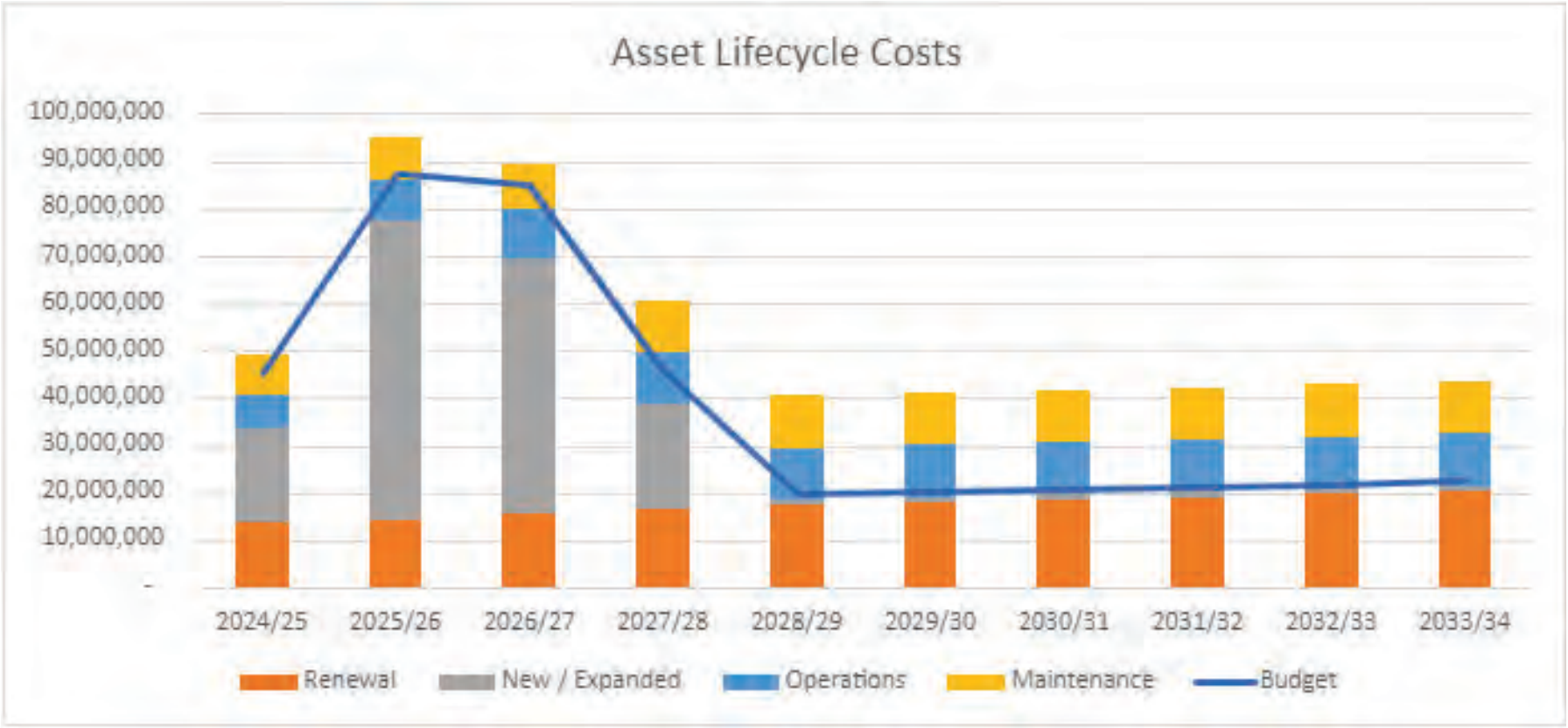
Projected Capital Renewal Expenditure

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Required	13,526,000	14,195,253	15,443,506	16,609,396	17,398,741	17,936,239	18,489,863	19,060,095	19,647,434	20,252,394
Budget	15,208,958	21,940,053	19,879,155	10,088,498	8,639,408	8,703,682	8,769,356	8,836,460	8,905,033	8,975,113



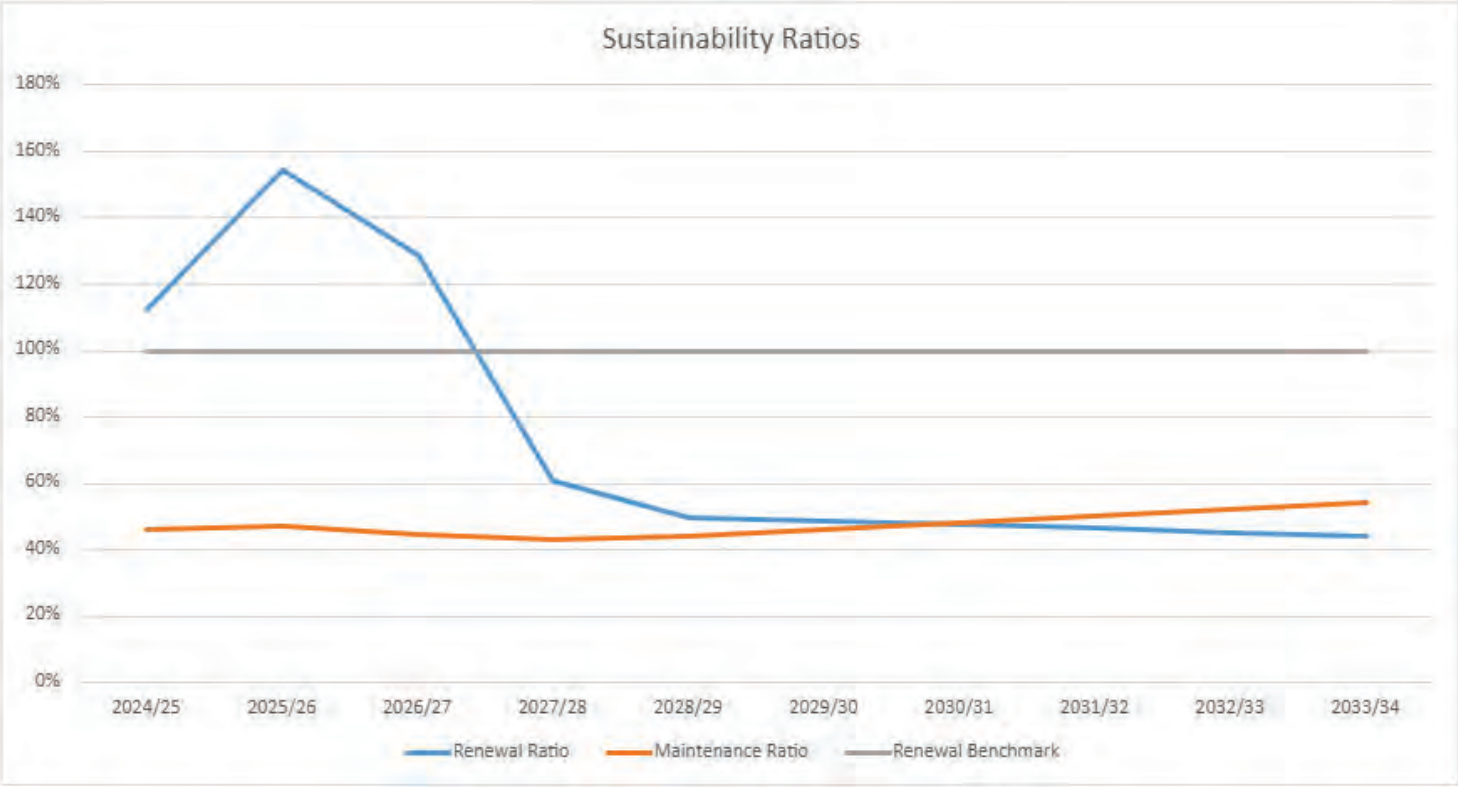
Lifecycle Summary

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Renewal	13,526,000	14,195,253	15,443,506	16,609,396	17,398,741	17,936,239	18,489,863	19,060,095	19,647,434	20,252,394
New / Expanded	20,267,117	63,261,194	54,045,016	22,389,456	1,195,091	1,195,110	1,195,107	1,195,108	1,195,108	1,195,108
Operations	6,672,516	8,570,352	10,191,702	10,863,386	10,899,239	10,935,092	10,970,945	11,006,798	11,042,652	11,078,505
Maintenance	8,575,935	8,879,942	9,828,860	10,639,535	10,975,377	10,993,303	11,011,230	11,029,156	11,047,083	11,065,010
Budget	45,488,628	87,372,851	84,948,997	45,806,747	19,795,722	20,317,608	20,855,942	21,403,907	21,961,846	22,532,328



Sustainability Ratios

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Renewal Ratio	112%	155%	129%	61%	50%	49%	47%	46%	45%	44%
Maintenance Ratio	46%	47%	45%	43%	44%	46%	48%	50%	52%	54%
Renewal Benchmark	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



	2024	2025	2026
Backlog Ratio	1.9%	0.8%	0.0%

A1.9 KEY RISKS

The financial constraints and renewal funding gap pose risks to the sustainability of Council's Buildings assets. These risks can negatively impact the condition and the community's ability to access fit for purpose building assets. Without addressing these risks, Council's long-term ability to maintain its asset portfolio in a functional state will be compromised.

- Degradation of Critical Assets

As funding falls short of renewal needs, more assets are likely to deteriorate into poor (condition 4) or very poor (condition 5) states. This is particularly concerning for high-use operational infrastructure such as Aquatic Centres, Penrith Performing & Visual Arts facilities and Childcare Centres, which are essential to providing essential community services. When assets reach these levels of degradation, they not only become costlier to renew and maintain but also present operational risks, which reduces Council's ability to generate income. The delayed renewal of assets increases the risk of asset failure, leading to disruptions in service.

  - Impact: Increased costs for emergency repairs, potential liability concerns, and lower community satisfaction due to declining asset quality.
  - Mitigation: Prioritise critical assets for renewal and expand preventive maintenance to extend asset life before reaching critical condition.

- Escalating Maintenance Costs

As assets deteriorate, the need for reactive maintenance increases. This shift from planned, preventive maintenance to urgent, unplanned repairs results in a cycle of escalating costs. Reactive maintenance is generally more expensive because it often requires urgent intervention and more extensive repairs, which can be avoided with proactive asset management. Over time, this trend will divert more of Council's operational budget to emergency fixes, leaving fewer funds for planned renewals or preventive maintenance.

  - Impact: Reduced ability to allocate resources efficiently, higher long-term costs, and increased risk of service interruptions.
  - Mitigation: Invest in more preventive maintenance to delay the need for expensive, reactive interventions.

- Service Level Failures

The most pressing risk posed by the renewal funding gap is the inability to maintain the current service levels that the community expects. As assets degrade and are not renewed in a timely manner, service levels will inevitably decline. This includes closures of key facilities. Declining service levels will particularly affect older, established communities, where many assets are already nearing the end of their useful life.

- Impact: Community dissatisfaction, reduced utilisation of buildings, and potential safety hazards leading to reputational damage for Council.
- Mitigation: Implement a clear service-level prioritisation framework that balances asset condition, usage, and risk of failure with community needs to ensure that the most critical services are maintained.

- Community Expectation Gaps

Community groups, particularly sports and recreation users and users with special needs, have high expectations for the provision and access of buildings assets. As Council faces budget constraints, it will become increasingly difficult to meet these expectations. Assets may need to remain in service well beyond their optimal lifespan, leading to frustration from community members who expect timely renewals. There is an expectation from the community that buildings assets meet current DDA and sporting guidelines which often involves significant floor size increases that are not funded under the asset renewal budget.

If this gap between expectations and reality continues to widen, it may lead to a loss of trust in Council's ability to deliver on its commitments.

- Impact: Decreased community engagement and satisfaction, increased pressure from community groups for accelerated renewals that meet access requirements, and reputational risks.
- Mitigation: Engage regularly with community groups to manage expectations, provide clear communication on asset renewal timelines, and ensure that high-use community assets are prioritised within the budget.

- Long-Term Financial Sustainability

The cumulative effect of the renewal gap and rising maintenance costs presents a risk to the long-term financial sustainability of Council's asset management program. If the gap is not closed, Council will face increasing financial pressure in future years as more assets degrade, requiring both expensive repairs and renewal. This will further limit Council's capacity to invest in new assets or upgrade existing ones, leading to a continuous cycle of underfunding and asset deterioration.

- Impact: Strained future budgets, limited capacity for capital improvements or new asset creation, and a growing backlog of assets needing renewal.
- Mitigation: Develop a long-term financial strategy that includes securing external funding sources, revisiting budget allocations for renewals, and implementing phased renewal approaches.

- Fire Safety Compliance and Improvement

Council is continually working to improve its fire compliance in line with current legislation. Council is funding an improvement project to ensure that all Annual Fire Safety Schedules

are up to date and the Annual Fire Safety Statements are approved in a timely manner in line with legislative requirements.

- Environmental Risks

With the increased frequency and intensity of rain events over the past few years, Council buildings have experienced damage from water entering buildings, some foundation movements and an increased activity of termites.

To mitigate these issues Council has a roof and gutter contract in place to ensure that gutters are cleaned regularly, and roof defects are rectified. Council has also conducted several projects to improve drainage around buildings that have experienced internal water damage. Council has also increased the frequency of scheduled termite inspections in high-risk areas and for buildings with wooden structures.

A1.10 RISK – RISK MANAGEMENT

Penrith City Council utilises a corporate risk framework which aligns with ISO 31000:2009. The framework has been adopted for Council's Buildings and other structures and highlights the strategic risks which impact council's asset portfolio.

A1.11 CONFIDENCE LEVELS

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

Confidence Grade	General Meaning
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.

The overall confidence level of the plan is considered to be 'Reliable.

A1.12 IMPROVEMENT PLAN

While the overall data would seem to be reliable for councils buildings and other infrastructure assets, it was noted that both councils buildings and commercial properties asset registers require a data cleanse and that there may be assets which are currently not accounted for in councils asset register. Further, it has been recognised that there is a

significant variance between the insured value of councils buildings and the current financial value in councils TechOne register, this is expected to have notable impact for council with respect to required maintenance and depreciation following the adjustment in the value of the portfolio.

Task No	Task	Responsibility	Resources Required	Timeline
1	Review of all Annual Fire Safety Schedules and Statements and ensure compliance of all Buildings to Fire Safety Requirements	Asset Coordinator Commercial Properties Coordinator	TBA	TBA
2	Undertake reconciliation of Commercial and Buildings asset registers	Asset Coordinator Commercial Properties Coordinator	TBA	TBA
3	Undertake inspection of 'missing assets' and reconcile with asset register	Asset Coordinator Commercial Properties Coordinator	TBA	TBA
4	Undertake Full Revaluation of Councils Buildings Assets	Asset Coordinator	TBA	TBA
5	Review councils current buildings replacement/refurbishment policy with consideration for buildings in terms of functionality and capacity rather than condition alone	Asset Coordinator	TBA	TBA
6	Review buildings capital program to include poor performing assets which were excluded from councils Sports and Recreation Strategy and are resulting in an increased OPEX burden on council	Asset Coordinator	TBA	TBA



2025–35

ASSET MANAGEMENT PLAN

TRANSPORT

PENRITH CITY COUNCIL

Document status

	Version	Approving Director	Date
	1 – Draft		April 2023
	2 – Draft		May 2023
	3 - Draft		Nov 2024

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1 INTRODUCTION

1.1 BACKGROUND

Penrith is experiencing a changing demographic profile from a suburban and rural community into a diverse, urban location with major employment, residential, recreation and education facilities. Major drivers include the Aerotropolis and associated transport infrastructure.

The Penrith City Council (PCC) provides a range of services to its immediate community as well as the wider community. To deliver these services it operates and maintains a range of transportation assets throughout the Local Government Area (LGA). Council has acquired these assets through a variety of means, such as construction or by contribution from developers, state government and others.

The PCC Transport Asset Management Plan (AMP) documents the current management, financial and technical practices by Council for its existing transportation asset portfolio, as well as provides information on strategies and programs that will affect future asset outcomes. The fundamental purpose of this Transport AMP is to improve Council's long-term strategic management of its Transport assets in order to cater for services into the future.

Council's Transport assets are valued at $1.72 billion. The assets that make up this group include:

- Bridges
- Footpaths and Cycleways
- Land improvements including at grade carparking
- Roads
- Kerb and Gutter
- Local area traffic management devices such as roundabouts, kerb islands

Key issues for Transport Assets include:

- Delivering on our customer's numerous requirements detailed in the Community Strategic Plan
- Coordinating a diverse transport portfolio that is continually evolving from the delivery of new assets from both internal and external sources. One particular challenge is delivery of the Sydney Metro and all associated Council owned infrastructure

- Maintaining asset renewal metrics and ensuring capital works are optimised to maintain service levels
- Understanding the future demand required from the numerous service providers within Council

This AM Plan communicates the actions required for the responsive management of assets (and services provided from assets), compliance with regulatory requirements, and funding needed to provide the required levels of service over a 10 year planning period.

This plan has been developed considering available information, input from various council officers and in association with a data collection and condition assessment exercise to gather asset data for transport assets across the council area. This condition data has since been updated to reflect the changes in condition because of major renewal and upgrade works delivered via Council's capital works program and building works delivered via Council's road, footpath, kerb and gutter, and bridge renewal and upgrades programs. This ensures that Council's Transport condition dataset is accurately reflecting current condition states as of 30 June 2022.

The provision of well-maintained safe and integrated transport infrastructure is critical to supporting Council's community. It facilitates the provision of multiple services by enabling the transportation of goods, materials and people. Council's transport portfolio includes roads, kerb and gutter, footpaths, bridges and culverts, as well as other roads infrastructure assets.

As the owner and caretaker of Transport assets, Council has a responsibility for a number of functions including:

- maintenance
- renewal and refurbishment
- upgrades and improvements
- disposal and rationalisation of assets

The planning of these functions is outlined in this Asset Management Plan

1.2 PURPOSE OF THIS PLAN

The purpose of this Asset Management Plan is to develop a strategic framework for the maintenance and renewal of Councils Transport assets and to provide an agreed level of service in the most effective manner.

Asset Management Plans are a means for documenting the management, financial, engineering and technical practices to ensure that the level of service required by the community from a class of infrastructure assets is provided at the lowest long-term cost.

The identification of future needs, management options and cash flows provide the ability to even out peak funding demands. In this way, AM Plans assist the Council and Executive in making informed decisions in relation to the allocation of resources and to communicate this information to the public.

This AM Plan provides the framework to ensure that Council's Transport assets are operated, maintained, renewed and upgraded to ensure that Council's Transport related levels of service are achieved in the most cost effective and sustainable way.

This plan includes the following scope of management:

- asset inventory, values and condition
- asset based levels of service
- demand and service management
- risk management
- development of the Long-Term Financial Plan (LTFP) for the maintenance and renewal of transport assets

1.3 SCOPE OF THIS ASSET MANAGEMENT PLAN

The plan provides a rational and controlled framework for asset lifecycle management, risk management and financial management to be conducted effectively and to the satisfaction of stakeholders. By providing a framework to detail and examine existing management practices for transport assets, Council is better equipped to meet community service expectations and is able to form the basis of an improvement program to progressively meet identified gaps in asset management.

This plan has been developed considering available information, input from Council Officers and in association with asset data collection, condition assessment, and maintenance and operational costs for transportation assets across the Council area.

The AM Plan follows the format for AM Plans recommended in Section 4 of the International Infrastructure Management Manual[1].

The AM Plan is to be read with the Asset Management Strategy and Integrated Planning and Reporting Framework documents. This includes the Asset Management Policy, Asset

[1] IPWEA, 2015, Sec 4.2, Example of an Asset Management Plan Structure, pp 4|37 – 39.

Management Strategy, Delivery Program, Operational Plan, and Resourcing Strategy, which work together to translate the overarching vision of the Community Strategic Plan.

The infrastructure assets covered by this asset management plan are shown in Table 1.1. These assets are used to support a broad range of services to the community.

The assets covered by this asset management plan are shown on the following page:

Table 1.1 Transport Asset Inventory

Roads	Units	Unit
COLLECTOR	122.1	km
LOCAL	721.61	km
MAJOR COLLECTOR	117.37	km
MINOR COLLECTOR	8.34	km
PRINCIPAL LOCAL	185.89	km
REGIONAL	62.41	km
Grand Total	**1,217.73**	**km**
Urban-Bridge	386	m
Rural-Bridge	176	m
Bridge Total	**562**	**m**
Urban-Culvert	386	m
Rural-Culvert	52	m
Culvert Total	**438**	**m**
Footpaths Total	**743.11**	**km**

Table 2.2 Transport Portfolio Summary

Asset group	Gross replacement cost (CRC)	Written down value (WDV) $ 000's	Annual depreciation expense $ 000's	Condition*				
				1	2	3	4	5
Sealed Roads	$907,158,000	$680,015,000	$13,561,116	15%	34%	32%	18%	1%
Unsealed Roads	$6,372,000	$3,148,000	$54,918	2%	20%	60%	10%	8%
Bridges	$100,285,000	$56,076,000	$925,719	29%	33%	37%	1%	0%
Footpaths	$187,380,000	$102,164,000	$3,519,146	28%	24%	42%	5%	1%
Other Road Assets (inc Bulk Earthworks)	$518,099,000	$248,951,000	$6,890,087	17%	57%	23%	2%	1%

* As per Special Schedule 7 2023/2024

1.4 RESPONSIBILITIES

Council has adopted the following Roles and Responsibilities Matrix for its Transport Assets.

Table 3.3 Transport Assets roles and responsibilities

Asset Management	City Presentation	3rd Party Contractor
Arrange regular road and footpath condition inspections. Conduct interim condition inspections as required Create Asset Management Plans for Roads and Footpaths. Create and update maintenance schedules based on asset type, legislative requirement, Australian Standards and AUSPEC Investigate customer requests and create a scope of works for delivery of maintenance works Respond to customer requests for new assets Include compulsory intervention levels when creating scope of works for maintenance Create technical specifications for service delivery Investigate & prioritise complex corrective maintenance tasks Receiving new asset data, input into the asset register, develop maintenance	Complete scheduled maintenance work within agreed timeframes Complete reactive maintenance work within the agreed response timeframes Respond to customer requests for hazards to make safe and then proceed with process as per thresholds defined below: Roads: Perform reactive maintenance tasks that are under ~100m2 and/or 10% of the road segment but not greater than ~$20,000 otherwise forward to Asset Management for approval Footpaths and shared paths: Perform reactive maintenance tasks that are under ~10 lineal metres of continuous footpath segment area but not more than ~$10,000 otherwise forward to Asset Management for approval	Deliver works as directed by work orders or purchase orders Upon completion of works provide completion report in the works order system or with the invoice

schedules and ensure budget allocated Investigate any activity not forming part of the intervention level	Kerb and Gutter: Perform reactive maintenance tasks that are under ~6 metres of continuous kerb and gutter otherwise forward to Asset Management for approval	

1.5 GOALS AND OBJECTIVES OF ASSET MANAGEMENT

Penrith City Council exists to provide services to its community. Some of these services are provided by infrastructure assets. We have acquired infrastructure assets by 'purchase', by contract, construction by our staff and by donation of assets constructed by developers and others to meet increased levels of service.

Council's goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost-effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance
- Managing the impact of growth through demand management and infrastructure investment
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service
- Identifying, assessing and appropriately controlling risks, and
- Linking to a long-term financial plan which identifies required, affordable expenditure and how it will be financed.[2]

Key elements of the planning framework are:

- Levels of service – specifies the services and levels of service to be provided
- Future demand – how this will impact on future service delivery and how this is to be met
- Life cycle management – how to manage its existing and future assets to provide defined levels of service
- Financial summary – what funds are required to provide the defined services

[2] Based on IPWEA 2015 IIMM, Sec 1.3, p 1| 8

- Asset management practices – how we manage provision of the services
- Monitoring – how the plan will be monitored to ensure objectives are met
- Asset management improvement plan – how we increase asset management maturity

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015[3]
- ISO 55000[4]

1.6 WHAT WILL THIS ASSET MANAGEMENT PLAN ACHIEVE?

The focus of this Transport AM Plan is to manage Council's assets and resources pro-actively. It will enable Council to:

- Have precise knowledge of what Council owns or has responsibility or legal liability for
- Record and extract information on all assets in a register down to an identifiable level
- Report on our annual depreciation and asset consumption at an asset component level
- Measure and monitor the condition, performance, utilisation and costs of assets down to the managed component level and aggregate this data up to give outputs of cost and performance at the portfolio level
- Understand and record the current levels of service in terms of responsiveness and performance
- Understand the likely future levels of service required based on population growth, demographic changes and community expectations
- Understand the long term (10 years) funding needs of Council's transport asset portfolio to meet strategic expectations in both capital and maintenance expenditure
- Measure, monitor and report on the condition, performance and functionality of Council assets against prescribed service levels and regulatory requirements

[3] Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2| 13
[4] ISO 55000 Overview, principles and terminology

- Develop and maintain uniform processes across the whole organisation for the evaluation of any investment in:
    - Renewal, upgrades and expansions of existing assets
    - Creation of new assets.
    - Maintenance of existing assets.
    - Operational expenditure to deliver services

1.7 PLAN FRAMEWORK

In the application of this AM Plan, Council has developed a whole of life approach to the management of its transport infrastructure. Council has focused on providing an interdisciplinary view of asset management with the development of an Asset Management Policy and framework for the organisation.

The specific elements considered in this AM Plan are to:

- Demonstrate accountability and responsible stewardship of transport assets
- Identify least-cost options to provide agreed levels of service
- Assess existing transport asset stocks and their capacity, condition and functional adequacy
- Document the Levels of Service that will be provided to the community
- Identify future demand for transport assets
- Manage the risks of road, kerb, footpath and bridge asset failures and risks of capacity failures
- Undertake Life Cycle Management
- Provide the basis for long-term financial planning
- Monitor the plan to ascertain if it is meeting Council's objectives

1.8 LINKAGE TO CORPORATE STRATEGIES

The Asset Management Strategy provides guidance to Council's Financial Strategy and to the Community Strategic Plan. The Transport Asset Management Plan in turn provides input to the Long Term Financial Plan and the Annual Budget. From this the Capital Works Program for infrastructure maintenance and renewals is developed.

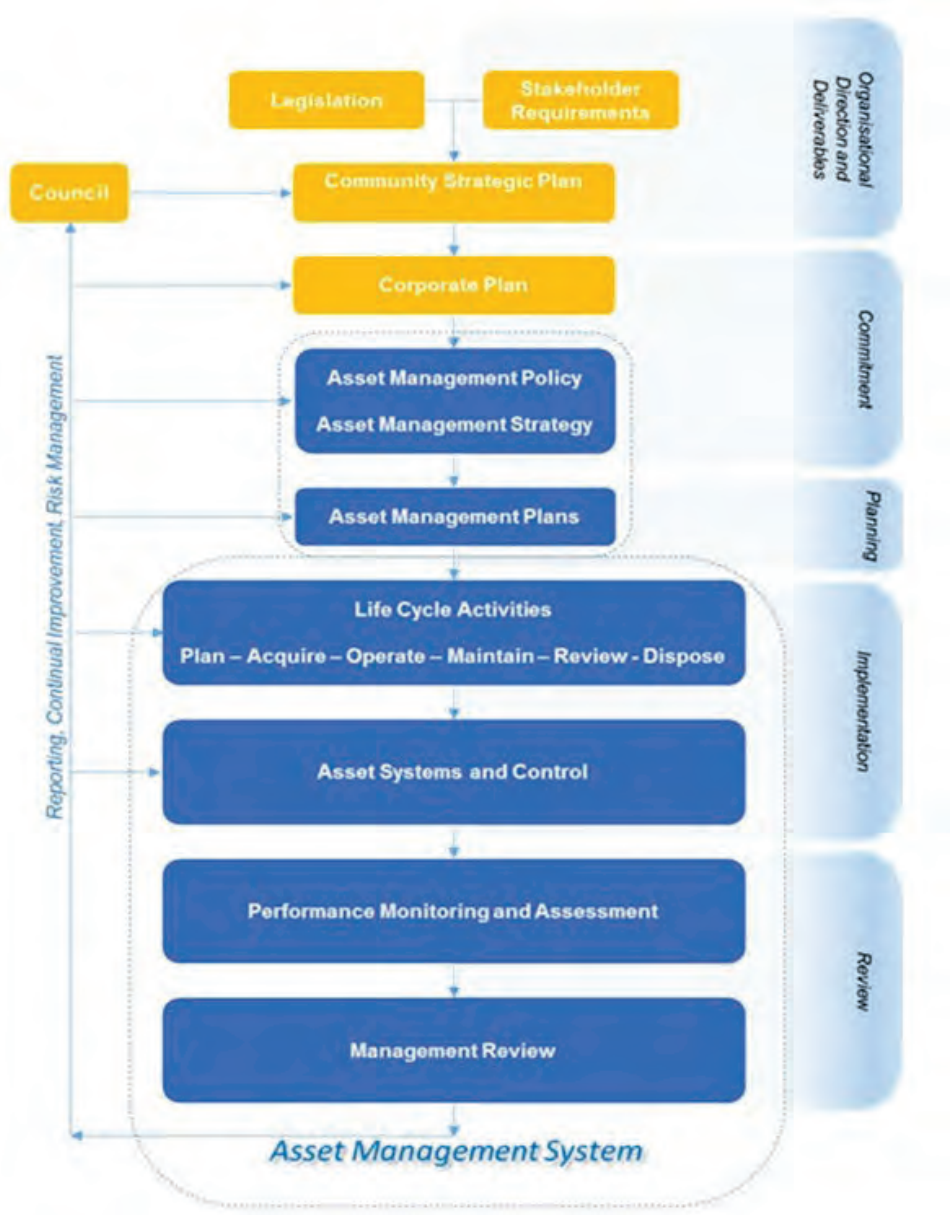


Figure 1.1 Linkages between AM Plan and Key Strategic Documents and Activities

The above diagram outlines the linkages between Council's Community Strategic Plan and the process for the development of AM Plans.

The Asset Management Strategy provides guidance to Council's Long Term Financial Plan and to the Community Strategic Plan. Council's role is to locally govern for all residents, visitors and ratepayers, and provide a range of programs and services that meet the needs of our community. This role is encapsulated through the Council's Community Strategic Plan.

The Transport AM Plan in turn provides input to the Financial Plan and the Annual Budget. From this the Capital Works Program for infrastructure maintenance and renewals is developed.

1.9 CORE AND ADVANCED ASSET MANAGEMENT

This AM plan is prepared as a 'core' asset management plan over a 10 year planning period in accordance with the International Infrastructure Management Manual[5]. It is prepared to meet minimum legislative and user requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the system or network level.

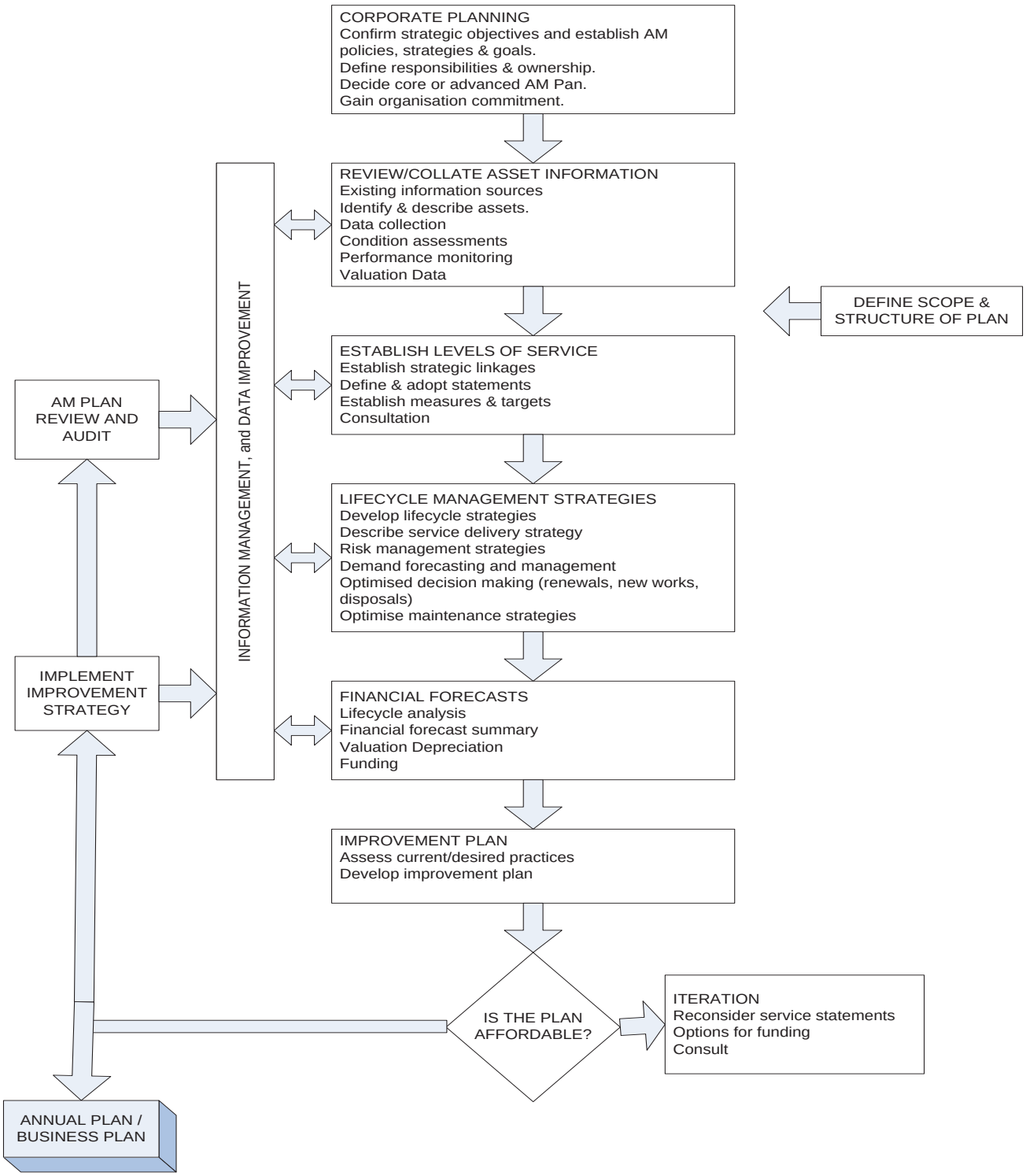
It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level and should be regarded primarily as a snapshot of current practices and strategies. In contrast, advanced asset management is a 'bottom-up' approach, which seeks to optimise activities and programs to meet agreed service standards through development of management tactics based on collection and analysis of key information on asset condition, performance, lifecycle costs, risk costs and treatment options.

Future revisions of this AM plan will move towards 'advanced' asset management using a 'bottom up' approach for gathering detailed asset information for individual assets to support the provision of activities and programs to meet agreed service levels in a financially sustainable manner.

[5] IPWEA, 2015, IIMM.

Fig 1.2: Road Map for preparing an Asset Management Plan

Source: IPWEA, 2015, IIMM, Fig 1.5.1, p 1.11



2 LEVELS OF SERVICE

2.1 ASSET BASED LEVELS OF SERVICE

A Roads and Footpath Maintenance Service Level Agreement was adopted in 2022, and sets out the required response times for intervention level defects. The service levels adopted are based on AUSSPEC standards.

2.2 ASSET HIERARCHY

In accordance with the International Infrastructure Management Manual, Council acknowledges that the primary purpose of an asset hierarchy is to ensure that appropriate management, engineering standards and planning practices are applied to the asset based on its function. It also enables more efficient use of limited resources by allocating funding to those assets that are in greater need and the costs are better justified

2.2.1 ROADS AND KERB

At present, Council has adopted a roads and kerbs hierarchy as defined below. The roads and kerbs hierarchy classification provides a consistent classification of roads and kerbs predominantly based on their role within the overall road and kerb network which relates to their use and risk to users should they fail.

Highways and Declared State Roads are the responsibility of TfNSW and are not included in Council's Road Hierarchy. Roads not adopted by Council as their assets to maintain, such as unformed tracks on public land or Crown land or roads managed by other authorities and/or under private ownership including private shopping centres and private developments are not included in Council's Road Hierarchy. Roads shared with neighbouring councils have been identified with the costs to maintain being shared between the responsible municipalities.

The hierarchy classification has been documented as follows.

Table 2.1: Standard Council Roads and Kerbs Hierarchy

Roads and kerbs Hierarchy	Service Function/Definition
Industrial Roads	Carry traffic having a trip end within the specific area; and Direct access to properties.

Roads and kerbs Hierarchy	Service Function/Definition
Industrial Roads Shared	Same as industrial roads but shared with neighbouring municipality.
Regional Roads	Longer distance strategic traffic movements; Connection between State arterial and main and secondary collector roads; Access to public transport; Through movement of public transport;
Regional Roads Shared	Same as regional roads but shared with neighbouring municipality.
Secondary Collector Roads	Connection between regional and local roads; Carry traffic having a trip end within the specific area; Direct access to properties; Access to public transport; and Local cycle movements.
Secondary Collector Roads Shared	Same as secondary collector roads but shared with neighbouring municipality.
Commercial Roads	Carry traffic having a trip end within the specific area; and Direct access to properties.
Main Collector Roads	Connection between regional and local roads; Carry traffic having a trip end within the specific area; Direct access to properties; Access to public transport; and Local cycle movements.
Commercial Roads Shared	Same as commercial roads but shared with neighbouring municipality.
Main Collector Roads Shared	Same as main collector roads but shared with neighbouring municipality.
Local Residential Roads	A minor street whose primary function is to provide local residential property access; and Direct access to properties.
Local Residential Roads Shared	Same as local residential roads but shared with neighbouring municipality.
Minor Roads	A minor street whose primary function is to provide local residential property access; and Direct access to properties.

Roads and kerbs Hierarchy	Service Function/Definition
Minor Roads Shared	Same as minor roads but shared with neighbouring municipality.

2.2.2 FOOTPATHS AND CYCLEWAYS

Council owns and manages approximately 780km of footpaths, which are constructed and located within the road reserve, many of which are in varying condition. The footpath network comprises:

8 Concrete footpaths (755km)

9 Asphalt footpaths (14km)

10 Paved footpaths, including brick and stone (6km)

11 Unsealed footpaths, including gravel, crushed rock, or granite sand (4km)

12 Exposed aggregate (< 1km)

At present, Council has adopted a footpath hierarchy which has been based upon the Road NAASRA Classification System as defined by AustRoads publications. The NAASRA system provides a consistent classification of roads predominantly based on their role within the overall road network.

The hierarchy classification has been documented below as follows.

Table 2.2: Standard Council Footpath Hierarchy

NAASRA CLASS	NAASRA Definition	Footpath Hierarchy
1	Those roads which form the principal avenue for communication between major regions of the Commonwealth, including direct connections between capital cities.	Extreme
5	Those roads which provide almost exclusively for one activity or function and which cannot be assigned to Classes 1, 2, 3 or 4.	High

6	Those roads whose main function is to form the principal avenue of communication for massive traffic movements.	High
7	Those roads, not being Class 6, whose main function is to supplement the Class 6 roads in providing for traffic movements or which distribute traffic to local street systems.	Moderate
8	Those roads, not being Class 6 or 7, whose main function is to provide access to abutting property.	Low
9	Those roads which provide almost exclusively for one activity or function and which cannot be assigned to Classes 6, 7 and 8.	Low

Table 2.3: Council Footpath width and length as percentage of footpath portfolio

Footpath Width (m)	Length (km)*	% of network
0 - 1.2	383.60	49%
1.3 - 1.5	228.37	29%
1.6 - 2.5	141.62	18%
2.6 - 13	26.86	4%

2.2.3 BRIDGES

The Council owns and manages approximately $162m of bridges, which are constructed and located within the road reserve, many of which are in varying condition. Council also owns and manages bridges within parks and open space areas, which have also been included in this model.

At present, Council has adopted a bridge hierarchy as defined in the Table below. The bridge hierarchy classification provides a consistent classification of bridges

predominantly based on their role within the overall bridge network which relates to their use and risk to pedestrians should they fail.

The hierarchy classification has been documented as follows.

Table 2.4: Bridge Hierarchy

Bridge Hierarchy	Definition
Distributor	Bridges constructed on Distributor roads
Collector	Bridges constructed on Collector roads
Local Access	Bridges constructed on Local Access roads
Open Spaces	Bridges constructed within Open Spaces such as reserves and foreshore

2.3 LEVELS OF SERVICE HIERARCHY

The levels of service decision-making hierarchy at Council flows from:

13 legislative requirements, to

14 community expectation, to

15 Council strategies.

Council uses the levels of service to measure its performance and establish forward works programs, maintenance schedules and delivery programs for short- and long-term planning.

2.4 CUSTOMER RESEARCH AND EXPECTATIONS

The AM Plan incorporates community consultation on service levels and costs of providing the service. This assists the Council and stakeholders in matching the level of service required, service risks and consequences with the community's ability and willingness to pay for the service.

Council conducts regular Community Surveys to measure satisfaction with services and to identify priorities. This telephone survey polls a sample of residents on their level of satisfaction with Council's services. The most recent customer satisfaction survey that was

conducted during 2024 reported performance gaps and priority rankings for the following services.

Importance & Satisfaction – Highest/Lowest Rated Services/Facilities

The analysis below identifies the highest and lowest rated services/facilities in terms of importance and satisfaction.

Importance

The following services/facilities received the highest T2 box importance ratings:

Higher importance	T2 Box	Mean rating
Local emergency management and public safety	95%	4.70
Ease of traffic flow	95%	4.68
Condition of local roads	94%	4.69
Supporting local business and jobs	94%	4.60
Managing Penrith's future	93%	4.63

The following services/facilities received the lowest T2 box importance ratings:

Lower importance	T2 Box	Mean rating
Approach to climate change resilience	50%	3.40
Library services	52%	3.39
Services for people from different cultural and language backgrounds	54%	3.51
Services for Aboriginal and Torres Strait Islanders	54%	3.54
Aquatic Services (Ripples)	55%	3.53

T2B = important/very important
Scale: 1 = not at all important, 5 = very important

Satisfaction

The following services/facilities received the highest T3 box satisfaction ratings:

Higher satisfaction	T3 Box	Mean rating
Library services	96%	4.31
Access to recreation areas, public, and open spaces	94%	3.81
Condition of Council buildings and facilities	94%	3.75
Children's Services	92%	3.75
Provision and Maintenance of cemeteries	92%	3.74
Protection and conservation of Aboriginal items and places	92%	3.65
Protection and conservation of heritage items and places	92%	3.70

The following services/facilities received the lowest T3 box satisfaction ratings:

Lower satisfaction	T3 Box	Mean rating
Ease of traffic flow	54%	2.66
Condition of local roads	58%	2.76
Transport Infrastructure meets population needs	63%	2.87
Council listens to the community's needs and expectations	63%	2.88
Provision of car parking	67%	2.94

T3B = somewhat satisfied/satisfied/very satisfied
Scale: 1 = not at all satisfied, 5 = very satisfied

Performance Gap Analysis

When we examine the largest performance gaps, we can identify that all of the services or facilities have been rated as high in importance, whilst residents' satisfaction with Council's delivery in these areas is between 54% and 84%.

Traffic and transport (traffic flow, roads, transport and parking) and **Council's leadership** (listen to community and trustworthiness) received the highest performance gaps.

Service Area	Service/Facility	Importance T2 Box	Satisfaction T3 Box	Performance Gap (Importance – Satisfaction)
Infrastructure and Services	Ease of traffic flow	95%	54%	41%
Infrastructure and Services	Condition of local roads	94%	58%	36%
Planning, Advocacy, and Development Services	Transport Infrastructure meets population needs	92%	63%	28%
Community Engagement	Council listens to the community's needs and expectations	86%	63%	24%
Infrastructure and Services	Provision of car parking	90%	67%	23%
Community Engagement	Council is trustworthy	86%	72%	14%
Planning, Advocacy, and Development Services	Managing Penrith's future	93%	80%	13%
Community Engagement	Council communicates well with residents	86%	74%	12%
Infrastructure and Services	Street and public space lighting	89%	77%	12%
Planning, Advocacy, and Development Services	Supporting local business and jobs	94%	84%	10%

Note: Performance gap is the first step in the process, we now need to identify comparative ratings across all services and facilities to get an understanding of relative importance and satisfaction at an LGA level. This is when we undertake step 2 of the analysis.

2.5 LEGISLATIVE REQUIREMENTS

There are many legislative requirements relating to the management of assets. These include:

Table 2.5: Legislative Requirements

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments. Draft Bill 2009 includes the preparation of a long term financial plan supported by asset management plans for sustainable service delivery. The purposes of this Act are as follows: (a) to provide the legal framework for an effective, efficient, environmentally responsible and open system of local government in New South Wales, (b) to regulate the relationships between the people and bodies comprising the system of local government in New South Wales, (c) to encourage and assist the effective participation of local communities in the affairs of local government, (d) to give councils: • the ability to provide goods, services and facilities, and to carry out activities, appropriate to the current and future needs of local communities and of the wider public • the responsibility for administering some regulatory systems under this Act • a role in the management, improvement and development of the resources of their areas, (e) to require councils, councillors and council employees to have regard to the principles of ecologically sustainable development in carrying out their responsibilities.
Environmental Planning and Assessment Act 1979	An Act to institute a system of environmental planning and assessment for the State of New South Wales. Among other requirements the Act outlines the requirement for the preparation of Local Environmental Plans (LEP), Development Control Plans (DCP),

	Environmental Impact Assessments (EIA) and Environmental Impact Statements.
Protection of the Environment Operations Act 1997	Council is required to exercise due diligence to avoid environmental impact and among others are required to develop operations emergency plans and due diligence plans to ensure that procedures are in place to prevent or minimise pollution.
Building Code of Australia (BCA)	The objectives of the BCA are to enable the achievement and maintenance of acceptable standards of structural sufficiency, safety (including safety from fire), health and amenity for the benefit of the community now and in the future. These goals are applied so that the BCA extends no further than is necessary in the public interest, are cost effective, easily understood, and are not needlessly onerous in its application. The BCA contains technical provisions for the design and construction of buildings and other structures, covering such matters as structure, fire resistance, access and egress, services and equipment, and certain aspects of health and amenity.
Australian Standards & Codes of Practice	Various AS relevant to the asset class. Referenced in the Building Code of Australia. Governs a vast range of building construction and management
Crown Lands Act	An Act to provide for the administration and management of Crown land in the Eastern and Central Division of the State of NSW Council has large holdings of Crown land under it care, control and management.
Road Transport (Safety and Traffic Management) Act 1999	Facilitates the adoption of nationally consistent road rules in NSW, the Australian Road Rules. It also makes provision for safety and traffic management on roads and road related areas including alcohol and other drug use, speeding and other dangerous driving, traffic control devices and vehicle safety accidents.

Road Transport (General) Act 2005 Road Transport (General) Amendment Regulation 2008	Provides for the administration and enforcement of road transport legislation. It provides for the review of decisions made under road transport legislation. It makes provision for the use of vehicles on roads and road related areas and also with respect to written off and wrecked vehicles.
Roads Act 1993	Sets out rights of members of the public to pass along public roads, establishes procedures for opening and closing a public road, and provides for the classification of roads. It also provides for declaration of the RTA and other public authorities as roads authorities for both classified and unclassified roads, and confers certain functions (in particular, the function of carrying out roadwork) on the RTA and other roads authorities. Finally it provides for distribution of functions conferred by this Act between the RTA and other roads authorities, and regulates the carrying out of various activities on public roads.
Australian Accounting Standards	Prescribes requirements for recognition and depreciation of property, plant and equipment assets.
Protection of the Environment Operations Act 1997	Council is required to exercise due diligence to avoid environmental impact and among others are required to develop operations emergency plans and due diligence plans to ensure that procedures are in place to prevent or minimise pollution.

2.6 CURRENT LEVELS OF SERVICE

2.6.1 LEVEL OF SERVICE DESCRIPTION

The 'level of service' is the defined service quality for a particular activity or service area against which service performance can be measured. They provide the basis for the life-cycle management strategies and works programme identified within the AM Plan.

Levels of service support the Organisation's strategic goals and are based on customer expectations and statutory requirements.

Levels of service can be broken down into three basic aspects:

- Function – its purpose for the community
- Design Parameters – what is required of and from the asset itself
- Performance & Presentation - the effectiveness of the service and ensuring it is safe, clean and appropriate for use

The objective of asset management is to enable assets to be managed so that agreed Levels of Service are consistently delivered in the most cost effective way. There are two types of Level of Service:

- 'Community' Levels of Service are related to the service that the customer receives. The community expectations with regard to levels of service are communicated to Council via consultation. These levels of service are also established by Council taking the communities expectations, legislative requirements and available funding into account

- 'Technical' Levels of Service are operational in nature and are the means by which Council officers establish and manage the operation and maintenance required to ensure that the Customer Levels of Service are being achieved

By setting community and technical levels of service, Council can assess and monitor its assets performance. Council can then be held accountable and is able to report to the community on the asset performance. In the long term this will ensure that Council funds are spent where the community want them to be spent and assets are maintained in the most cost effective manner.

As Council's current asset management systems do not allow for detailed reporting on levels of service targets and performance, Council will further develop its ability to manage and report on the levels of service within its Improvement Actions Plan as well as future versions of this AM Plan.

2.6.2 STRATEGIC LEVELS OF SERVICE

Community (Strategic) Levels of Service, communicate the philosophies of Council in relation to the management of the Transportation assets portfolio including the rehabilitation and renewal of these assets as they deteriorate due to age and use.

2.7 CUSTOMER LEVELS OF SERVICE

Service levels are defined in two terms, customer levels of service and technical levels of service. These are supplemented by organisational measures.

Customer Levels of Service measure how the customer receives the service and whether value to the customer is provided. Customer levels of service measures used in the AM Plan are:

Quality	How good is the service. W*hat is the condition of the road surface?*
Function	Is it suitable for its intended purpose. *Is it the right sized footpath to provide the access required?*
Capacity/Use	Is the service over or under used. D*o we need more or less of these assets? How effectively is the footpath being used?*

The customer service levels are detailed in Table 3.6. The table shows the expected levels of service based on resource levels in the current long-term financial plan.

Organisational measures are measures of fact related to the service delivery outcome. e.g. number of occasions when service is not available, condition %'s of Very Poor, Poor/Average/Good, Very good.

These provide a balance compared to customer perception that can be more subjective.

Table 2.6: Customer Level of Service

Key Performance Measure	Level of Service	Performance Measurement Process	Performance Target
Quality	Well maintained and suitable transport network	Number of customer requests relating to road maintenance.	Maintain or improve on number of customer requests from previous year.
Function	Transport assets meet community needs	Annual Customer Voice satisfaction and importance in Condition of Roads	Maintain or improve on previous year survey
Responsiveness	Response time to customer requests.	Time taken to finalise road related requests.	>80% of all requests adequately responded to

Key Performance Measure	Level of Service	Performance Measurement Process	Performance Target
			within target for asset and request type.
Safety	Transport assets are safe for residents and users.	Number of injuries attributable to transport assets condition.	Number of claims Council has settled due to design and condition. Not more than 3 per annum.
Availability	Assets are available in suitable condition for public use all year round.	Number of roads closures due to degraded asset condition.	0 per annum

2.8 TECHNICAL LEVELS OF SERVICE

Technical Levels of Service - Supporting the customer service levels are operational or technical measures of performance. Detailed Technical Levels of Service are required to assess performance on a day-to-day basis to guide decision making and work flows. The prime objective in setting the Technical or operational Levels of Service is to set targets that will lead to achieving the desired Community-based Service Levels. These include response times, work standards and condition ratings.

These technical measures relate to the allocation of resources to service activities to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- Operations – the regular activities to provide services (e.g. opening hours, cleansing, mowing grass, energy, inspections, etc
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide

service for its planned life (e.g. road patching, unsealed road grading, building and structure repairs),

- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),
- Upgrade/New – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Service Managers and Asset Managers plan, implement and control technical service levels to influence the customer service levels.[6]

Table below shows the technical levels of service expected to be provided under this AM Plan. The "Desired" position in the table documents the position being recommended in this AM Plan.

The Strategic-based Service Levels provide high-level targets for asset portfolio performance. Detailed Technical Levels of Service are required to assess performance on a day-to-day basis to guide decision making and work flows. The prime objective in setting the Technical Levels of Service is to set targets that will lead to achieving the desired Strategic based Service Levels.

Table 2.7: Technical Levels of Service

Asset Category	Key Performance	Measures Level of Service	Performance Measure Process	Performance Target***
Road	Quality	Provide smooth sealed road surface	Condition rating (completed within 5 year cycle)	90% of all road seals in satisfactory condition
	Capacity	Provide carriageway width and road capacity	Geometric design	Minimum to satisfy current Australian Standard

[6] IPWEA, 2015, IIMM, p 2|28.

Asset Category	Key Performance	Measures Level of Service	Performance Measure Process	Performance Target***
		sufficient for traffic volumes		
		Provide pavements of sufficient pavement thickness and capacity to carry loads from traffic	Pavement Design	As per Project Reliability section in the Business Process Manual and analysis recommended by Austroads Pavement Design Guide
	Safety	Provide road surface free from hazards	Insurance claims/incidents	Number of claims Council has settled due to design and condition. Not more than 3 per annum.
		Street Lighting	Adequate Light Levels as per AS 1158.0:2005	In design & in Operation
	Function	Adequate road widths for traffic demands	Minimum widths as part of design and construction specifications.	All new dedicated assets meet design and construction specifications.

Asset Category	Key Performance	Measures Level of Service	Performance Measure Process	Performance Target***
Kerb and Gutter	Quality	Provide lateral support to road pavement and roadside drainage	Condition rating (carried out on a 5 yearly cycle)	90% of all kerb and gutter in satisfactory condition i.e. rated condition 3 or better (on a rating scale of 1-5)
	Capacity	Provide effective road drainage	Condition surveys	More than 90% of kerb & gutter sections are free from water ponding 24 hours after storm event
	Safety	Provide roadside drainage free from trip hazards	Insurance claims/incidents	Number of claims Council has settled due to design and condition. Not more than 3 per annum.
	Function	Provide effective road drainage	Appropriate grades	All longitudinal grades > 0.6%
Bridges	Quality	Well maintained and suitable bridge and overpass structures.	Customer requests	<100 request / complaints per annum.
	Flooding	Variability of climate and	Map bridge vulnerability	Improve flood resilience of the bridge network.

Asset Category	Key Performance	Measures Level of Service	Performance Measure Process	Performance Target***
		flood frequency impact on the serviceability of bridges.	under various flood scenarios	
	Design Parameters	Carry out regular assessments of strategic bridges	Bridge is suitable to meet future demand	Know the Load (capacity, design, performance etc) for 20 strategically important bridges per annum. (level 3)
	Customer Satisfaction	Condition of bridge and overpass structures.	Customer Survey	Score >= 6 out of 10 in LGA Annual Customer Survey
	Responsiveness	Response time to customer requests.	Time taken to close requests.	> 70% of all requests adequately responded to within target.
	Condition – bridge and overpass structures.	Level 2 condition assessment of bridge and overpass structure assets network every 3 years.	Condition Assessment	On average, bridge and overpass structure network to be in Overall Condition 2.5 (out of 5) or better, with 1 being the best.

Note: * Current activities and costs (currently funded).

** Desired activities and costs to sustain current service levels and achieve minimum life cycle costs (not currently funded)

*** to be confirmed/ agreed upon. Resources may need to be allocated to measure the performance measure.

It is important to monitor the service levels provided regularly as these will change. The current performance is influences by work efficiencies and technology, and customer priorities will change over time. Review and establishment of the agreed position which achieves the best balance between service, risk and cost is essential.

2.9 DESIRED LEVELS OF SERVICE

An initial Community (Strategic) and Technical (Operational) Levels of Service document to guide and assist Council has been developed regarding ongoing management of its Transport Assets portfolio. Any changes in the future to the Levels of Service for any of Council's transport assets will be in accordance with this document.

The development of the Levels of Service has taken into account:

- Customer research and expectations
- Strategic goals and objectives
- Legislative requirements
- Current asset condition
- Building Hierarchy
- Funding requirements

The Transport assets condition and hierarchy categorisation framework is continually being reviewed through the 10 year Plan and 1 year (operational plan) and 4 year (delivery program) Programs. It is intended to use this framework to guide and establish more specific levels of service and performance criteria, asset management, transport asset maintenance and renewal and expenditure prioritisation into the future.

Council's Classification	NAASRA Classification	Description	Intervention Condition Level
Regional Roads	Class 6	Regional	3
Main Collector	Class 7	Collector Roads	3
Secondary Collector			
Residential Road	Class 8	Local Roads	4
Minor Roads	Class 9	Minor Roads	4

Council's Classification	NAASRA Classification	Description	Intervention Condition Level
Commercial Roads	Class 7, 8, 9	Commercial Roads	3
Industrial Roads	Class 5	Industrial Roads	3

Further development of the levels of service will be undertaken in consultation with the various business units within Council. These will be documented in future revisions of this AM Plan.

3 FUTURE DEMAND

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

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset condition. Examples of non-asset solutions include encouraging community title in development, so the strata body owns the roads and footpaths, but they are available for the public use.

3.1 DEMAND DRIVERS

Demand Drivers predominately affecting the Transport assets portfolio include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

Demand for new services is being managed through a combination of managing existing assets, where appropriate upgrading existing assets and providing new assets to meet demand through a variety of delivery mechanisms mentioned within Section 5 of this report.

Council can currently sustainably fund and maintain its existing roads, footpath and bridges portfolio to a satisfactory condition, which will allow it to meet existing community and operational demands. Almost 93% of transport assets currently score a condition rating of 3 or better (Satisfactory). Further in-depth long term planning is still required to identify if Council has the required asset in the required place to perform the required function.

The transport assets portfolio is being managed to ensure continued service provision as well as allowing for the future growth. Given Penrith City Council's geographical significance, planning for both the current and future communities is required and will need to include services for groups outside of the Penrith City LGA, being the wider Sydney region.

Additional in-depth and long term planning is required to identify if Council has the required asset in the required place to perform the required function. To assist in addressing the demand into the future Council is currently undergoing numerous detailed planning studies to ensure that the future growth of the LGA is accounted for. These studies take into consideration the meeting of demand from Council's existing stock, future programmed assets via a range of delivery mechanisms, as well as service delivery via assets owned by other organisations.

Demographic analysis for the Penrith City LGA demonstrates that the population is extremely diverse which results in a need for access to a full range of social infrastructure. Current trends also identify a need for flexible, multi-purpose facilities that cater to a broad range of interests and that can adapt as needs change.

Future versions of this AM Plan will take into consideration the numerous Strategies and Programs currently under development by Council, including the financial considerations for each being Capital New, Renewal, Maintenance and Operational requirements.

To assist in addressing demand into the future Council is currently undergoing numerous detailed planning studies to ensure that the future growth of the LGA is accounted for. These studies take into consideration the meeting of demand from Council's existing stock, future programmed assets via a range of delivery mechanisms, as well as service delivery via assets owned by other organisations.

It is envisaged that demand identification and management will be further and continually identified though stakeholder engagement within this AM Plan and then delivered through an annual and four year Program consisting of:

16 Acquisition, Disposal and Reclassification
17 Development
18 Capital New and Renewal
19 Maintenance and
20 Space Management

3.2 DEMAND FORECASTS

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets is a key action to be identified by Council. Data used to inform Developer Contribution Plan, and projected demand on transport assets provided by these assets is documented generally in Table 4.1.

3.3 KEY TRENDS

The following table summarises some of the key social infrastructure trends that will influence asset planning specifically for community facilities for the Penrith LGA into the future.

Table 3.1 – Council demand trends

Trend	Explanation
Size and scale	Many local governments have moved away from providing small, single purpose community spaces and are moving towards the provision of larger, but fewer, facilities and spaces. Larger facilities and spaces can provide a wider range of activities, programs and services to a wider range of community members, are more likely to be activated across the week and to attract higher rates of utilisation.
Location	Leading practice favours the clustering of social infrastructure in central, accessible locations to enhance accessibility and connectivity with related uses. Well used facilities and spaces tend to be located in places that are readily accessible by public transport and where people already tend to congregate, such as shopping centres and schools.
Co-location	The co-location of community facilities and services, involving shared use of buildings among a number of facility types as well as service providers, is a commonly identified objective of most recent planning efforts. Co-location has potential advantages in pooling resources to provide better facilities than may be available if provided separately and can also enhance synergies between services and encourage greater integration of service delivery.
Community hubs	A model of social infrastructure provision that incorporates the trend for size, scale and co-location is the 'community hub'. A community hub is an integrated, multipurpose public gathering and activity place where a variety of activities occur and where a wide range of community needs can be met in both formal and informal ways.

Multipurpose and multifunction	To make the best use of limited resources, and ensure that facilities are utilised as much as possible, facilities and spaces need to provide for multiple uses and serve a range of population groups, as well as being capable of adapting as needs change over time.
Community development	Community facilities and spaces are recognised as providing an important focus for community building activities and enhancing the connections and relationships among people in order to strengthen common values and promote collective goals.
Placemaking and community identity	Successful social infrastructure contributes to the creation of vital public spaces that help engender a sense of place and distinctive community identity. Well-designed facilities and spaces enhance the physical quality and appearance of public places, helping to reinforce a place's identity and making it a more attractive environment for people to gather and interact with each other.
Sustainability	Social infrastructure is increasingly being used to showcase sustainable building methods and design. In addition to environmental sustainability, financial sustainability has become a core focus area in the provision of social infrastructure. In an environment of limited resources, authorities are becoming increasingly interested in exploring ways to decrease costs in relation to developing, operating and maintaining community facilities and spaces,
Partnerships	While local governments have traditionally been a key provider of local social infrastructure, resource and practical constraints have combined to necessitate seeking partnership opportunities. Partnerships may be sought for the capital development of facilities, or more commonly for the delivery of programs and services from them.

3.4 DEMAND IMPACT ON ASSETS

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

Table 3.2: Demand Drivers, Projections and Impact on Services

Demand factor	Present position	Projection	Impact on services	Action
Increased population			Requirement for an increase in building assets and accompanying renewal and operating expenditures. Increased usage and changing needs and preferences from additional population requiring upgrade to existing transport infrastructure or change in use.	Maintain up-to- date asset management systems and undertake regular reviews of Asset Management Plans. Review efficiencies of building portfolio for potential sharing of building assets (increase utilisation)
Changing Demographics			Increase demand on services in general. As the demographics of the LGA changes, service levels will need to be reviewed to meet the demand shift. Consideration will need to be given to user pays/ capacity to pay.	Review service levels regularly and undertake frequent community consultation.

Changes in Land Use planning	Current development levels based on existing land use planning	Increases in permissible land uses and densities throughout the LGA - creating more demand on services and assets.	Increased population densities will require upgrades of existing assets and services as well as new assets and services	Consider delivery though additional, consolidated or more efficiently used assets. Consider assets delivered through alternate means e.g VPAs
Increase costs for materials and contracts	Inflation of construction prices exceeds annual increases in building construction expenditure.	Annual increases in construction costs continue to exceed increases in building expenditure,	Increased costs to maintain transportation assets Reduction in real expenditure will delay maintenance reduce the life cycle of the asset.	Continually review renewal modelling ensuring forecasting is accurate. Appropriate procurement processes to ensure competitive pricing.
Rising Community expectations	Community expectation for standard of buildings services rising.	Desired service level provision increased over time.	Adoption of higher service levels provided for infrastructure will create service level gaps and increase projects in delivery programs.	Review service levels and regularly undertake community consultation.
Increasing Environmental and Design Standards	Design standards based on State and Federal	Higher standards for new and renewed infrastructure causing	Review service levels and ensure appropriate design standards for assets.	Review service levels and ensure appropriate design and sustainability standards.

	design standards.	higher costs to build, maintain and operate assets.		Ensure whole of life costs are identified within any project prior to approval.

3.5 DEMAND MANAGEMENT PLAN

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

The objective of demand management is to actively seek to modify customer demands for services in order to:

- optimise the utilisation and performance of existing assets
- reduce or defer the need for new assets
- meet the organisations strategic objectives
- deliver a more sustainable service
- respond to customer needs

It is vital to the success of the AM Plan that demand factors be analysed comprehensively and their impact quantified in terms of the following:

- the effect of the growth of the asset network
- any possible future need to increase or decrease infrastructure
- the implementation of non-asset solutions, such as managing demand

In addition to the factors mentioned above, risk affects demand for services and consequently the following must be taken into account:

- the methodology and accuracy of forecasts
- the uncertainty of forecasts
- any unforeseen natural factors

Non-asset solutions focus on providing the required service without the need for asset ownership and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures[7]. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic facilities

[7] IPWEA, 2015, IIMM, Table 3.4.1, p 3|89.

and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are shown in Table 4.4. Further opportunities will be developed in future revisions of this asset management plan.

Table 3.3: Demand Management Plan Summary

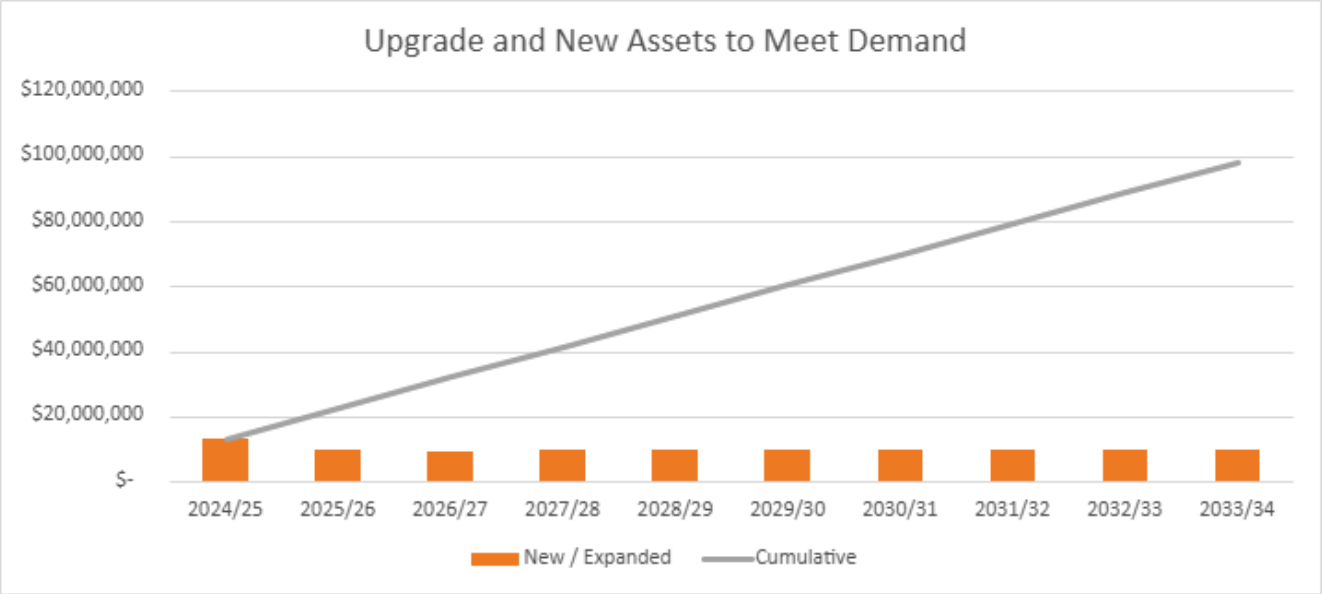
Demand Driver	Impact on Services	Demand Management Plan
Demographics	Changing service needs and hence changing requirements, particularly relating to accessibility	On-going delivery of Council's transport assets
Population	General increase in demand for services provided by Council's assets	New Developer Contributions Plan has been drafted to take into account the potential future demand for services/assets and these are considered in this AM Plan.
Regulation	Will add further to the cost of providing, operating, maintaining and renewing transport assets	On going assessment of transport portfolio as legislation change to determine additional cost.
Construction Costs	The shortage of skilled labour, high labour costs and increasing building costs will impact on the future management of buildings	On-going internal productivity reviews to ensure value for money. Undertake regular testing of the market through standard tendering and procurement processes for external service provisions.

3.6 ASSET PROGRAMS TO MEET DEMAND

The new assets required to meet growth will be acquired through contributions from developments with additional matched funding from Council. The developer contributions may be from 7.11 funding and/or Voluntary Planning Agreements (VPA's). New assets constructed/acquired are discussed in Section 5. The summary of the cumulative value of new contributed and constructed asset values is shown in the figure below.

The financial impact from the proposed new assets that will be constructed and/or acquired by the organisation is discussed in Section 6. The estimated accumulative asset value of the contributed and or constructed new assets anticipated during the next 10 years is summarised in the figure below.

Figure 3.1: Upgrade and New Assets to meet Demand – (Cumulative)



Note that costs are only taken into account once the asset has been commissioned. Multi-year projects will have costs allocated in budgets, however they are not considered in the AM Plan until they are completed.

As shown in future sections of this plan, acquiring new assets will commit ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs in Section 5.

Future plan revisions will consider the costs of climate change, water restrictions, technology, urban consolidation, and other possible variables.

4 LIFECYCLE MANAGEMENT PLAN

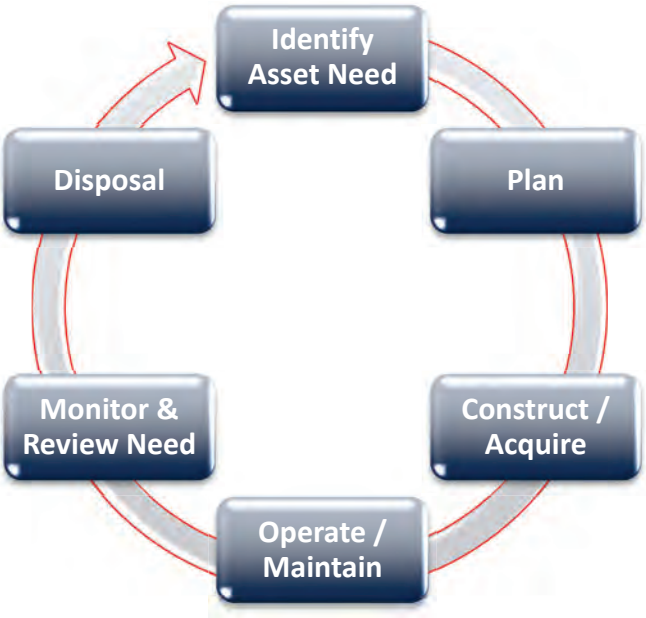
4.1 LIFE-CYCLE MANAGEMENT PRINCIPLES

The lifecycle management plan details how the Council plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while managing life cycle costs.

Life-cycle Management is recognised by Council as an essential component of this AM Plan. This section of the Plan provides details of the data and processes required to effectively manage, renew and upgrade Council's asset portfolio. It also documents the analysis that Council undertakes regularly to predict and monitor expected future expenditures required to effectively manage the portfolio.

Undertaking life-cycle asset management means considering all management options and strategies as part of the asset life-cycle, starting with the planning phase and ending with disposal. The objective of managing the assets in this manner is to look at long-term cost impacts (or savings) when making asset management decisions. Figure 4.1 below provides a graphical representation of the asset life-cycle including each of the stages an asset passes through during its life.

Figure 4.1: Life Stages of Infrastructure Assets



4.2 DELIVERY OF COUNCIL'S 10 YEAR ASSET MANAGEMENT PLAN

The development of Council's Transport AM Plan in line with the Asset Management Policy and Strategy allows Council to plan, identify and implement an annual and four year delivery program for Council's Transport assets in line with a lifecycle management strategy consisting of:

21 Acquisition or Development
22 Operating
23 Maintenance
24 Capital Renewal or Disposal

Delivery mechanisms of the above and the new asset creation process vary from internal to external resources and includes commissioning through various business units within Council. Future iterations of this AM Plan will further consolidate and refine the various delivery programs.

ASSET CAPACITY AND PERFORMANCE

Assets are generally provided to meet design standards where these are available.

Locations where deficiencies in service performance are known are detailed in Table 4.2.

Table 4.1: Known Service Performance Deficiencies

Location	Service Deficiency
Roads	Backlog of asset renewals and short term reduction of asset renewal may cause surface and underlying base to deteriorate further
Footpaths	Outstanding list of 103km of requested footpaths within the LGA

ASSET CONDITION

The condition of the roads asset portfolio is measured by assessing the condition of each of the following elements:

25 Surface
26 Base
27 Sub Base
28 Formation

CONDITION SCORES – TRANSPORT ASSET CONDITION

The transport portfolio's physical componentised condition rating as a percentage of gross replacement cost, being:

29	As new, requires normal maintenance only:	23.6%
30	Good condition, requires minor maintenance:	39.8%
31	Acceptable condition, requires significant maintenance:	29.5%
32	In very poor condition, requires renewal:	5.6%
33	Unserviceable or unusable	1.5%

There is a broad range of asset condition. Condition "0" indicates that no condition data is held in the asset register.

Condition is measured using a 1 – 5 grading system[8] as detailed in Table 4.3.

Table 4.2: Simple Condition Grading Model

Condition Grading	Description of Condition
1	**Very Good**: A near new asset with no visible signs of deterioration. Only planned maintenance required.
2	**Good**: An asset in a very good overall condition but with some early stages of deterioration evident. Minor maintenance required plus planned maintenance
3	**Fair**: An asset in fair overall condition. Deterioration in condition would be obvious and there would be some serviceability loss. Significant maintenance required
4	**Poor**: An asset in poor overall condition. Deterioration would be quite severe and would be starting to limit the serviceability of the asset. Maintenance costs would be high and significant renewal/rehabilitation is required

[8] IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.

5	**Very Poor**: An asset in extremely poor condition with severe serviceability problems and needing rehabilitation immediately. There would be an extreme risk in leaving the asset in service. Physically unsound and/or beyond rehabilitation

4.3 MEASURING THE CONDITION OF COUNCIL'S ASSETS

ASSET CONDITION ASSESSMENT METHODOLOGY

The essence of good asset management is to understand the condition of Council's assets and the various types of distresses that affect them and to use this data to assist in maintaining the level of service the community desires in the context of affordability, intergenerational equity and minimised risk of asset failure.

The condition rating scale of Council's transport assets is detailed below in the table below. Service levels are linked to condition levels as this determines at what condition the asset should be in before it is renewed.

Table 4.3: Road and Kerb Condition Grading Model

Road and Kerb Condition	Community Rating	Generalised Description of asset condition
0	Brand New	A new road or road or kerb recently rehabilitated back to new condition.
1	Excellent	A road or kerb in excellent overall condition however is not new and providing it's intended level of service.
2	Good	A road or kerb in good overall condition with some possible early stages of slight deterioration evident which is minor in nature and causing no serviceability issues. No indicators of any future obsolescence and providing a good level of service.
3	Fair	A road or kerb 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.

Road and Kerb Condition	Community Rating	Generalised Description of asset condition
4	Poor	A road or kerb 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 in near future. Is reflected via inclusion in the 10 year Capital Works Plan.
5	Very Poor	A road or kerb 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.

The condition of the Council's roads asset stock is determined by a visual inspection carried out by an external contractor, with the latest condition assessment undertaken by Infrastructure Management Group (IMG) in 2020. This roads and kerbs condition data has since been updated to reflect the changes in condition as a result of major renewal and upgrade works delivered via Council's capital works program and roads and kerbs works delivered via Council's preventative maintenance program.

The condition of the sealed road network is measured as follows:

34 Measuring the severity and extent of crocodile cracking
35 Measuring the severity and extent of linear cracking
36 Measuring the extent and severity of pavement defects (i.e. corrugations and depressions).
37 Measuring the extent and severity of rutting defects
38 Measuring the extent of roughness (i.e. ride quality)
39 Measuring the extent of local surface texture defects (such as potholes)
40 Measuring the extent of surface texture defects (such as flushing, bleeding and stripping)
41 Measuring the extent of ravelling on asphalt road surfaces

Road wearing surfaces such as asphalt are over time, subjected to surface condition deterioration, which can always be attributed to the following, or a combination, of the following:

42 Cracking due to shrinkage or inadequate pavement strength

43 Loss of smooth driving surface shape due to deformation of wearing surface or pavement base materials
44 Hardening of the binder over time leading to loss of surface aggregate or cracking of surface
45 Loss of texture due to flushing of bituminous binders or embedment of sprayed seal aggregate into underlying surfaces

Deterioration has two general causes: environmental due to weathering and aging and structural caused by repeated traffic loadings.

In most cases, road surface and pavement distresses result from both environmental and structural causes. However, it is important to try to distinguish between the two in order to select the most effective rehabilitation techniques.

The rate at which the road surface or pavement deteriorates depends on its environment, traffic loading conditions, original construction quality, and interim maintenance procedures. Poor quality materials or poor construction procedures can significantly reduce the life of a road. As a result, two roads constructed at the same time may have significantly different lives, or certain portions of a road may deteriorate more rapidly than others. On the other hand, timely and effective maintenance can extend a road's life. Timely crack sealing can reduce the effect of moisture ingress into the road pavement, thereby ensuring the integrity of the road pavement and road surface. For example, potholes generally develop from cracking.

The condition of the kerb network is measured as follows:

46 Measuring the severity and extent of cracking
47 Measuring the severity and extent of vertical and horizontal displacement

All kerbs (including traffic island kerbs and medians) over time are subjected to various distresses, which can always be attributed to the following, or a combination, of the following:

48 Cracking due to shrinkage or inadequate concrete strength
49 Poor pavement subgrade or compaction of pavement, resulting in differential movement
50 Tree root movement and penetration either from Council's street trees or trees within private property
51 Vehicles mounting the kerb / traffic loadings

In general terms, kerbs that are not subjected to any of the above deterioration conditions can remain in a serviceable condition for a significant period without the need for replacement. Whereas kerbs that are subjected to some or all of the above distresses can deteriorate rapidly and will often require continual repair.

Based on the outcomes of the road and kerb network visual inspections, a condition of the road and kerb segment assessed for each of the defect criteria is determined and assigned to each road and kerb segment by the inspector for each of the condition distresses.

The SCI and PCI scores have been based on a weighted formula using representative selected condition scores for the road wearing surface and pavement for each road segment.

The weightings below have been applied to each condition score to calculate the indices for each road segment.

Table 4.4: Road Condition State Weightings

Surface Condition Index	Weighting	Pavement Condition Index	Weighting
Environmental Cracking	75	Roughness	38
Ravelling	100	Rutting	38
Surface Texture Defects	100	Crocodile Cracking	73
Crocodile Cracking	75	Deformations	98
Deformations	75		

BRIDGES

Bridge condition is a summary indicator, assessed from individual component conditions, which in turn is derived from the Level Two Bridge inspections. The condition of a bridge is determined by combining the bridge component condition information for each component of the bridge and rated in terms of each of the “condition states” defined in general terms in 4.5 below.

Table 4.5: Bridge Condition State Weightings

Bridge Component Condition	Community Rating	Generalised Description of asset condition
0	Brand New	A new bridge or recently reconstructed bridge component.
1	Excellent	The component is in new or near new condition showing no signs or deterioration
2	Good	The component is in good condition with little or no deterioration. Superficial cracks and discoloration may be present, but without effect on strength and/or serviceability.
3	Fair	The component shows deterioration of a minor nature. Minor surface defects may be present but without loss of section or effect on the serviceability of the element.
4	Poor	The component shows advanced deterioration and loss of effective section. Deterioration is to the point that there is concern a structural analysis is warranted to ascertain impact on the strength and/or serviceability of the element.
5	Very Poor	Component is no longer providing the level of service required of it due to extensive deterioration. Extensive renewal work required.

FOOTPATH

The following Table below provides details of the condition rating scales and community perception scales for Council's footpath asset stock.

Table 4.6: Footpath Condition State Weightings

Footpath Condition	Community Rating	Generalised Description of asset condition
0	Brand New	A new footpath or recently reconstructed footpath.
1	Excellent	A footpath in excellent overall condition however is not new and shows no signs of distress or defects.

Footpath Condition	Community Rating	Generalised Description of asset condition
2	Good	Sound construction with good surface condition and no distortion with limited surface ageing or may show minor distress upon close inspection such as sporadic fine cracking or isolated minor defects with no associated stepping or distortion.
3	Fair	Reasonable construction with a serviceable surface showing some surface aging and or signs of surface distress, such as fine to moderate cracking and or minor distortion.
4	Poor	Footpath displays substantial surface deterioration from material oxidation and or may display significant areas (20% to 50%) of surface distress, such as cracking or localised disintegration of the asset structure.
5	Very Poor	Footpath displays significant areas of surface distress (greater than 50%) as a result of cracking, material disintegration or distortion as defined in condition four above.

4.4 MAINTENANCE STRATEGIES

Council currently undertakes maintenance activities for its transport infrastructure on a reactionary basis. Previously council would undertake a quarterly defect inspection program which would allow for the development of a planned quarterly defect repair program however council has lost a resource in this space and as such has become reactive in nature. A key aspect of maturing councils operational and maintenance practices is determining the most cost-effective mix of planned and unplanned works for councils transport infrastructure assets.

4.5 RENEWALS STRATEGIES

Council has currently developed its 5-year renewal program for road asset from the recent road condition survey based on its pavement condition index and surface condition index. Renewal Program for path paving has also been developed using 5-year condition

inspection. The renewal program prioritises works based primarily on asset condition however other factors considered include safety risk, heavy vehicle use as well as network significance.

4.6 RENEWAL/REPLACEMENT PLAN

Renewal and replacement expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is upgrade or new works expenditure resulting in additional future operations and maintenance costs.

Renewal will be undertaken using 'low cost' renewal methods where practical. The aim of 'low cost' renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a less cost than actual replacement costs. Typical transport renewal works include the treatments of existing assets:

- Spray sealing
- Footpath restoration
- Kerb renewal
- Road resurfacing
- Bridge component renewal

With infrastructure assets, the lowest total cost of ownership is achieved through developing a Renewal and Replacement Plan around the practice of replacing assets when they are at the end of the life as determined by their condition.

Budgeting for the future based on historical spending has been shown to be unreliable as it does not consider any growth areas within the municipality. Growth means an increasing asset portfolio and this eventually results in increased asset renewal expenditure demands. While the growth has also resulted in an increasing rate base, the demand for increased expenditure lags at least a decade or two behind due to the long lives of infrastructure assets.

The lag in the need to grow the income can be painful for both the Council and the community especially if the period of growth has passed. Hence it is vital that Council tracks the consumption of its assets and forecasts the asset renewal up to 20 years ahead.

4.7 RENEWAL AND REPLACEMENT STRATEGIES

Council will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner
- Undertaking project scoping for all capital renewal and replacement projects to identify:
    - The specific requirements of the service provider
    - the service delivery 'deficiency', present risk and optimum time for renewal/replacement
    - the project objectives to rectify the deficiency
    - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency
    - and evaluate the options against adopted evaluation criteria, and
    - select the best option to be included in capital renewal programs
- Using 'low cost' renewal methods (cost of renewal is less than replacement) wherever possible
- Maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required
- Review management of capital renewal and replacement activities to ensure the best value for resources used is obtained

4.8 RENEWAL RANKING CRITERIA

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. roughness of a road or accessibility of facilities).[9]

It is possible to get some indication of capital renewal and replacement priorities by identifying assets or asset groups that:

- Have a high consequence of failure
- Have high use and subsequent impact on users would be greatest

[9] IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

- Have a total value represents the greatest net value
- Have the highest average age relative to their expected lives
- Are identified in the AM Plan as key cost factors
- Have high operational or maintenance costs
- Have replacement with a modern equivalent asset that would provide the equivalent service at a savings.[10]

4.9 RENEWAL AND REPLACEMENT STANDARDS

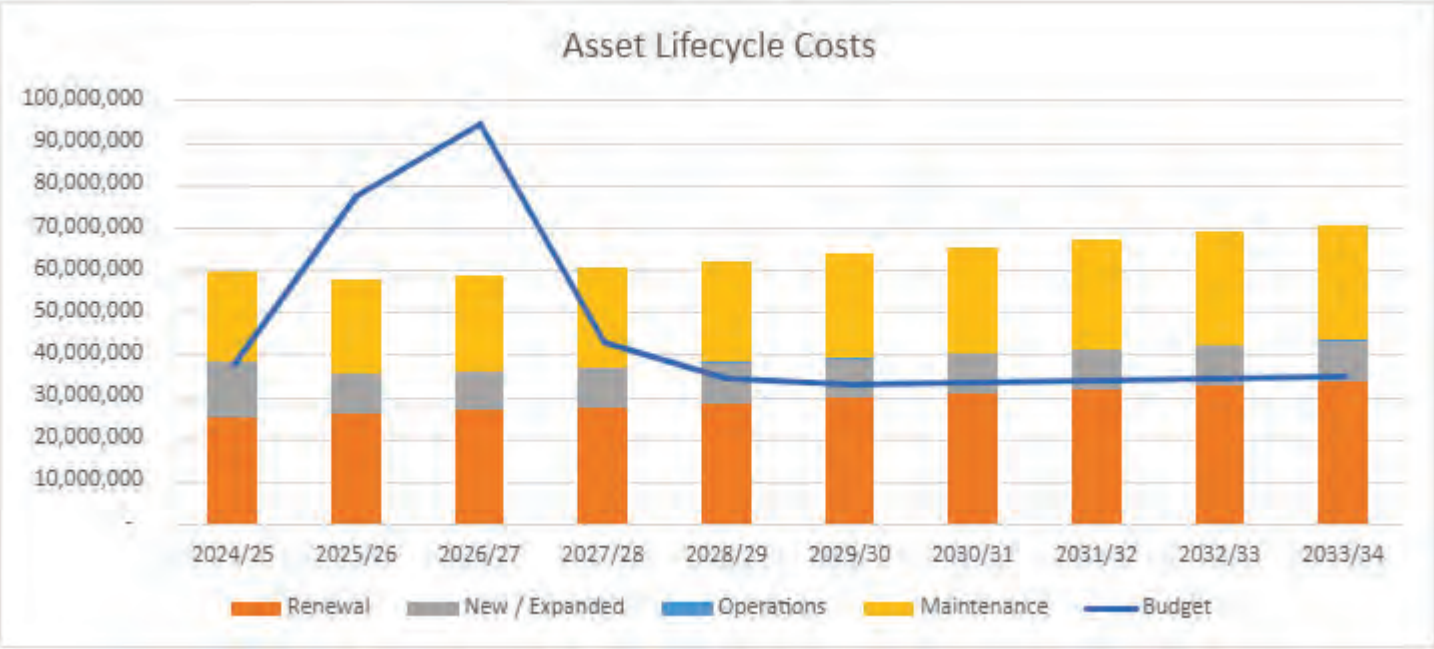
Renewal work is carried out in accordance with the following Standards and Specifications.

- AUS SPEC Road standards
- Australian Standards
- Project Specific Technical Specifications (e.g. NATSPEC)
- Council Planning Regulations and DCP's
- Other Council Policies & Objectives

[10] Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

4.10 EXPENDITURE PROJECTIONS

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Renewal	24,950,986	25,858,980	26,749,794	27,664,984	28,607,781	29,579,018	30,579,553	31,610,267	32,672,071	33,765,901
New / Expanded	13,288,699	9,587,058	9,391,312	9,403,995	9,416,994	9,430,320	9,443,977	9,457,976	9,472,327	9,487,035
Operations	13,289	22,876	32,267	41,671	51,088	60,518	69,962	79,420	88,893	98,380
Maintenance	21,378,000	22,019,340	22,679,920	23,360,318	24,061,127	24,663,331	25,283,600	25,922,478	26,580,522	27,258,307
Budget	38,071,617	77,493,078	94,717,881	43,201,143	34,326,230	33,244,869	33,696,620	34,159,470	34,633,692	35,119,328



5 RISK MANAGEMENT PLAN

The purpose of infrastructure risk management is to document the results and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2009 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2009 as: "coordinated activities to direct and control with regard to risk"[11].

An assessment of risks[12] associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock'. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

5.1 CRITICAL ASSETS

Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood of failure. By identifying critical assets and critical failure modes, investigative activities, maintenance plans and capital expenditure plans can be targeted at the appropriate time.

Operations and maintenances activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc. Critical assets failure modes and required operations and maintenance activities are detailed in Table 5.3.2.1.

Generally the following road and related assets are regarded as 'critical':

- All bridges
- Arterial and sub-arterial roads
- Roads providing access/egress during floods
- Roads through commercial/shopping centres
- Main industrial area access roads

[11] ISO 31000:2009, p 2

- Footpaths in heavily pedestrianized areas including commercial/shopping centres, outside schools and adjacent to aged person facilities
- Traffic facilities including facilities on arterial and sub-arterial roads and facilities in commercial/shopping centre and school zones
- Major retaining walls and embankments within the road reserve

Council is currently in the process of assessing criticality of its Transport network. The following attributes were considered when reviewing the criticality of council's assets.

	High	Medium	Low
Road Classification	Regional Roads,	Urban roads	Rural roads
Waterway area	Road runs parallel to Waterway	Road runs perpendicular to roadway	
Emergency Services	Police, Ambulance	RFS, NSWFB, SES	Council depot
Schools	40km zones		
Bus routes	School bus route		
Accident history	Fatality	Accidents (hospitalisation)>5	
Isolated Communities	Only one road providing access to or from a community		

Council is currently in the process of applying these factors to its current asset portfolio

5.2 STANDARDS AND SPECIFICATIONS

- AUS SPEC Road standards
- Australian Standards
- Project Specific Technical Specifications (e.g. NATSPEC)
- Council Planning Regulations and DCP's
- Other Council Policies & Objectives

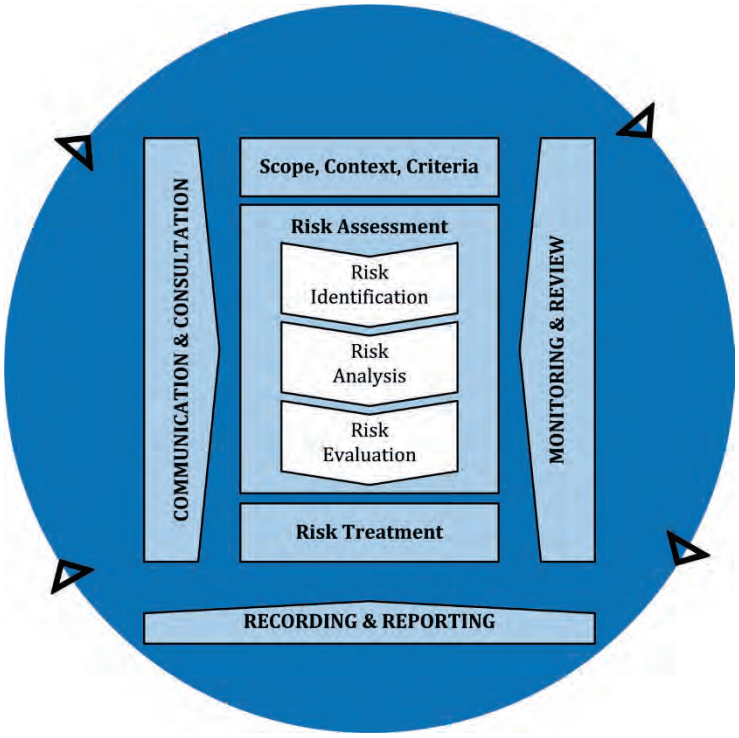
5.3 RISK ASSESSMENT

The risk management process used in this project is shown in Figure 5.1 below.

It is an analysis and problem solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of ISO risk assessment standard ISO 31000:2009.

Fig 5.1 Risk Management Process – Abridged



Source: ISO 31000:2018, Figure 1, p9

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

An assessment of risks[13] associated with service delivery from infrastructure assets has identified the critical risks that will result in significant loss, 'financial shock' or a reduction in service.

Critical risks are those assessed with 'Very High' (requiring immediate corrective action) and 'High' (requiring corrective action) rating identified in the Infrastructure Risk Management Plan. The residual risk and treatment cost after the selected treatment plan is operational is shown in Table 6.2. These risks and costs are reported to management and Council.

The full details of Enterprise Risk Management are contained within the associated Policy and Procedures. This Asset Management Plan identifies risks, mitigations and insurance measures contained within this asset class.

To further identify and manage the risks associated with providing services from road kerb and gutter assets Council has implemented many management practices and procedures. These include:

52 Flood Protection Program (for bridges, roads, contaminated Land)
53 Heat and increased extreme weather events impact on assets
54 Operating a reactive maintenance service for all assets and services.
55 Monitoring condition and remaining service life of assets nearing the end of their service life.
56 Renewing and upgrading assets to maintain service delivery
57 Closing and disposing of assets that are not providing the required service level.
58 Acquiring or constructing new assets to provide new and improved services.
59 Developing a planned maintenance system for these assets from the Operating Budget
60 Developing inspection program, prioritisation of reactive maintenance based on risk avoidance.
61 Not insuring any road assets, even those defined as critical (Regional Roads).[14]

The key risks for roads kerb and gutters are excessive rainfall, storms and flood and climate change.

The risk to roads from excessive rainfall, storms and floods arises from excess water over the road surface and water infiltration into road pavements. If there are weak areas on a

[14] Roads- Business Rules 2015. Critical Road Assets.

road surface (caused by vehicle damage, vibration, normal wear and tear or other factors) water will create potholes and pavement failure, allowing water to extend into the sub-surface structure. Clearly this risk is higher if a road is actually submerged during a flood, rather than water running across the road surface in a storm.

The key risk management strategy relating to excessive rainfall, floods and storms is sound design and construction of road pavements and surfacing; and appropriate monitoring and maintenance programs in place. Council aims to repair all road defects that meet the compulsory intervention level within 24 hours of notification, as this minimises the chance of damage to vehicles and also limits the damage created to the road's sub-surface. Information gathered in the road condition monitoring is thus an important part of the risk management strategy. Additionally good surface drainage systems are important and are installed where appropriate with road renewal.

Roads also play a key role in response to and recovery from emergency situations. If roads fail, or are impassable due to floods or fire, there can be significant impacts on local communities. The role of roads in an emergency context is an important consideration. The emergency management function of roads is part of the overall emergency risk management framework. Road levels and topography are considered when identifying evacuation routes. Markers are placed on roads that are known to be below certain flood levels so that in a flood event the depth of water over a road can be accurately judged.

Generally roads in newly developed areas are designed and constructed clear of and above floodplain and overland flow path areas. Bridges are designed to withstand extreme storm runoff and flooding.

Table 5.2: Risk Rating Matrix

Risk Rating					
Likelihood	Consequences				
	Insignifi-cant	Minor	Moderate	Major	Catastrophic
Rare	L	L	M	M	H
Unlikely	L	L	M	M	H
Possible	L	M	H	H	H
Likely	M	M	H	H	VH
Almost Certain	M	H	H	VH	VH

Ref: HB 436:2004, Risk Management Guidelines, Table 6.6, p 55.

TRANSPORT SPECIFIC RISK ANALYSIS

The overall strategies for Council to manage risks are generally to either mitigate, avoid, transfer or accept. These will be further refined in future versions of this AM Plan. As it is envisaged that the strategies will be linked to ISO 31000 as it provides greater detail on how to deal with risk:

62 Avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk
63 Accepting or increasing the risk in order to pursue an opportunity
64 Removing the risk source
65 Changing the likelihood
66 Changing the consequences
67 Sharing the risk with another party or parties (including contracts and risk financing)
68 Retaining the risk by informed decision

Council can also attempt to limit the ongoing financial risks of managing the transport assets portfolio by:

69 Simplifying the financial reporting and control structures
70 Value engineering the materials they are constructed from
71 Simplification and allow for adaptability of future designs
72 Updated plant and equipment (when required) with an environmental and cost efficient focus
73 Integrate Business Information Modelling (BIM) and improved operating systems in new building assets which will lead to performance efficiencies

5.4 INFRASTRUCTURE RESILIENCE APPROACH

The resilience of our critical infrastructure is vital to our customers and the services we provide. To adapt to changing conditions and grow over time we need to understand our capacity to respond to possible disruptions and be positioned to absorb disturbance and act effectively in a crisis to ensure continuity of service.

To enhance our capacity to manage unforeseen or unexpected risk to the continuity of operations we take an infrastructure resilience approach using an 'all hazards' methodology.

The 'all-hazards' approach involves:

- An initial assessment of critical assets
- A resilience assessment for these assets
- Identification of related improvements or interventions

Resilience is built on aspects such as response and recovery planning, financial capacity and crisis leadership.

5.5 RISK MANAGEMENT

Penrith City Council utilises a corporate risk framework which aligns with ISO 31000:2009. The framework has been adopted for council's transport assets and highlights the strategic risks which impact councils transport network.

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Urban road	Unserviceable, water over road due to flooding	Flooding/ damage caused by under capacity	Very high	Communications/community awareness of Council policies
Road base (pavement)	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
Footpath or shared path	Asset failure	Inadequate funding leading to continued deterioration of	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
		asset condition		
Kerb and gutter	Asset failure	Inadequate funding leading to continued deterioration of asset condition	Very high	Ensure renewal funding is optimised and available; develop and coordinate long term capital investment plan to fund renewal
All assets	Defect inspection program not implemented	Lack of resources; responsibility not clearly defined	Very high	Resolve asset management role and responsibility
Urban road	Unserviceable, due to major damage by developer	Inappropriate construction management by developers for highrisk work	High	Proactive public domain inspections (Proactive asset management role and responsibility)
Urban road	Unserviceable, due to damage by utility provider or their contractor	Inappropriate construction management by utility providers and their	High	Review utility provider work management practices; proactive precinct inspections (by asset management role and responsibility)

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
		contractors		
Urban road	Unserviceable, road blocked/water over road due to flooding	Due to defects of stormwater pit/pipe on/under a road	High	Proactive precinct inspections (by asset management role and responsibility)
Urban road	Unserviceable, road blocked/water over road due to flooding	Due to condition of stormwater pit/pipe on/under a road	High	Reactive condition inspection process by City Presentation
Urban road	Unserviceable, oil/chemical spill	As a result of a vehicular or industrial accident	High	Critical assets (Reactive response by City Presentation)
Urban road	Unserviceable, water over road due to flooding	Flooding caused by trunk stormwater drainage asset failure	High	Critical assets (Reactive response by City Presentation)
Urban road	Unserviceable, water over road due to flooding	Illegal dumping causing trunk drainage blockage	High	Critical assets (Reactive response by City Presentation)

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
Urban road	Waste containers causing hazards and sight distance problems	Skip bins placed inappropriately on roads, not compliant to conditions	High	Continue existing regulatory controls; proactive precinct inspections
Road base (pavement)	Asset failure	Pavement condition due to poor wearing surface condition	High	Proactive precinct inspections; proactive condition inspection process by Asset Management Department
Bridge or culvert	Asset failure	Structural fatigue; traffic loads	High	Proactive precinct inspections; proactive condition inspection process by Asset Management Department
Bridge or culvert	Structural flood or storm damage	Severe storms	High	Proactive precinct inspections; proactive condition inspection process by both Asset Management and City Presentation Departments
Bridge or culvert	Structure deterioration	Lack of planned or reactive maintenance	High	Proactive precinct inspections; maintenance program initiated by Asset Management Department and implemented by City Presentation Department
Footpath or shared path	Unserviceable, due to damage by utility provider or their contractor	Inappropriate construction management by utility	High	Review utility provider work management practices; proactive precinct inspections by Asset Department

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
		providers and their contractors		
Footpath or shared path	Trip or fall	Service pits	High	Review utility provider work management practices; proactive precinct inspections by Asset Department
Footpath or shared path	Trip or fall	Surface	High	Proactive precinct inspections; maintenance program by Asset Department
Footpath or shared path	Trip or fall	Tree roots/slab lift or tilt	High	Proactive precinct inspections; maintenance program by Asset Department
Footpath or shared path	Waste containers/materials on footpath causing obstruction	Skip bins placed in inappropriate location	High	Continue existing regulatory controls; proactive precinct inspections
Kerb and gutter	Cyclists crash/collision, due to stormwater grate	Stormwater grate missing	High	Proactive precinct inspections by Asset Department and Reactive response by City Presentation
Kerb and gutter	Poor condition causing injury	Slip, trip and fall from pedestrians crossing roads	High	Proactive precinct inspections by Asset Department and Reactive response by City Presentation
Traffic facility/ pedestrian crossing	Collision - motor vehicle and pedestrian	Facilities not maintained to appropriate condition	High	Proactive precinct inspections; maintenance program issued by Asset Department

Asset at risk	What can happen?	Possible cause	Risk rating	Treatment option(s)
All assets	Unserviceable, due to damage caused by natural disaster	Natural disaster emergency	High	Review critical assets and disaster management responsibilities

Currently council undertakes regularly schedule AusSpec inspections on all high risk transport assets.

6 FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

As discussed in Section 5.4 the expenditure projection (forecast) is not consistent with the required works program or the long term financial plan, and is indicative of the continuing work required to improve the asset register.

Funding Sources available for the management of transport assets within the AM Plan and Program are as follows:

74 General Revenue
75 Asset Replacement Reserve
76 Special Rates
77 Grants and Contributions
78 Section 7.11 and 7.12
79 Other Reserves
80 Loans (LIRS)

Council is currently reviewing, qualifying and consolidating under the Asset Management Unit, all of its financial data and control of funds across all transport asset classes with regard to the following:

- Operations, Maintenance & Capital - Actuals, Budget, Benchmarks and Backlog
- Lifecycle Cost Analysis
- Confirming Sustainable Funding Sources
- Adopted Valuation and Depreciation amounts

Council's portfolio of transport assets represents a Gross Replacement Cost of $1,718,099,000 and a current written down value of $1,090,354,000. The current Operational Plan under the 10 year Long Term Financial Plan (LTFP) allocates the following funding to the building portfolio across the various programs in the Long Term Financial Plan (LTFP) within the Table below.

Table 6.1 Lifecycle budget expenditure

*Source: LTFP 2023/24 Delivery Plan

Lifecycle Expenditure $'000	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget
Operational and Maintenance	$12,780,657	$12,987,012	$13,310,535
Capital renewal	$12,002,261	$54,919,008	$72,016,034
Capital upgrade and new	$13,288,699	$9,587,058	$9,391,312
Total	**$38,071,617**	**$77,493,078**	**$94,717,881**

6.1.1 WORK CATEGORY DEFINITIONS

Operations: Operational activities keep the asset utilised but have little to no effect on condition. Typical operational activities include:

- Cleaning
- Pest control
- Utility costs
- Security services
- Rates & Charges
- Insurance

Maintenance: Maintenance activities are those routine works which keep assets operating to the required service levels. The fall broadly into two categories:

Planned Maintenance (Proactive) - Inspection and maintenance works planned to prevent asset failure; and

Unplanned Maintenance (Reactive) - Reactive action to correct asset faults and failures on an as required basis (ie emergency repairs).

Historically, expenditure on infrastructure assets has generally been considered to be Capital when the asset is being provided from new or is subject to some major change or Maintenance when the expenditure is minor during the life of the asset.

Strategic Asset Management requires more clarity about the effect any expenditure is having on an asset, especially its expected life-cycle. As a consequence, infrastructure asset expenditure is better classified into one of four categories. These categories are set out in Table 6.2 below.

Table 6.2: Infrastructure Work Expenditure Categories

Expenditure Type	Description	Typical Work	Effect on Life-cycle
Capital - New	Provision of a new asset.	Construction of a new road and developer dedication.	Commences the asset on its life-cycle path.
Capital - Renewal	Renews a degraded asset back to New or Near New condition.	Road resheet.	Resets the asset back to the start of its life-cycle path.
Capital - Upgrade	Improves the functionality/ capacity of an asset.	Road widening.	Commences the expanded portion on its life-cycle path. Any effect on the original portion of the asset depends on any work done on that portion.
Maintenance	Minor repairs.	Pot hole repair and isolated heavy patching	Keeps asset on its expected life-cycle path.

It should also be noted that Council through its various business units and service providers, maintains an operational budget for its building portfolio. The Operational category is required to be clearly segregated from the capital and maintenance activities references above from an accounting perspective and can be defined as:

Operation	Recurring expenditure incurred from normal business operations	Utilities, cleaning and staff.	Activities which are necessary to keep the asset appropriately utilised, being running costs to service the asset

Future versions of this AM Plan will take into consideration the numerous Strategies and Programs currently under development by Council, including the financial considerations for each being Capital New, Renewal, Maintenance and Operational requirements.

6.2 FINANCIAL SUSTAINABILITY AND PROJECTIONS

6.2.1 SUSTAINABILITY OF SERVICE DELIVERY

There are two key indicators of sustainable service delivery that are considered in the AM Plan for this service area. The two indicators are the:

- asset renewal funding ratio (proposed renewal budget for the next 3 years / forecast renewal costs for next 3 years), and
- medium term forecast costs/proposed budget (over 10 years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio[15]

	2024/25	2025/26	2026/27
Renewal ratio	48%	212%	269%

[15] AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 3 years we expect to have 40-50% of the funds required for the optimal renewal of assets.

Medium term – 10 year financial planning period

This AM Plan identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

This forecast work can be compared to the proposed budget over the first 10 years of the planning period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the 10 year planning period is $45,163,164 average per year.

The proposed (budget) operations, maintenance and renewal funding is $36,616,981 on average per year giving a 10 year funding shortfall of $8,546,184 per year. This indicates that 81 of the forecast costs needed to provide the services documented in this AM Plan are accommodated in the proposed budget. Note, these calculations exclude acquired assets.

Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AM Plan and ideally over the 10 year life of the Long-Term Financial Plan.

6.2.2 FORECAST COSTS (OUTLAYS) FOR THE LONG-TERM FINANCIAL PLAN

Table 6.3 shows the forecast costs (outlays) required for consideration in the 10 year long-term financial plan.

Providing services in a financially sustainable manner requires a balance between the forecast outlays required to deliver the agreed service levels with the planned budget allocations in the long-term financial plan.

A gap between the forecast outlays and the amounts allocated in the financial plan indicates further work is required on reviewing service levels in the AM Plan (including possibly revising the long-term financial plan).

We will manage the 'gap' by developing this AM Plan to provide guidance on future service levels and resources required to provide these services in consultation with the community.

Forecast costs are shown in 2023-dollar values.

Table 6.3: Forecast Costs (Outlays) for the Long-Term Financial Plan

Year (Financial Year ending)	Acquisition	Operation	Maintenance	Renewal	Disposal
2024/25	$13,288,699	$0	$12,780,657	$12,002,261	$0
2025/26	$9,587,058	$0	$12,987,012	$54,919,008	$0
2026/27	$9,391,312	$0	$13,310,535	$72,016,034	$0
2027/28	$9,403,995	$0	$13,596,570	$20,200,578	$0
2028/29	$9,416,994	$0	$13,884,460	$11,024,776	$0
2029/30	$9,430,320	$0	$14,179,359	$9,635,190	$0
2030/31	$9,443,977	$0	$14,481,436	$9,771,207	$0
2031/32	$9,457,976	$0	$14,790,869	$9,910,625	$0
2032/33	$9,472,327	$0	$15,107,837	$10,053,528	$0
2033/34	$9,487,035	$0	$15,432,289	$10,200,004	$0

6.3 FUNDING STRATEGY

The proposed funding for assets is outlined in the Entity's budget and Long-Term financial plan.

The financial strategy of the entity determines how funding will be provided, whereas the AM Plan communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

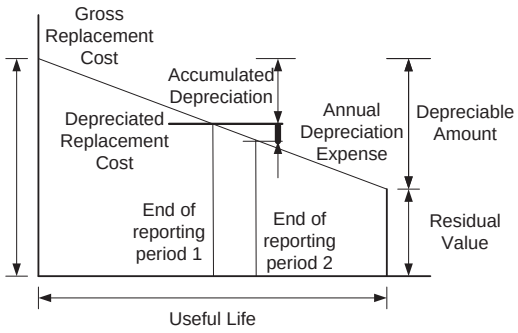
6.4 VALUATION FORECASTS

6.4.1 *ASSET VALUATIONS*

The best available estimate of the value of assets included in this AM Plan are shown below. The assets are valued at Fair Value as of 30 June 2024:

Replacement Cost (Current/Gross) $1,718,882,000

Depreciable Amount $1,263,906,000



Depreciated Replacement Cost[16]	$1,090,354,000
Depreciation	$24,950,986

6.4.2 Valuation forecast

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

6.5 KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS

In compiling this AM Plan, it was necessary to make some assumptions. This section details the key assumptions made in the development of this AM plan and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AM Plan are:

Table 6.4: Key Assumptions made in AM Plan and Risks of Change

Key Assumptions	Risks of Change to Assumptions
Use of the existing inventory data	Medium-High Risk
Use of existing valuations, useful lives and remaining lives determined from the condition rating	Medium-High Risk
Use of current expenditure information as best as this can be determined	Low-Medium Risk
That the current expenditures are not resulting in a significant decline in the service levels provided in the medium term	Low-Medium Risk

[16] Also reported as Written Down Value, Carrying or Net Book Value.

6.6 FORECAST RELIABILITY AND CONFIDENCE

The forecast costs, proposed budgets, and valuation projections in this AM Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on a A - E level scale[17] in accordance with Table 6.5.

Table 6.5: Data Confidence Grading System

Confidence Grade	Description
A. Very High	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%
B. High	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%
C. Medium	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated ± 25%
D. Low	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy ± 40%
E. Very Low	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 6.6.

[17] IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.

Table 6.6: Data Confidence Assessment for Data used in AM Plan

Data	Confidence Assessment	Comment
Demand drivers	C Medium	Based on population, transport planning, and community rec studies undertaken
Growth projections	A Very high	Based on Census data
Operations expenditures	B High	Expenditure information taken directly from Council's Finance system broken down into operations, maintenance, capital renewal and capital upgrade expenditures. This information is used to populate the LTFP.
Maintenance expenditures	B High	Expenditure information taken directly from Council's Finance system broken down into operations, maintenance, capital renewal and capital upgrade expenditures. This information is sued to populate the LTFP.
Projected Renewal expenditures.	B High	Direct from budget, but breakdown into operations and maintenance and renewal is estimated and requires development
Asset values	C Medium	Based on 'Fair Value' valuations undertaken. New comprehensive valuation for roads, kerb and traffic devices due 2025.

Asset useful lives	C Medium	Estimated using typical values. Further substantiation required for next revision of the AMP
Condition modelling	C Medium	Based on condition assessments, creation dates and useful/remaining lives, further substantiation required for next revision of the AMP
Network renewals	B High	Based on corporate knowledge of assest and recent assessments, further substantiation included in the next revision of the AMP
Defect repairs	B High	Based on a number of condition assessments. Also based on corporate knowledge of assets and recent visual assessments, further substantiation included in the next revision of the AMP
Upgrade/New expenditures	B High	Based on findings of the Recreation & Community Facilities Needs studies undertaken, which is included in the draft s94 Plan
Disposal expenditures	A Very high	Based on actual Council Resolutions

Over all data sources the data confidence is assessed as medium-high confidence level for data used in the preparation of this AM Plan.

6.7 IMPROVEMENT PLAN

Council currently uses SMEC as its source of truth for its Transport Asset Data and while overall the data is reliable, it would seem as though there is a backlog of this information being reconciled with Councils Financial Register. Further it would

seem as though further clarity is required with respect to councils' roles and responsibilities with respect to its transport infrastructure as there seemed to be a lack of consultation with the asset custodian and ultimately a lack of complete ownership over the asset class. The loss of resources in this space has also meant that council has become reactive in nature with respect to its OPEX works.

Task No	Task	Responsibility	Resources Required	Timeline
1	Undertake reconciliation between councils PMS and TechOne registers	Asset Co Ordinator	Assistance needs to continuously update for new dedicated asset, asset renewal and upload backlog of missing assets	
2	Implement defect inspection program in co-ordination with city presentations	Asset Co Ordinator Permits and Inspections	Resume asap as previously	
3	Develop renewal and maintenance program for councils bridge assets.	Asset Co Ordinator		
4	Undertake a review of useful lives and remaining lives of councils transport infrastructure	Asset Co Ordinator	Shared responsibilty required to undertake this function	

6.8 MONITORING AND REVIEW PROCEDURES

This asset management plan will be reviewed during annual budget planning processes and amended to show any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

The AM Plan will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the long term financial plan.

The AM Plan has a life of 4 years (Council election cycle) and is due for complete revision and updating within 1 year of each Council election.

6.9 PERFORMANCE MEASURES

The effectiveness of the asset management plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in this asset management plan are incorporated into the long term financial plan
- The degree to which 1-5 year detailed works programs, budgets, business plans and corporate structures take into account the 'global' works program trends provided by the asset management plan
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the Strategic Plan and associated plans
- The Asset Renewal Funding Ratio achieving the target of 1.0.

7 REFERENCES

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- Delivery Program
- Operational Plan



2025–35 ASSET MANAGEMENT PLAN

Stormwater

PENRITH CITY COUNCIL

penrithcity.nsw.gov.au

Document status

	Version	Approving Director	Date
	1 – Draft		April 2023
	2 – Draft		May 2023
	3 – Draft		October 2024

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Stormwater Asset Management Plan 4

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STORMWATER ASSET MANAGEMENT PLAN

This asset management plan covers the infrastructure assets that serve Penrith City Council's stormwater needs. These assets include pipes, pits, culverts, channels and stormwater quality management devices, detention basins, declared dams and Levee banks throughout the Council area that dispose of and manage stormwater in a safe manner.

As the owner and caretaker of Stormwater assets, Council has a responsibility for a number of functions including:

- maintenance
- renewal and refurbishment
- upgrades and improvements
- rationalisation of assets
- acceptance of new assets dedicated from developments and from CAPEX constructions.
- maintaining asset data for capitalisation/depreciation and budget forecasting.

The planning of these functions is outlined in this Asset Management Plan.

A1.1 PURPOSE OF THIS PLAN

The purpose of this Asset Management Plan is to develop a strategic framework for the maintenance and renewal of Councils Stormwater assets and to provide an agreed level of service in the most cost effective manner.

This plan includes the following scope of management:

- asset inventory, values, and condition
- asset based levels of service
- demand and service management
- risk management
- development of the Long-Term Financial Plan (LTFP) for the maintenance and renewal of drainage infrastructure

A1.2 ASSET INVENTORY, VALUES AND CONDITION

The assets covered by this asset management plan are shown below:

Table 1 Stormwater Asset Inventory

Assets	Unit	Amount
Pits:	No	29,146
GPT	No	164
Headwalls:	No	4,975
Pipes:	Km	11,259
Box Culverts:	Km	481
Pipe culverts	Km	7.9
Channels (Conc):	Km	5
Channels (Earth):	Km	4.1

Table 1 Stormwater Portfolio Summary

Asset group	Gross replacement cost (CRC) $ 000's	Written down value (WDV) $ 000's	Annual depreciation expense $ 000's	Condition				
				1	2	3	4	5
Stormwater	$1,066,929	$717,102	$9,429	12.0%	33.0%	41.0%	10.0%	4.0%

A1.3 RESPONSIBILITIES

Council has adopted the following Roles and Responsibilities Matrix for its Stormwater Assets.

Asset Management	City Presentation	3rd Party Contractor
Conduct regular drainage condition inspections and interim inspections as required Create and update Asset Management Plans for Drainage. Create and update maintenance schedules based on asset type, legislative requirement, Australian Standards (AUSPEC) Create scope of works for the annual Capital Works Program.	Complete scheduled maintenance work within agreed timeframes Complete reactive maintenance work within agreed timeframes <u>Drainage:</u> Perform scheduled maintenance tasks as agreed with Asset Management. Perform reactive maintenance tasks originated from rate payer	Deliver works as directed by 'work orders' Provide completion report on the works order system on completed works

Develop technical specifications for service delivery Investigate & prioritize complex corrective maintenance tasks or >$25,000 Receive new asset data and update asset register for annual capitalization Manage customer expectations and set appropriate budgets for annual /long-term programs Develop Service Level Agreement for Drainage Assets	requests or Council inspections that are not greater than $25,000. Make safe sites where estimated work exceeds $25,000 and refer to Asset Management. Deliver complex drainage projects scoped/designed by Asset Management/Design & Projects under Annual Drainage Capital Work Program.	

A1.4 ASSET BASED LEVELS OF SERVICE

Level of Service

Key Performance Measure	Level of Service	Performance measure	Performance Target	Current Performance
Quality	Conduits in adequate condition to convey design flows	Sample survey of network condition (CCTV inspections)	90% of assessed pipe lengths in Condition 3 or better	86.0% in a satisfactory condition (Condition 3 and above on a 1 to 5 rating scale)
Quality	Quarterly inspection and cleaning of GPTs	Number of GPT inspected and cleaned	90% GPTs Cleaned/Inspected	60%
Safety	Customer requests	Annual drainage related safety incidents	Reported incidents <5	Currently reported around 10

Responsiveness	Be responsive to the needs of the asset users	No of customer requests received	80% of requests are completed within Council's service Charter	50%

A1.5 FUTURE DEMAND

Demand Factor	Impact on Assets
Population	The increase in population due to the new airport, higher density housing, and development areas will result in increased stormwater runoff. This will impact on the capacity of the existing drainage system. The impact of the additional dwellings will need to be assessed on a catchment basis.
Increasing Costs	Will be a requirement to continue to maximise service delivery within the funding limitations. Council need to investigate and implement alternate and innovative renewal strategies such as pipe relining to minimise cost and disturbances to residents.
Environment and Climate	The impact of climate change may increase the likelihood of major storm events as such analysis of the likely impact on flooding of properties will be required. There may also be increased pressure to improve the quality of stormwater discharge resulting in more gross pollutant devices and water quality treatment.
Lifestyle	As the expectation of residents increases, it will increase pressure to minimise the environmental impacts of storm water. Pressure to provide stormwater reuse schemes or alternate treatment schemes will grow.
Technology	May require improved environmental management of construction and the management of the stormwater network into the future.

A1.6 MAINTENANCE STRATEGIES

Council currently undertakes maintenance activities on a reactionary basis. Council's aim is to gradually move more of its maintenance activities to planned cyclical maintenance however there is always a need to be responsive to requests from ratepayers and clients. Council will need to prioritise and collect more data on the condition of its stormwater network to ensure that decisions are being made on an informed/planned basis rather than reactive basis.

A1.7 RENEWALS STRATEGIES

Council does not currently have a documented asset renewal strategy for its stormwater assets with works been undertaken on a reactive basis due to customer requests and asset failure. However, council has recently identified that its large diameter corrugated iron pipes have been failing prematurely and as such has prioritised these assets for condition inspection and replacement.

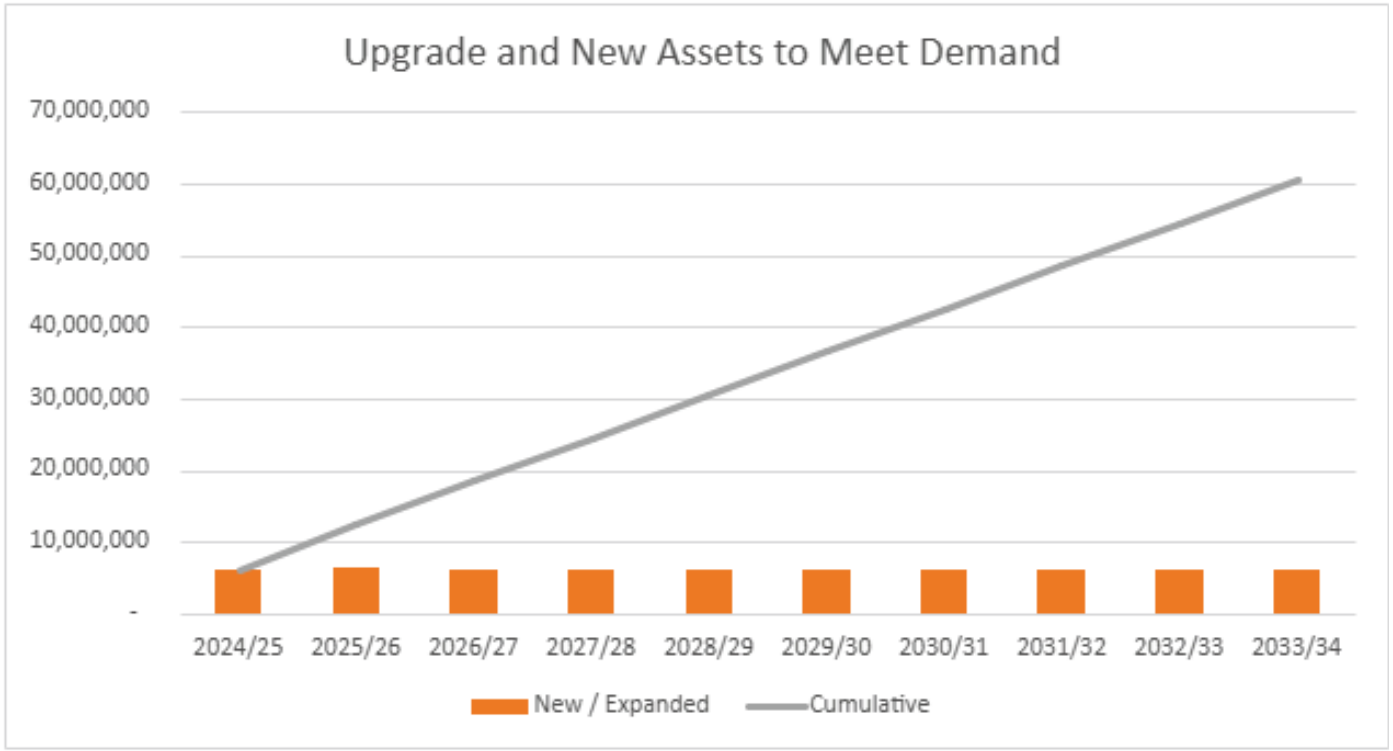
As a priority, council needs to collect condition information on its asset portfolio as historic data is currently limited and not adequately captured. This limits council ability to monitor and effectively plan for the renewal of its stormwater network.

In 2024/25, Council has initiated a new strategy for attending to some of the long-standing rural drainage issues starting from the North ward based on priorities identified by a drainage study. Council has also recognised the need for condition assessment of urban piped drainage systems and a new initiative has been implemented to conduct CCTV investigation of urban drainage systems based on issues identified through asset inspections.

A1.8 EXPENDITURE PROJECTIONS

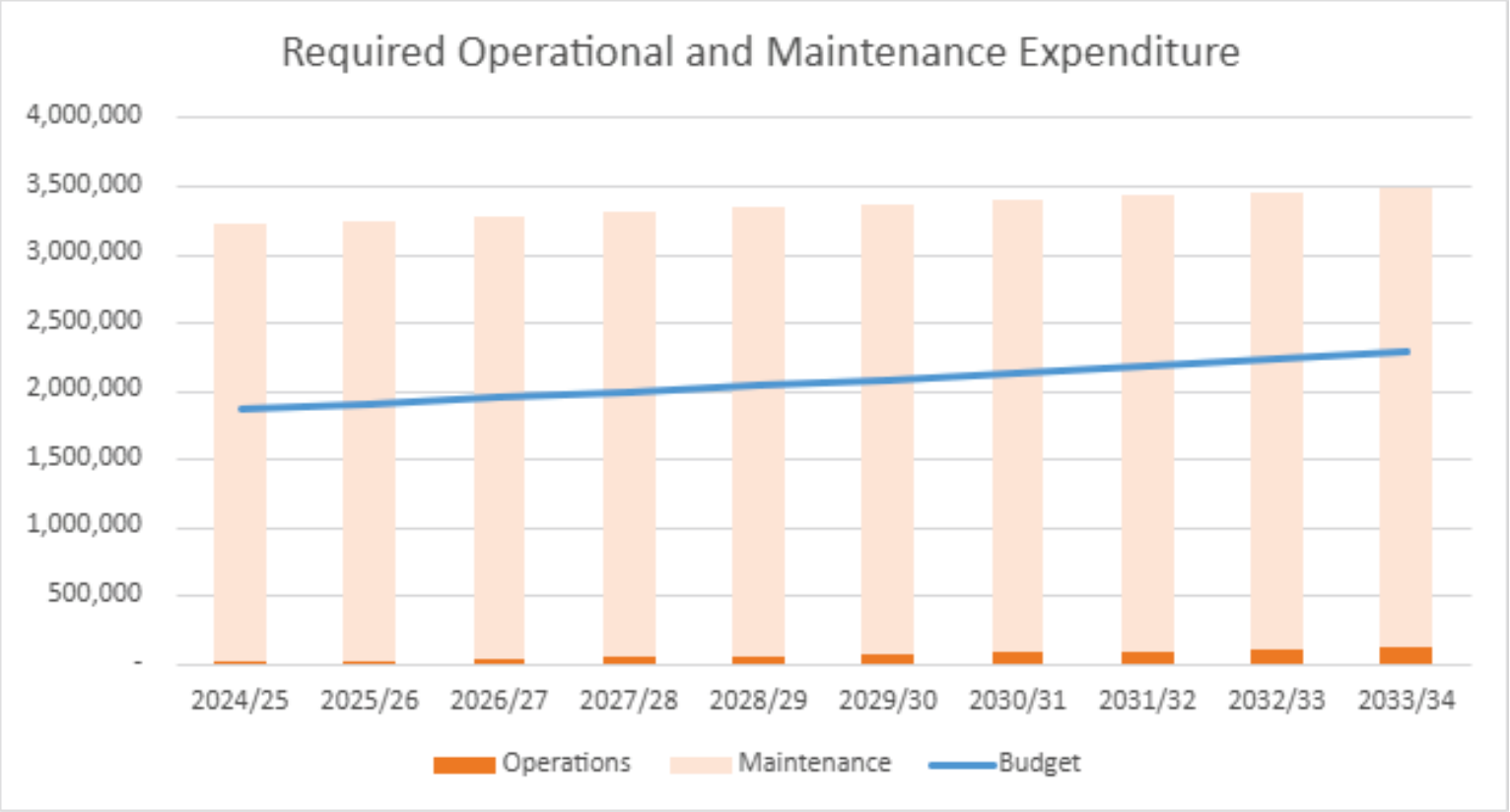
Upgrade and New Assets to meet Demand - (Cumulative)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
New / Expanded	6,000,000	6,570,000	6,055,000	6,039,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Cumulative	6,000,000	12,570,000	18,625,000	24,664,000	30,664,000	36,664,000	42,664,000	48,664,000	54,664,000	60,664,000



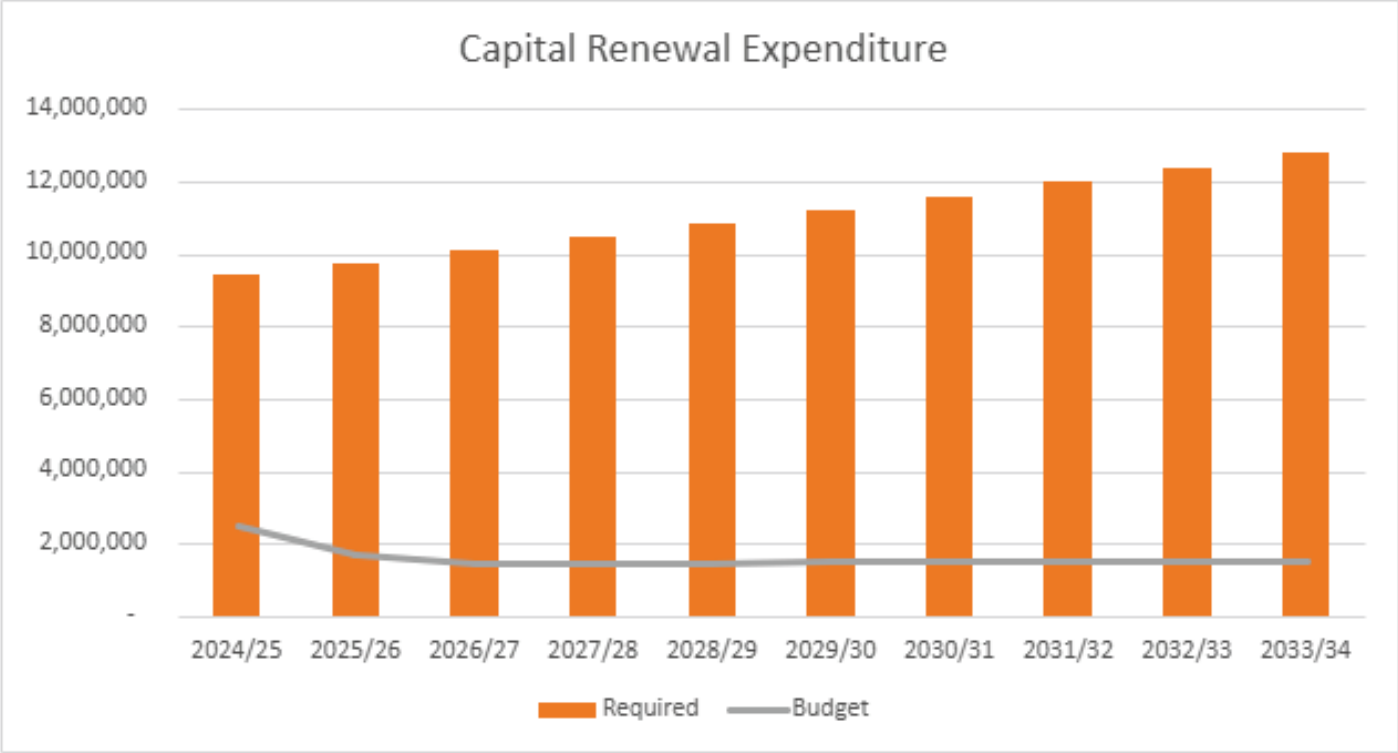
Projected Operations and Maintenance Expenditure

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operations	12,000	25,140	37,250	49,328	61,328	73,328	85,328	97,328	109,328	121,328
Maintenance	3,200,787	3,218,787	3,238,497	3,256,662	3,274,779	3,292,779	3,310,779	3,328,779	3,346,779	3,364,779
Budget	1,870,285	1,901,961	1,952,945	1,997,501	2,042,591	2,088,782	2,136,102	2,184,577	2,234,236	2,285,108



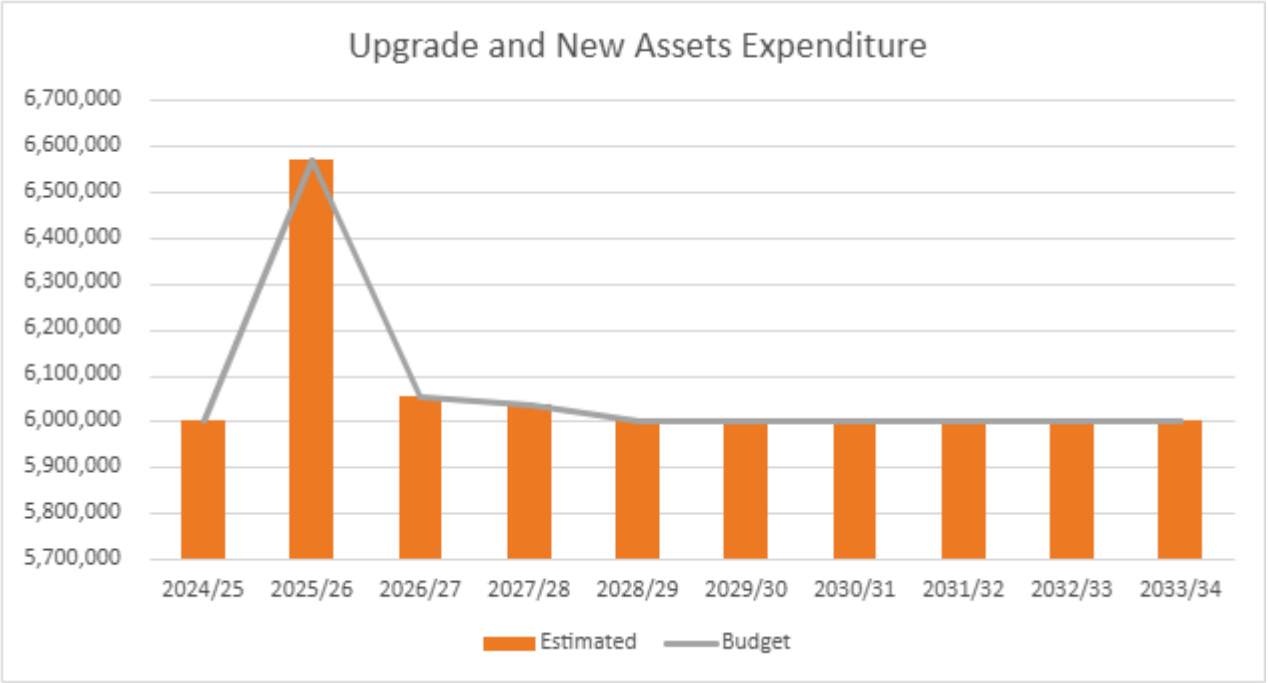
Projected Capital Renewal Expenditure

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Required	9,429,000	9,762,870	10,111,601	10,466,417	10,831,741	11,207,693	11,594,924	11,993,771	12,404,584	12,827,722
Budget	2,522,884	1,693,596	1,496,849	1,499,553	1,502,326	1,505,167	1,508,079	1,511,065	1,514,125	1,517,261



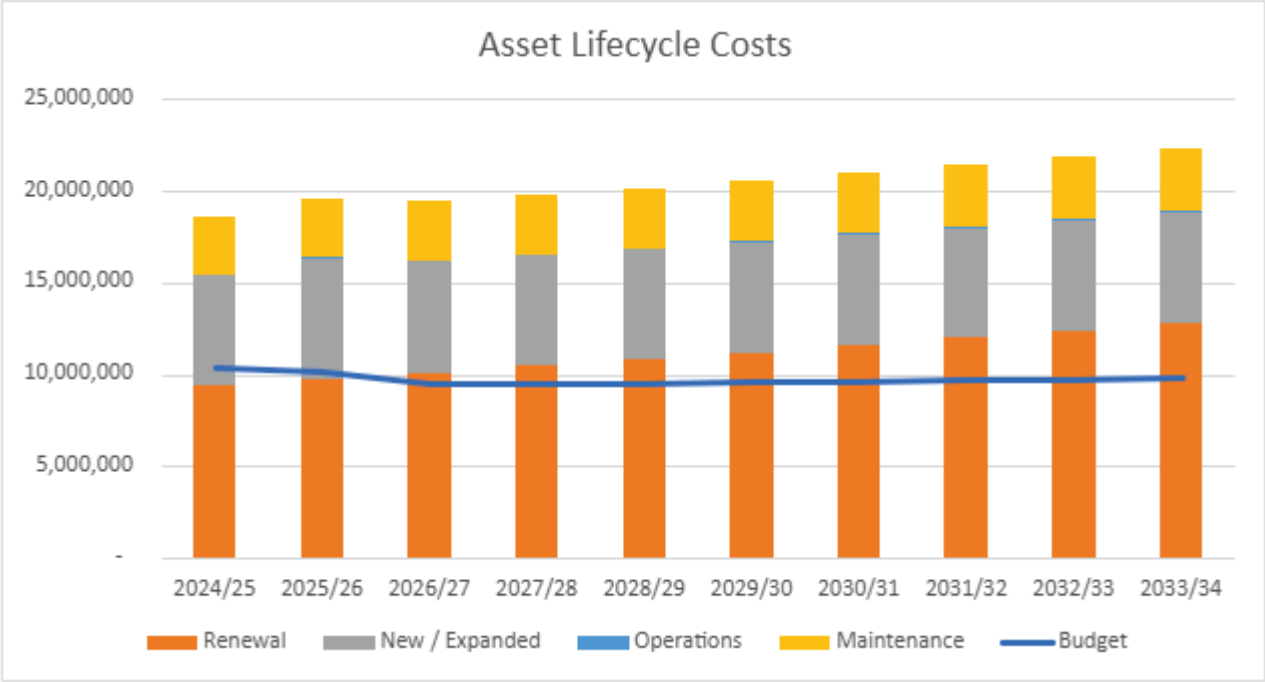
Projected Capital Upgrade/ New Asset Expenditure

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Estimated	6,000,000	6,570,000	6,055,000	6,039,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Budget	6,000,000	6,570,000	6,055,000	6,039,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000



Lifecycle Summary

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Renewal	9,429,000	9,762,870	10,111,601	10,466,417	10,831,741	11,207,693	11,594,924	11,993,771	12,404,584	12,827,722
New / Expanded	6,000,000	6,570,000	6,055,000	6,039,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Operations	12,000	25,140	37,250	49,328	61,328	73,328	85,328	97,328	109,328	121,328
Maintenance	3,200,787	3,218,787	3,238,497	3,256,662	3,274,779	3,292,779	3,310,779	3,328,779	3,346,779	3,364,779
Budget	10,393,169	10,165,557	9,504,794	9,536,054	9,544,917	9,593,949	9,644,181	9,695,642	9,748,361	9,802,369



Sustainability Ratio

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Renewal Ratio	27%	17%	15%	14%	14%	13%	13%	13%	12%	12%
Maintenance Ratio	58%	59%	60%	61%	62%	63%	65%	66%	67%	68%
Renewal Benchmark	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



	2024	2025	2026
Backlog Ratio	4.1%	4.6%	5.2%

A1.9 RISK - CRITICAL ASSETS

Council is currently in the process of assessing criticality of its stormwater network. The following attributes were considered when reviewing the criticality of council's stormwater assets.

Attribute	High	Medium	Low
Asset Size	Box Culvert or open channel	1200mm - 600mm diameter	<= 525 mm diameter
Flooding (sub catchment)	<1:5 recurrent interval storm capacity	<1:20 recurrent interval storm capacity	<1:100 recurrent interval storm capacity
Outlet structure	Dam/Levee/culvert outlets,	Waterway environment near buildings	Headwalls/aprons
Material	Corrugated iron pipes Cast Iron/steel culverts	VC	PVC Concrete
Sinkholes	Pipes in old suburbs	damaged, displaced pipelines	

Council is currently in the process of applying these factors to its current asset portfolio.

A1.10 RISK – RISK MANAGEMENT

Penrith City Council utilises a corporate risk framework which aligns with ISO 31000:2009. The framework has been adopted for council's stormwater assets and highlights the strategic risks which impact council's stormwater network.

Item	Issue	Impact	Risk Ranking	Treatment	Residual Risk Ranking
1	Severe climatic conditions from Global Warming causing increased long periods of rain	Increased deterioration of open drain and levee surface leading to more frequent renewal costs Increased open drain and pipeline blockages leading to increased routine maintenance costs. Pooling of water on roads leads to potential driver safety issues. Excessive rain causes both flooding of properties and roads leading to impaired customer and SES road	Extreme	Assess potential deterioration impacts and increase funding if necessary for blockage maintenance, open drain and levee renewal work. Risk assess based on Flood studies and prioritise work programs to rectify deficiencies in the existing network to reduce potential blockages and flooding. Identify key issues, risks and treatment works across Penrith City and develop a risk management plan which includes a prioritised 5 year program of works incorporating the risk	Low

		access and significantly reduced level of service		assessment of the flood recommendations	
2	State Planning led developme nt will increase population, housing developme nt and road network	Increased number of land releases with drainage assets transferred back to Council will increase the demand on the existing network and increase the number of assets	High	Increase funding for the additional drain maintenance in order to clear drains and manage blockages. Assess land release impacts on network and provide capital funding to upgrade its key drains >600mm where required Ensure bonds are in place	Low
3	Limited amount of data on Asset condition and performanc e	Limited inspection of drains is carried out leading to inability to accurately forecast asset related issues and prioritise planning. Reduced optimisation of renewal budget	High	Identify asset related risks, their treatment requirements and prioritise maintenance funding	Low
4	Provision of insufficient maintenan ce funding	Assets deteriorate at a faster rate requiring increased routine maintenance costs and increased renewal costs from early replacement	High	Identify asset related risks, their treatment requirements and prioritise maintenance funding	Low
5	Insufficient Asset Manageme nt and Maintenanc e resources	Reduced levels of Service due to: The provision of ad hoc renewals and reactive maintenance; Reduced maintenance response time; and Reduced customer experience	High	Review resource load and numbers and provide additional support Increase funding to cover condition assessments. Finalise Business Plans	Low
6	Changing customer needs and expectation s leading to perceived reduced Level of Service	Increased complaints of flooding and reduced access	Extreme	Identify key locations where water pooling and flooding occurs and develop program to manage improvements such as upgrades	Low
7	Adequacy of QA/QC processes and procedures	Potential for Non-compliance with the engineering standards	Moderat e	Continue the development of processes and procedures	Low
8	Reduced availability of materials and	Assets deteriorate at a faster rate requiring increased routine maintenance costs and	High	Look at innovative solutions of delivery i.e. alternate materials	Low

	increased material costs	increased renewal costs from early replacement			

A1.11 CONFIDENCE LEVELS

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

Confidence Grade	General Meaning
Highly Reliable	Data based on sound records, procedure, investigations, and analysis that is properly documented and recognized 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.

The overall confidence level of the plan is considered to be 'Very Uncertain'.

A1.12 IMPROVEMENT PLAN

Currently, a lack of comprehensive asset data is inhibiting effective asset lifecycle planning for council's stormwater assets. Information extracted out of council's legacy systems is incomplete and has not been reconciled with council's historical records. As such, there is a poor understanding of the age and remaining life of assets constructed prior to 2010, which has resulted in council relying on a reactive approach in managing the stormwater portfolio. There has been recent condition sampling associated with flood studies which has been consolidated into the asset register, however this information may not be representative of the broader asset portfolio. CCTV inspections have been carried out where an issue has been identified, however these investigations cover a very small percentage of the overall network.

Further, it is observed that council's capital renewal funding for its stormwater portfolio is well below the OLG required levels of expenditure. The impact of this is a rising backlog above the 2% OLG Benchmark by the end of the forecasting period. It is important to note however that there is very low confidence in the condition rating of council's stormwater assets and as such current backlog may be understated.

Task No	Task	Responsibility	Resources Required	Timeline
1	Undertake Condition sampling of High-Risk Assets (Recently failed Corrugated Steel Large Diameter pipes installed in 1990s	Asset Co-ordinator	Help required to identify and review DA records from 1990s	Not started
2	Extract Asset Attribute Data (e.g. Pipe Length, diameter, material, age etc.) from councils' legacy system and historic documents and update councils TechOne register accordingly.	Asset Co-ordinator	Assistance required from Asset Information Officer	Ongoing
3	Undertake Condition Assessment of all visible (above ground) assets	Asset Co-ordinator	Assistance required from Asset Officers	In Progress
4	Undertake Condition Sampling of below ground assets to provide representative overview of network	Asset Co-Ordinator	Sufficient budget allocation for annual CCTV investigations.	In Progress
5	Develop annual defect inspection program with City Presentations Team	Asset Co-Ordinator City Presentations	Requires a dedicated Asset Officer	Not started
6	Develop planned maintenance program	City Presentations	Requires a dedicated Asset Officer	Not started
7	Develop unit rates for council's stormwater assets	Asset Co-Ordinator	Assistance required from City Presentation & Design & Projects	Not started
8	Undertake a review of useful lives and remaining lives for council's stormwater portfolio	Asset Co-Ordinator	Help required from Asset Information team to determine the approximate age	Not Started

			of subdivisions & infrastructure	
9	Undertake risk assessment for council's stormwater assets and develop risk/criticality register.	Asset Co-Ordinator	Requires a dedicated Asset Officer	Not started

In 2024/25 council's strategic asset management added more resources to proactively capture asset data from recently handed over assets to council by extracting relevant asset data from work as executed plans. This will reduce the increasing gaps in drainage asset data.

In addition to the assets covered in this plan which are essential types of drainage assets, council should regularly monitor and inspect declared dams within the local government area. To comply with dam safety regulations administered by Dam Safety New South Wales Council must also develop dam operation and maintenance plans, dam safety plans, dam risk reports and carry out dam emergency exercises.

Council also has additional asset classes that are required for flood management and water quality management including Levees, wet/dry detention basins, bio retention basins and rain gardens. Asset management processes for these asset classes are still to be developed.



2025-35

ASSET MANAGEMENT PLAN

Parks and Open Space

PENRITH CITY COUNCIL

Document status

	Version	Approving Director	Date
	1 – Draft	Adam Wilkinson	October 2024

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PARKS AND OPEN SPACE ASSET MANAGEMENT PLAN

This Asset Management Plan (AMP) covers the infrastructure that supports Penrith City Council's (Council) parks and open space assets. These assets are essential in fostering healthy, active lifestyles and enhancing community well-being. They provide recreation opportunities, protect green spaces, and contribute to environmental sustainability. Additionally, these spaces play a vital role in attracting visitors and supporting tourism.

The assets managed under this plan include open space infrastructure such as park furniture, playgrounds, sporting infrastructure, and fitness areas. Council is responsible for the ongoing maintenance, renewal, upgrades, and rationalisation of these assets to meet community needs and ensure long-term sustainability. The planning of these functions is outlined in this Asset Management Plan, which aligns with Council's strategic priorities as articulated in the *Community Strategic Plan 2041+*, *Delivery Program 2025-29,* and *Resourcing Strategy 2025-25.*

This plan provides a framework for maintaining these assets, ensuring their longevity, and responding to challenges such as aging infrastructure and financial constraints. It supports decision-making for the future growth and management of open spaces, ensuring equitable access to well-maintained recreational assets for all communities.

A1.1 PURPOSE OF THIS PLAN

This AMP provides a roadmap for managing Council's Parks and Open Space assets over the next decade. The plan highlights the current condition of assets, budgetary shortfalls, and strategic priorities to ensure our parks and open spaces continue to serve the growing community. Aligning with the *Community Strategic Plan 2041+*, *Delivery Program 2025-29,* and *Resourcing Strategy 2025-25.* this AMP supports informed decision-making for asset maintenance and renewal.

A1.2 ASSET INVENTORY, VALUES AND CONDITION

Penrith's diverse portfolio of parks and open spaces plays a crucial role in the physical, social, and environmental well-being of the community. Key asset categories include:

Asset Category	Unit	Amount
Pool Shells	No	6
Public Play Spaces	No	170
Rubber Softfall	m^2	21,263
Fitness Equipment	Item	284
Dog Parks	No	10
Synthetic Sports Facilities	No	2
Sports Floodlights	Item	374
Irrigated Sports Fields	m^2	761,716
Bitumen Sports Courts	m^2	36,585
Tennis Courts	No	42
Skate Facilities	No	8
Shade sails	Item	607
Bubblers	Item	55
Bike Racks	Item	54
BBQ's	Item	32
Park Benches	Item	1,223
Picnic Tables	Item	335
Bins	Item	541
Bollards	Item	6,102

Asset group	Gross replacement cost (CRC) $ 000's	Written down value (WDV) $ 000's	Annual depreciation expense $ 000's	Condition				
				1	2	3	4	5
Parks and Open Space	190,612	137,871	6,939	3.8%	47.5%	44.8%	3.8%	0.4%

A significant portion of assets which have been rated as being in fair (condition 3), are approaching the end of their serviceable life and require renewal to avoid reaching poor (level 4) or very poor (level 5) conditions. These aging assets, particularly those which are highly used and valued such as sports courts and playgrounds, are at high risk of failure, which could result in diminished service provision if not addressed promptly.

A1.3 RESPONSIBILITIES

Asset Management at Council requires a whole-of-organisation approach, recognising that effective asset management involves coordination across multiple departments. This

integrated approach ensures that all aspects of asset lifecycle management, from planning and design to maintenance and renewal, align with Council's strategic goals and community expectations. A collaborative effort across departments allows Council to make informed, data-driven decisions, optimise resource allocation, and enhance service delivery across the Parks and Open Space portfolio.

The following table below provides an overview of the roles of each department in enabling effective asset management. These roles reflect Council's organisational structure and highlight the cross-departmental coordination necessary to support effective asset management:

Department	Responsibilities in Asset Management
Strategic Asset Management	Oversees asset lifecycle planning, condition assessments, and development of asset management strategies.
City Presentation	Conducts routine maintenance, defect inspections, and minor repairs. Provides feedback on asset condition and maintenance needs.
Community Facilities and Recreation	Engages with community stakeholders, gathers input on asset needs, and manages community expectations for parks and open spaces.
City Planning	Integrates asset planning with urban development, ensuring assets align with growth and land use plans.
Environmental Health and Compliance	Ensures environmental and safety compliance of assets, particularly in natural and recreational areas.
Finance	Manages budget allocations, financial planning, and funding strategies for asset renewals, upgrades, and maintenance.
Sustainability and Resilience	Incorporates sustainability and climate resilience into asset planning, maintenance, and renewal projects.
Business Excellence	Provides support for continuous improvement initiatives in asset management practices and data systems.
Aquatics & Leisure	Manages aquatic and leisure facilities, including maintenance and renewal in line with community needs and Council standards.
Property Investment	Oversees the management, maintenance, and optimisation of Council's property assets, including any income-generating assets.
Waste & Resource Recovery	Manages asset-related waste management processes and resource recovery in line with Council's environmental goals.

Legal Services	Advises on legal risks, liability, and compliance issues associated with asset management.
Customer Experience	Handles community feedback and complaints related to asset condition and maintenance, facilitating responsive asset management.
Divisional Assurance and Security Operations	Provides oversight and quality assurance for asset management practices, ensuring compliance with internal controls and risk mitigation strategies. Ensures the physical security and protection of Council's open space assets, conducting risk assessments and implementing security measures to prevent vandalism and damage.

A1.4 ASSET BASED LEVELS OF SERVICE

Council's service levels for parks and open spaces are driven by the *Community Strategic Plan 2041+* and *Sport and Recreation Strategy*, which focus on providing accessible, safe, and well-maintained recreational facilities. However, rising operational costs and an expanding asset portfolio pose challenges to maintaining consistent service levels across all areas.

Council's priority is to ensure equity in service provision, making sure that older assets are adequately renewed and maintained alongside new assets in developing areas. This approach ensures that all residents, regardless of location, have access to high-quality recreational facilities that support active lifestyles and community well-being.

A1.5 FUTURE DEMAND

Penrith's population is projected to grow rapidly, particularly in areas of new development. While developers provide initial infrastructure to serve these growing communities, Council must be resourced to fulfil long-term maintenance and renewal obligations. Balancing the service delivery expectations in these growth areas with the requirements of our aging infrastructure in established communities is a key challenge.

As more assets reach the end of their lifecycle, timely renewal will be essential in preventing a decline in service levels, particularly in established areas. Without adequate funding, there is a risk of service inequities emerging between newer and older communities.

Demand Management Plan

This AMP outlines strategies for balancing growth and renewal needs by:

- Prioritising renewals for aging and poor condition assets to prevent asset degradation.
- Ensuring new assets in growth areas are maintained to a high standard without compromising service delivery in established areas.
- Using data-driven decision-making to allocate resources effectively and maintain service equity across the entire local government area.

Demand Drivers	Impact on Services	Council's Response
Population Growth and New Developments	Increased demand for open space assets, especially in growth areas. Challenges arise in ensuring developers provide assets that meet lifecycle funding obligations, avoid service inequities, and align with Council's long-term goals.	Ensure that assets provided by developers are consistent with Council's standards. Conduct thorough assessments to ensure assets align with long-term service delivery and community needs, avoiding inequities across the LGA and preventing developer-driven priorities that conflict with Council's interests.
Aging and Deteriorating Assets	Many open space assets, particularly in established areas, are nearing poor condition, increasing reactive maintenance costs and exposure to risk.	Proactively address the renewal backlog in established areas with condition-based prioritisation of renewals, focusing on high-use assets like sports courts and playgrounds. Strengthen preventive maintenance practices to extend the life of assets and reduce the need for reactive repairs, optimising long-term costs and improving asset condition. Strategic allocation of limited renewal funds and pursuit of external funding opportunities.
Community and Recreation Group Expectations	Rising expectations for modern, safe, and accessible facilities, alongside concerns relating to service delays from deferred asset renewals.	Continue engagement with community and sport groups to prioritise assets for renewal. Enhance safety and functionality through updates to existing infrastructure and targeted renewals of high-demand areas.
Climate Change and Environmental Pressures	Accelerated asset deterioration from extreme weather events, increased thermal stress on materials, and prolonged dry periods affecting landscaping and vegetation.	Integrate climate-resilient designs, such as drought-tolerant planting and heat-resistant materials. Implement strategies for better managing thermal stress on assets by using durable, heat-resistant materials in key

		infrastructure. Strengthen the use of passive cooling measures like tree canopy expansion to reduce the impact of rising temperatures on park users and assets.
Budget Constraints and Rising Costs	Limited financial capacity to meet growing renewal needs, leading to a backlog of deteriorating assets and delayed services.	Maximise available resources by strategically phasing renewals and focusing on critical assets. Implement a responsible asset disposal strategy where appropriate, ensuring that underperforming or obsolete assets are removed, reducing ongoing liabilities and focusing investment on assets that deliver maximum community value. Pursue external funding (grants, partnerships) to supplement constrained budgets.
Evolving Recreation Needs	Shifting participation trends increase demand for multi-purpose facilities and passive recreation spaces.	Conduct a strategic review of Council's sport and recreation asset portfolio to ensure that facilities meet current needs without over-provision. Carefully consider opportunities for asset rationalisation where appropriate, focusing on long-term sustainability and community value, while maintaining equitable access across the LGA. Continue to develop flexible, multi-purpose open space assets, with upgrades to existing parks to accommodate new recreational trends, improving access for diverse users and age groups.

A1.6 MAINTENANCE STRATEGIES

Council's maintenance strategy for Parks and Open Space assets ensures public safety, service provision, and effective resource allocation. While regular operational tasks such as mowing and public space cleansing activities are conducted routinely, repairs are generally reactive. Council aims to improve its practices by incorporating more proactive maintenance strategies.

Current Maintenance Practices

Council primarily relies on a reactive maintenance model, with significant focus on addressing issues as they arise. Maintenance activities are guided by:

- Scheduled Operational Maintenance: Mowing, litter collection, and cleansing are carried out routinely to maintain public space standards.
- Routine Inspections for Play Spaces: Play spaces undergo scheduled inspections to identify safety hazards, and minor repairs are arranged following these inspections.
- Reactive Repairs: Most repairs are reactive, driven by condition assessments, staff observations, or community reports lodged via Council's existing Customer Relationship Management (CRM) system.
- Tree Management: Council's qualified arborists perform condition assessments for public trees, and required works are completed through internal teams or external contractors.
- Annual Maintenance Budget Review: Council conducts annual reviews of its maintenance budget; however, input from operational teams is limited. Further analysis is required to ensure the current budget review process adequately reflects the lifecycle activities required to optimise asset useful lives and the services those assets provide.

Gaps and Challenges in Current Practices

While Council's current maintenance practices address essential needs, several gaps affect the efficacy and cost-efficiency of the approach:

- Lack of Proactive Maintenance: Preventive tasks, such as timber treatment on park furniture, resealing of sports courts, and regular component replacements, are limited. This can result in increased long-term costs as assets deteriorate faster without preventive intervention.
- Insufficient Lifecycle Cost Analysis: The annual budget review process lacks in-depth input from maintenance teams, which restricts the ability to confirm whether the allocated budget supports optimal, proactive asset upkeep.

Strategies to Improve Maintenance Practices

Council will improve its maintenance strategy by incorporating preventive, predictive, and condition-based approaches. These improvements will reduce long-term costs, extend asset life, and improve overall service levels.

- Expand Proactive Maintenance Approach: Council will enhance its current maintenance schedules by incorporating preventive tasks into its regular schedules, prioritising high-wearing assets where maintenance interventions can significantly extend useful life and reduce repair costs.
- Condition-Based Maintenance: Leveraging data from routine inspections, Council will better predict and address minor asset maintenance needs before they escalate to larger, more costly repairs or full replacement. This approach will complement reactive repairs, allowing for timely interventions that prevent asset failure.
- Enhanced Feedback for Budget Planning: A structured feedback process will be established, allowing City Presentation teams to provide comprehensive input on budget adequacy during the annual maintenance budget review. This will better align maintenance funding with actual asset needs, improving support for both proactive and reactive tasks
- Responding to Community Reports: While Council already uses its online CRM system to capture community reports and complaints regarding urgent maintenance issues, the focus will shift towards resolving potential issues before they are raised by the public. Proactive inspections and condition data will drive early interventions, enhancing asset reliability and user satisfaction, however, Council will continue to respond swiftly to reports of safety concerns or urgent maintenance needs.

By adopting these improvements, Council will reduce its reliance on reactive maintenance and ensure more efficient, proactive management of its Parks and Open Space assets. This strategy balances cost efficiency with the need to maintain high service levels, prolonging asset life and ensuring community satisfaction.

A1.7 RENEWAL STRATEGIES

Council's renewal strategy for Parks and Open Space assets has evolved significantly in recent years. While the *Sport and Recreation Strategy* previously informed much of the renewal program, the focus has shifted towards a more data-driven approach as Council's confidence in its open space asset condition data has improved, allowing for more targeted and effective interventions. The renewal strategy now prioritises condition data while still incorporating broader considerations such as community expectations, asset functionality, and the goals outlined in the *Sport and Recreation Strategy*.

Current Renewal Practices

Current renewal practices for Parks and Open Space assets reflect consideration of asset condition, community feedback, and the need to reduce maintenance costs. Renewal

projects are generally determined through collaboration between various departments, balancing the constraints of a limited budget with the goal of maintaining assets that meet community expectations.:

- Condition-Based Renewals: Condition data and feedback from City Presentation teams is a significant driver for renewals, targeting assets that are in poor condition (levels 4 and 5) for renewal before they fail.
- Sport and Recreation Strategy: While condition data takes precedence, the Sport and Recreation Strategy continues to provide strategic guidance in renewal planning, particularly for high-use recreational assets. The Community Facilities and Recreation Planning team gathers feedback from local groups, recreation users, and the broader community regarding asset performance and their needs.
- Collaborative Decision-Making: Input from City Presentation, Community Facilities and Recreation, alongside Strategic Asset Management ensures that renewal decisions consider both technical asset conditions and community needs.

Gaps in Current Renewal Practices

While Council's renewal strategy has evolved, there are still gaps:

- Ongoing Budget Constraints: Constrained funding limits the ability to undertake proactive renewal activities to optimise the serviceable life of assets, resulting in higher-cost intervention methods.
- Community Expectation Gaps: Council is challenged by the need to meet the growing expectations of community and sport groups. Limited funds mean that many assets must remain in use well beyond their optimal lifecycle, leading to dissatisfaction from users.

Strategies to Close the Renewal Gap

To continue improving the renewal strategy, Council will:

- Enhance Asset Maintenance Practices: Invest in preventive maintenance to optimise the life of assets, delaying the need for costly renewals activities. Continuous improvement will be implemented through regular reviews of asset condition data and expenditure analysis, ensuring maintenance and renewals are aligned with long-term asset performance goals.
- Establish Prioritisation Framework: Implement a structured prioritisation system that ranks assets for renewal based on condition, community value, and risk of failure. Focus on renewing high-use, high-risk assets first.
- Strengthen Data Utilisation: Further leverage condition data to refine the prioritisation of renewals, ensuring that funds are allocated to the most critical assets.
- Improve Community and Departmental Collaboration: The feedback loop between Strategic Asset Management, Community Facilities and Recreation, and City Presentation will be strengthened to ensure that renewal projects reflect both asset

needs and community priorities. Regular coordination meetings between the departments will assist to ensure that renewal decisions are based on balanced considerations of asset condition, usage levels, and community expectations.

- Align Strategic and Operational Objectives: Continue integrating the *Sport and Recreation Strategy* with condition data to balance asset longevity with community expectations. To improve the long-term sustainability of the asset portfolio, the Parks Asset Renewal budget will be strategically aligned with long-term asset management objectives. This will help ensure that funds are used effectively to optimise asset lifecycle performance.
- Maximise External Funding: Actively seek external grants and partnerships to supplement the renewal budget.
- Expand Proactive Renewals: As the renewal backlog is improved, Council will incorporate a more proactive renewal model by using predictive planning, forecasting which assets will require renewal over a 10-year period to address assets before they reach failure points. This will allow Council to take a more proactive approach to asset management, ensuring that renewals are scheduled based on future condition trends rather than reacting to current asset conditions.

Asset Disposal Strategy

When an asset reaches the end of its useful life and is no longer serviceable, Council will consider disposal. This ensures resources are not directed to maintaining or renewing assets that no longer provide proportionate value to the community. The disposal strategy includes:

- Condition and Functionality Assessment: Assets will be evaluated for disposal when they approach condition level 5 (unserviceable or unusable) or when they no longer meet the community's needs.
- Consultation with Stakeholders: Strategic Asset Management will seek advice from Community Facilities and Recreation regarding assets considered for disposal to determine if an asset can be repurposed or if disposal is the most effective option.
- Cost-Benefit Analysis: A cost-benefit analysis will be conducted to compare the costs of renewing or maintaining an asset versus its disposal and/or repurposing.
- Sustainability Considerations: Council will prioritise the environmentally responsible disposal of assets, considering recycling or reuse options for materials where possible.

Disposing of assets at the right time enables resources to be directed to higher-valued assets, allowing Council to invest in assets that provide greater community benefit.

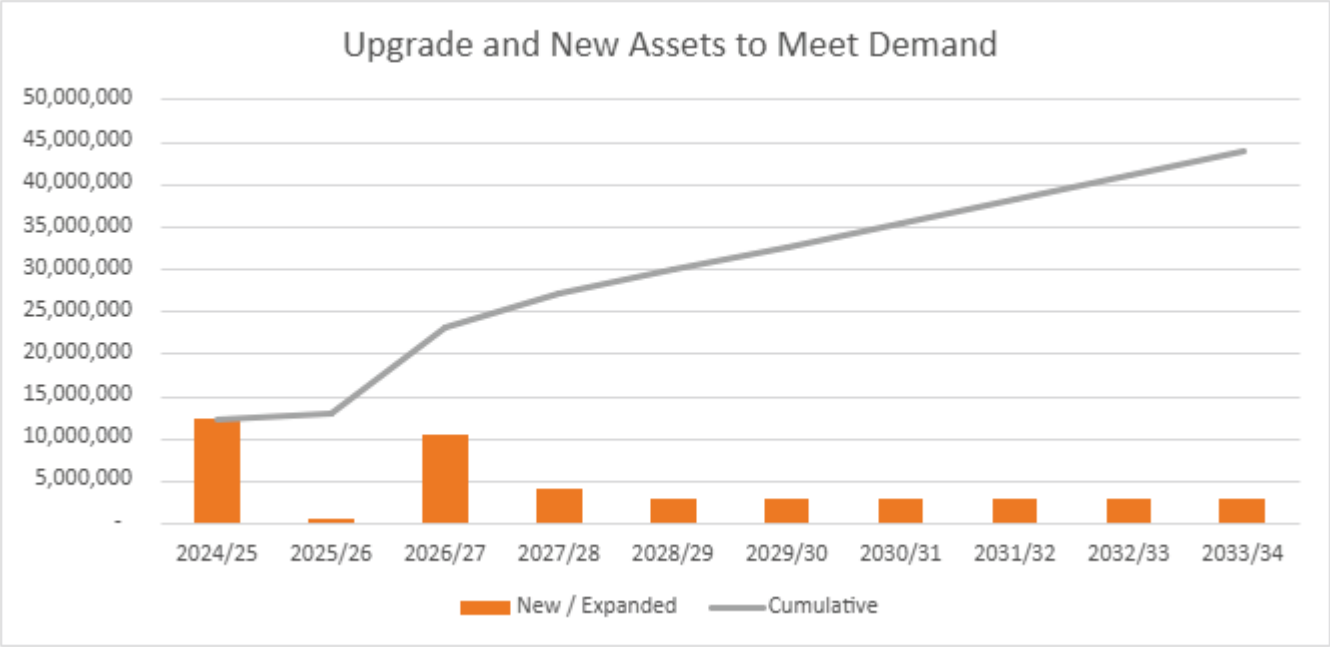
By adopting these improvements, Council will transition from a reactive renewals model to a more proactive, strategic approach. This will allow Council to better manage its limited

resources while addressing the growing expectations of the community and ensuring long-term asset sustainability.

A1.8 EXPENDITURE PROJECTIONS

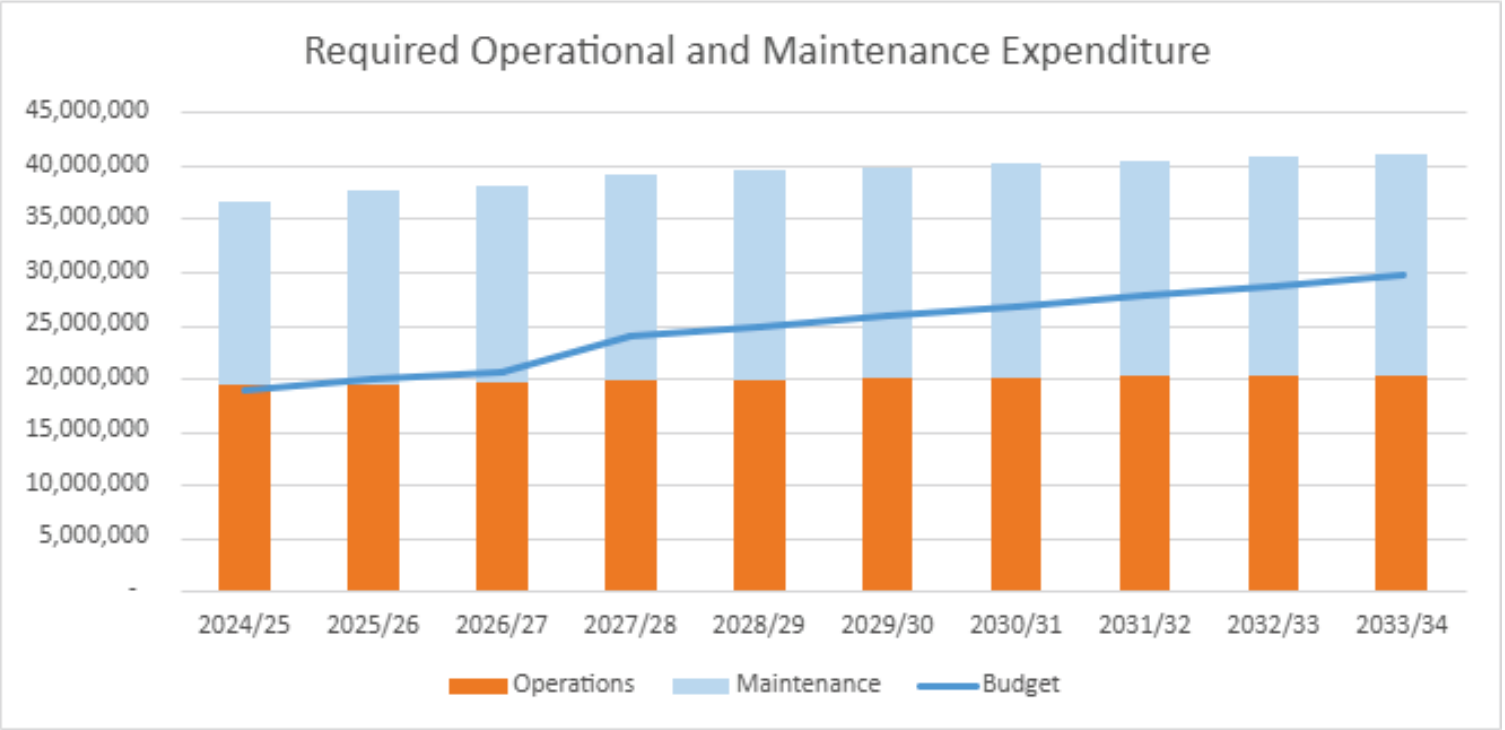
Upgrade and New Assets to meet Demand - (Cumulative)

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
New / Expanded	12,369,957	530,224	10,310,965	3,981,310	2,735,149	2,760,110	2,785,321	2,810,785	2,836,503	2,862,478
Cumulative	12,369,957	12,900,181	23,211,146	27,192,456	29,927,605	32,687,715	35,473,036	38,283,821	41,120,324	43,982,802



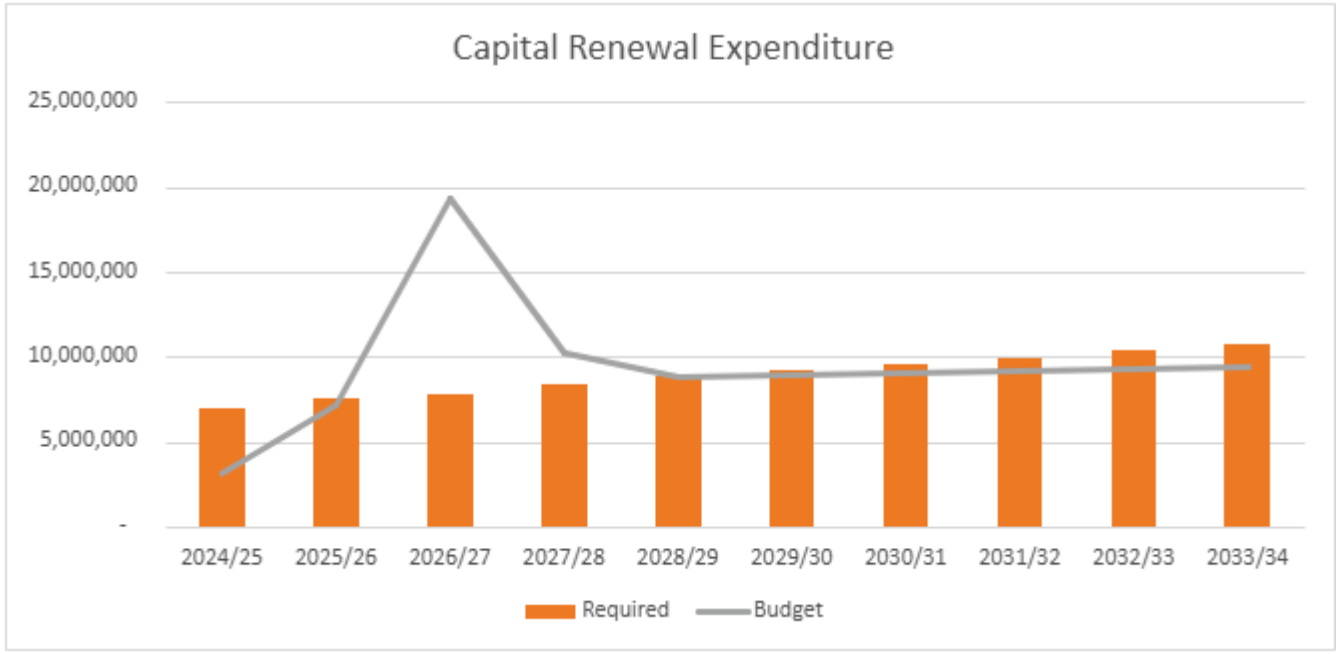
Projected Operations and Maintenance Expenditure

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	*Total*
Operations	19,349,997	19,365,903	19,675,232	19,794,671	19,876,726	19,959,529	20,043,089	20,127,412	20,212,508	20,298,382	$198,703,449
Maintenance	17,155,080	18,268,376	18,316,096	19,244,083	19,602,401	19,848,565	20,096,975	20,347,654	20,600,625	20,855,910	$194,335,766
Budget	18,978,898	19,902,812	20,747,487	24,079,256	24,967,416	25,881,078	26,820,994	27,787,938	28,782,708	29,789,202	$247,737,788



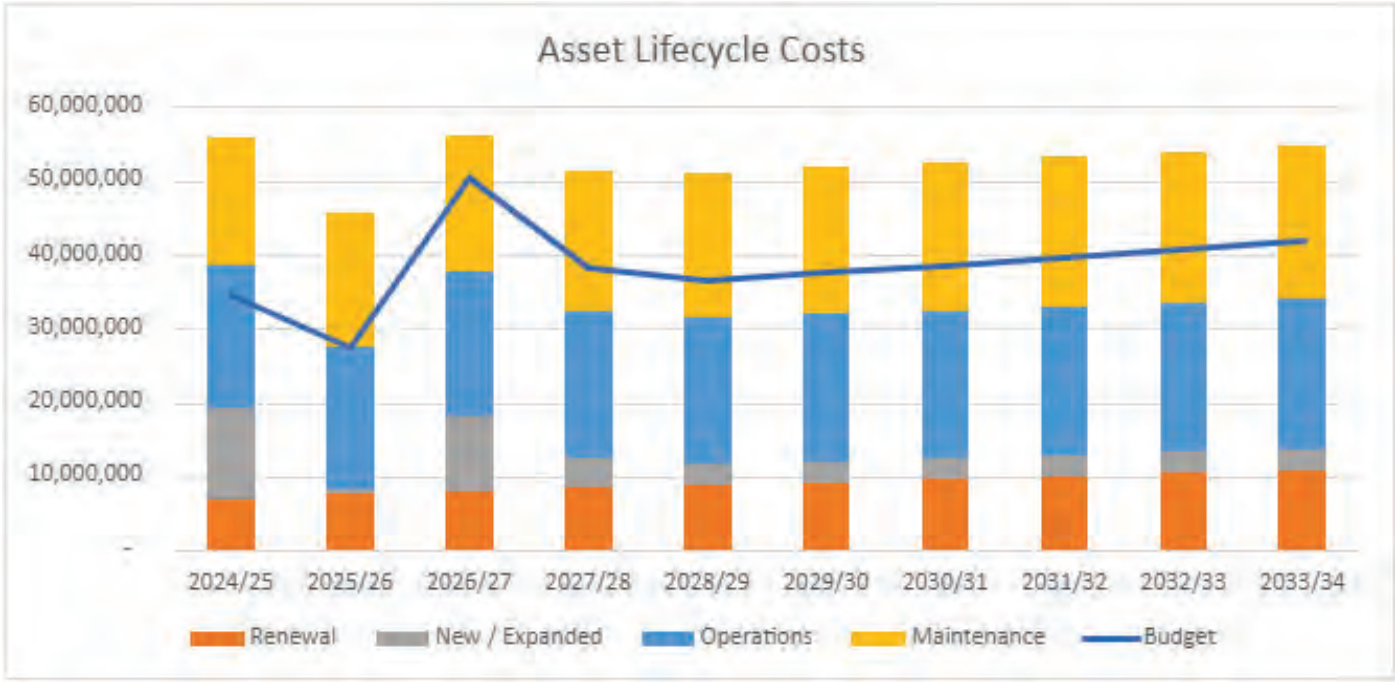
Projected Capital Renewal Expenditure

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	*Total*
Required	6,939,000	7,592,488	7,839,351	8,445,726	8,842,425	9,206,164	9,581,712	9,969,435	10,369,707	10,782,912	$89,568,921
Budget	3,202,019	7,178,489	19,383,973	10,303,558	8,853,464	8,960,331	9,068,802	9,178,909	9,290,683	9,404,156	$85,613,984



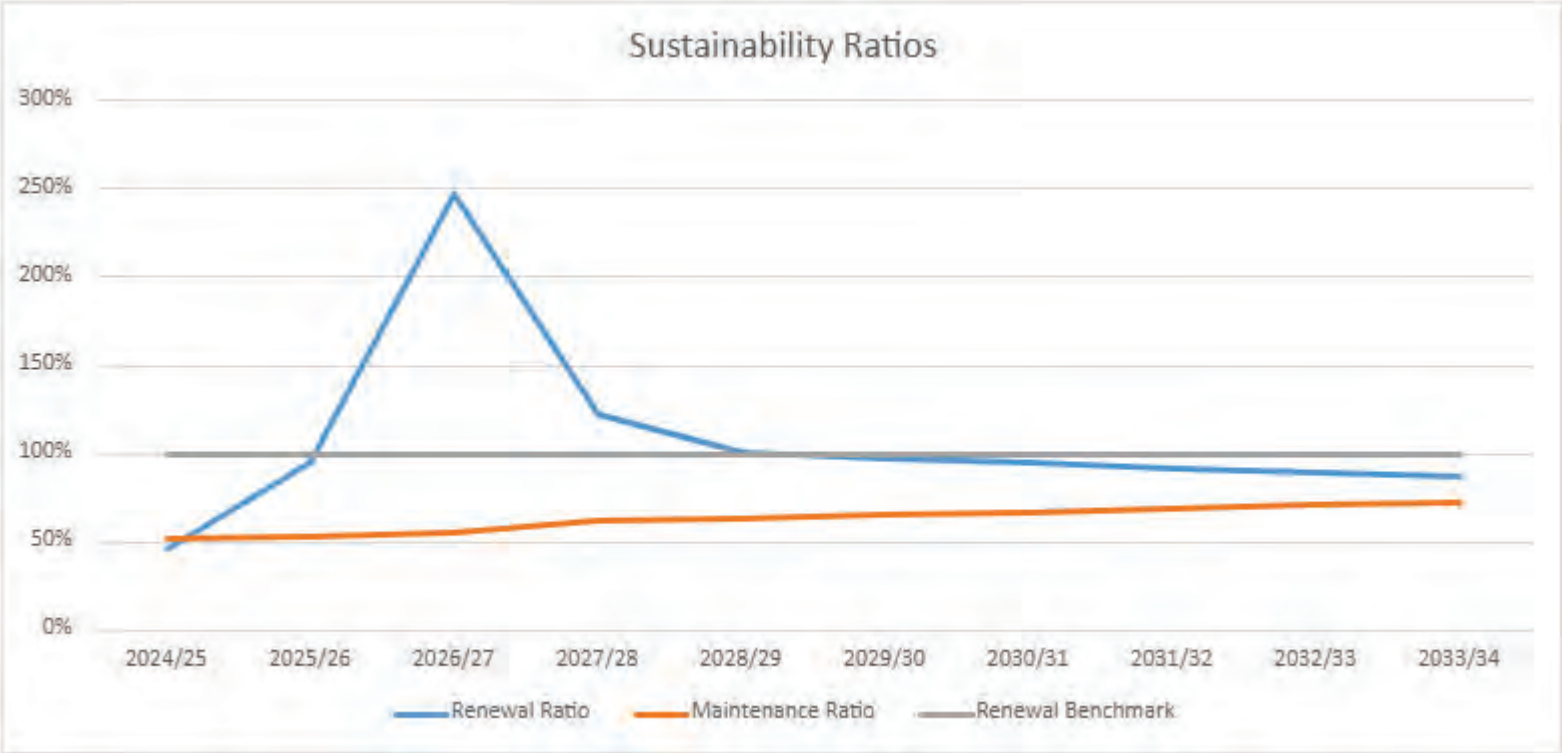
Lifecycle Summary

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	*Total*
Renewal	6,939,000	7,592,488	7,839,351	8,445,726	8,842,425	9,206,164	9,581,712	9,969,435	10,369,707	10,782,912	$89,568,921
New / Expanded	12,369,957	530,224	10,310,965	3,981,310	2,735,149	2,760,110	2,785,321	2,810,785	2,836,503	2,862,478	$43,982,802
Operations	19,349,997	19,365,903	19,675,232	19,794,671	19,876,726	19,959,529	20,043,089	20,127,412	20,212,508	20,298,382	$198,703,449
Maintenance	17,155,080	18,268,376	18,316,096	19,244,083	19,602,401	19,848,565	20,096,975	20,347,654	20,600,625	20,855,910	$194,335,766
Budget	34,550,874	27,611,525	50,442,425	38,364,124	36,556,029	37,601,519	38,675,117	39,777,632	40,909,894	42,055,836	$377,334,574



Sustainability Ratios

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Renewal Ratio	46%	95%	247%	122%	100%	97%	95%	92%	90%	87%
Maintenance Ratio	52%	53%	55%	62%	63%	65%	67%	69%	71%	72%



	2024/25	2025/26	2026/27
Renewals Ratio	46%	95%	247%

A1.9 FINANCIAL OVERVIEW

Council's Parks and Open Space assets are essential to community well-being, but maintaining and renewing these assets presents significant financial challenges. With an estimated total required expenditure for asset renewal of $101.91 million over the ten-year planning period, and a current budget allocation of $38.54 million, Council faces a renewal funding gap of $63.37 million. This shortfall has serious implications for maintaining service levels and addressing the backlog of aging assets, particularly in established communities.

Key Financial Projections and Trends

The following key financial trends have been identified based on projected data over the 10-year planning period:

- Capital Renewal Expenditure: Renewal needs are projected to grow steadily, starting from $6.9 million in 2024/25 and increasing to $13.5 million by 2033/34, reflecting the aging of assets in the network.
- Budget Allocations: The available budget for renewals is substantially lower than required, with just $38.54 million available over the next decade, resulting in a significant shortfall.
- Operations and Maintenance Costs: The total projected operations and maintenance (O&M) expenditure for the same period is $210.52 million and $222.94 million respectively. Rising maintenance costs are a direct result of aging infrastructure and the need for increased reactive maintenance.
- Total Budget vs. Forecasted Need: When combining renewals, operations, and maintenance, the total forecasted need averages $46.03 million per year, while the proposed budget averages $40.62 million per year, leading to a $5.41 million shortfall annually.

Sustainability Ratios

- Renewal Ratio: This metric is useful in determining whether Council is investing enough in renewals. The renewal ratio, which measures the ratio of actual to required renewals, is forecast to be 46% in 2024/25, peaking at 149% in 2026/27 when significant investments are expected, but drops to as low as 11% by 2033/34, indicating a persistent underfunding issue over time.
- Maintenance Ratios: While maintenance spending is projected to slightly increase over the decade, the current rate is not sufficient to offset the deteriorating conditions of some assets, particularly high-use assets such as playgrounds and

sports courts.

Key Risks

The financial constraints and renewal funding gap pose several significant risks to the sustainability of Council's Parks and Open Space assets. These risks can negatively impact service levels, safety, and the community's ability to access high-quality recreational spaces. Without addressing these risks, Council's long-term ability to maintain its asset portfolio in a functional state will be severely compromised.

- Degradation of Critical Assets

  As funding falls short of renewal needs, more assets are likely to deteriorate into poor (condition 4) or very poor (condition 5) states. This is particularly concerning for high-use infrastructure such as sports courts and playgrounds, which are essential to community recreation and safety. When assets reach these levels of degradation, they not only become costlier to renew but also present safety risks, including injury hazards in playgrounds or poorly maintained sporting infrastructure. The delayed renewal of assets increases the risk of asset failure, leading to disruptions in service.

  - Impact: Increased costs for emergency repairs, potential liability concerns, and lower community satisfaction due to declining asset quality.
  - Mitigation: Prioritise critical assets for renewal and expand preventive maintenance to extend asset life before reaching critical condition.

- Escalating Maintenance Costs

  As assets deteriorate, the need for reactive maintenance increases. This shift from planned, preventive maintenance to urgent, unplanned repairs results in a cycle of escalating costs. Reactive maintenance is generally more expensive because it often requires urgent intervention and more extensive repairs, which can be avoided with proactive asset management. Over time, this trend will divert more of Council's operational budget to emergency fixes, leaving fewer funds for planned renewals or preventive maintenance.

  - Impact: Reduced ability to allocate resources efficiently, higher long-term costs, and increased risk of service interruptions.
  - Mitigation: Invest in more preventive maintenance to delay the need for expensive, reactive interventions.

- Service Level Failures

  The most pressing risk posed by the renewal funding gap is the inability to maintain the current service levels that the community expects. As assets degrade and are not renewed in a timely manner, service levels will inevitably decline. This includes closures of key recreational facilities, sports courts becoming unusable, and playgrounds or

parks becoming unsafe or unattractive for use. Declining service levels will particularly affect older, established communities, where many assets are already nearing the end of their useful life.

  - Impact: Community dissatisfaction, reduced utilisation of public spaces, and potential safety hazards leading to reputational damage for Council.
  - Mitigation: Implement a clear service-level prioritisation framework that balances asset condition, usage, and risk of failure with community needs to ensure that the most critical services are maintained.

- Community Expectation Gaps

  Community groups, particularly sports and recreation users, have high expectations for the quality of open space assets. As Council faces budget constraints, it will become increasingly difficult to meet these expectations. Assets may need to remain in service well beyond their optimal lifespan, leading to frustration from community members who expect timely renewals. If this gap between expectations and reality continues to widen, it may lead to a loss of trust in Council's ability to deliver on its commitments.

  - Impact: Decreased community engagement and satisfaction, increased pressure from community groups for accelerated renewals, and reputational risks.
  - Mitigation: Engage regularly with community groups to manage expectations, provide clear communication on asset renewal timelines, and ensure that high-use community assets are prioritised within the budget.

- Long-Term Financial Sustainability

  The cumulative effect of the renewal gap and rising maintenance costs presents a risk to the long-term financial sustainability of Council's asset management program. If the gap is not closed, Council will face increasing financial pressure in future years as more assets degrade, requiring both expensive repairs and renewal. This will further limit Council's capacity to invest in new assets or upgrade existing ones, leading to a continuous cycle of underfunding and asset deterioration.

  - Impact: Strained future budgets, limited capacity for capital improvements or new asset creation, and a growing backlog of assets needing renewal.
  - Mitigation: Develop a long-term financial strategy that includes securing external funding sources, revisiting budget allocations for renewals, and implementing phased renewal approaches.

- Increased Liability and Safety Concerns

  As assets degrade, there is an increased risk of accidents and injuries occurring in public spaces. Failure to address these issues in a timely manner could expose Council

to legal liabilities and reputational damage.

- Impact: Increased legal liabilities, potential injury claims, and reputational risks associated with unsafe public spaces.
- Mitigation: Prioritise safety-related asset renewals and repairs and implement regular safety inspections to minimise risks.

A1.10 RISK - CRITICAL ASSETS

Council's Parks and Open Space assets are critical to delivering essential services to the community. Although parks and open space assets may not be classified as "critical" in the same sense as infrastructure like roads or stormwater systems, they play a significant role in community well-being, recreation, and environmental sustainability. Several key risks may impact Council's ability to manage these assets effectively, and addressing these risks will be essential for long-term sustainability.

The following attributes reflect the relative importance and customer expectations regarding Council's open spaces and recreational facilities, aligned with the classifications and provisions outlined in the *Sport and Recreation Strategy*.

Attribute	High	Medium	Low
Park Classification	Citywide Parks	District Parks	Local Parks
Key Facilities and Infrastructure	Major sports complexes, aquatic centres, playgrounds, event spaces	Multi-purpose sports fields, fitness stations, playgrounds	Basic playgrounds, small seating areas, passive recreation only
Accessibility and Inclusion	High accessibility to a wide range of play and social activities; fully accessible facilities (paths, toilets)	Moderate accessibility; inclusive seating and key amenities	Basic access and seating; fewer inclusive features
Shared Path System	Wheelchair-accessible paths linking shade, seating, and play/recreation areas	Wheelchair-accessible paths connecting key amenities	Basic paths connecting seating and play areas
Community Usage	High demand for sports, recreation, and social events; diverse community use	Moderate recreational and social use, community sports	Low demand; primarily passive recreation, local community focus
Condition of Assets	High-priority assets, regularly maintained due	Routine maintenance, moderate	Lower maintenance

	to high use and community significance	priority based on usage	priority, minimal infrastructure
Shade and Shelter	Combination of natural and built shade throughout park	Combination of natural and built shade	Natural shade preferred, built shade optional
Amenities (Toilets, Water, Bins)	Toilets, drinking water, and rubbish bins required, meeting accessibility standards	Toilets and water required, bins provided	Desirable but not required (basic amenities)
Sports and Recreation Facilities	Large sports complexes, skateparks, multi-purpose courts	Local-level sports courts, fitness equipment, skateparks	Basic fitness equipment or none, passive spaces
Car Parking and Cycling Infrastructure	Required, including dedicated cycling paths, parking, and accessible car parks	Desirable, cycling infrastructure included where possible	Not required
Landscaping	Extensive landscaping incorporating nature play and adventure elements, well-maintained vegetation	Moderate landscaping integrated into park design	Minimal landscaping, low maintenance needs
Signage and Wayfinding	Park name and detailed wayfinding signage required	Park name and basic signage required	Park name signage required, wayfinding not essential
Fencing and Safety Features	Negotiable, dependent on risk assessment (especially for high-use areas)	Negotiable, dependent on risk assessment	Not typically required unless risk identified

Water Play	Required where feasible	Desirable for district parks	Not required

Key Considerations:

- Citywide Facilities: These serve a broad audience with significant infrastructure, offering a wide range of recreational opportunities. They include key features such as sports complexes, aquatic centres, and event spaces. These facilities cater to high levels of community engagement and receive more frequent maintenance due to their importance and heavy use.
- District Facilities: These provide essential recreational and social opportunities for local communities and are moderately equipped. They support a mix of active and passive recreation and are strategically located to serve surrounding neighbourhoods, offering moderate accessibility and amenities.
- Local Facilities: These parks are designed for neighbourhood-level use, focusing on passive recreation with minimal infrastructure. They are primarily used by local residents for informal gatherings, exercise, or relaxation and require lower levels of maintenance and amenities.

A1.11 RISK – RISK MANAGEMENT

Council utilises a corporate risk framework which aligns with ISO 31000:2009. The framework has been adopted for council's Open Space and Recreation assets and highlights the strategic risks which impact Councils network.

A1.12 CONFIDENCE LEVELS

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

Confidence Grade	General Meaning
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.

The overall confidence level of the plan is considered to be 'Reliable'.

A1.13 IMPROVEMENT PLAN

The following Improvement Plan outlines targeted actions that Council will undertake to enhance the management of its Parks and Open Space assets. These actions are designed to address identified gaps in the current AMP and to align Council's asset management practices with best-practice standards.

This Improvement Plan focuses on key areas, including data accuracy, proactive maintenance, financial sustainability, climate resilience, and community engagement, ensuring that Council's open space assets are managed effectively and sustainably. By implementing these actions, future AMPs will reflect a more comprehensive and strategic approach, improving service delivery, optimising resource allocation, and supporting Council's long-term goals.

The following table details each improvement task, the responsible department, and an indicative timeline, with the specific resources required to be refined and determined internally based on the nature of each task.

Task No	Task	Responsibility	Resources Required	Timeline
1	**Establish an ongoing asset data collection program:** Develop a structured program for continuous updates of inventory and condition data across the Parks and Open Space portfolio to ensure data accuracy and enable effective lifecycle planning.	Strategic Asset Management	• Asset Coordinator – Parks and Open Space • Parks and Open Space Asset Officer • Data and Systems Coordinator • Asset Information Officer	July 2025
2	**Enhance defect inspection program in collaboration with City Presentation:** Expand defect inspection	Strategic Asset Management	• Parks and Open Space Asset Officer	December 2025

	programs to cover critical asset categories, with specific protocols for prioritising high-use assets and regularly capturing condition data for proactive maintenance.		• Operations Coordinator – Cross City • Operations Coordinator – Public Spaces Maintenance	
3	**Develop and implement a proactive maintenance program:** Establish preventive maintenance schedules for key asset components (e.g., playground equipment, sports surfaces) to reduce reliance on reactive maintenance, extending asset life and lowering long-term costs.	City Presentation	• Parks and Open Space Asset Officer • Operations Coordinator – Cross City • Operations Coordinator – Public Spaces Maintenance • Field Coordinator - Trades	December 2025
4	**Create a prioritisation framework for renewal and upgrade projects:** Use condition data, community feedback, and risk assessments to guide decisions on asset renewal. Emphasise high-use and high-value assets in line with Council's Sport and Recreation Strategy and community expectations.	Strategic Asset Management	• Asset Coordinator – Parks and Open Space • Community Facilities and Recreation Planning Team	July 2025
5	**Refine capital renewal and replacement criteria:** Incorporate asset functionality, performance, and community demand into renewal decisions to address evolving recreation trends and prioritise assets that	Strategic Asset Management	• Asset Coordinator – Parks and Open Space • Community Facilities and Recreation Planning Team	December 2025

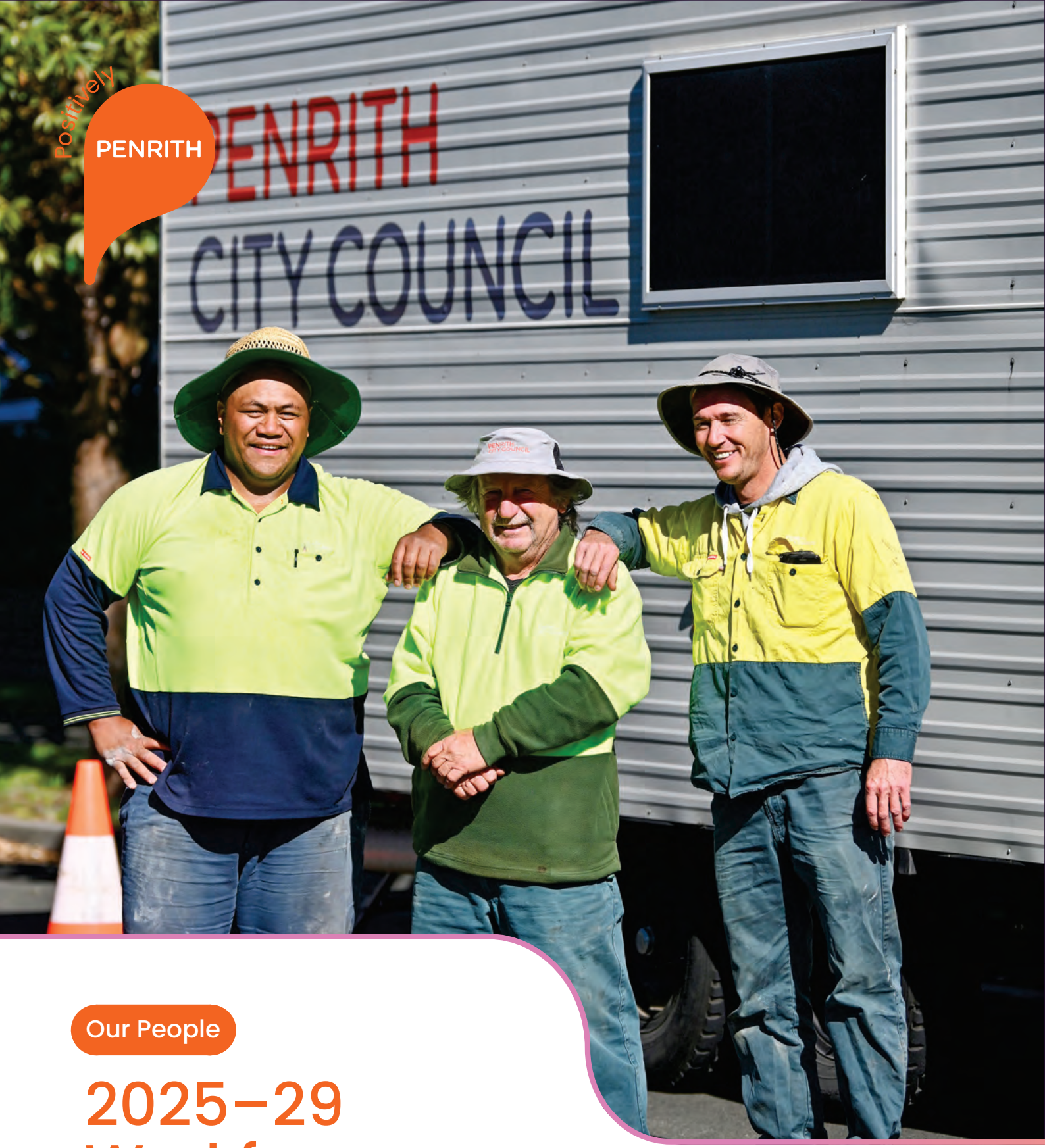
	provide maximum value to the community.			
6	**Expand climate resilience initiatives:** Integrate climate-resilient materials and designs (e.g., drought-tolerant landscaping, heat-resistant surfaces) into renewal and upgrade projects, especially for high-exposure assets. Monitor impact on maintenance and replacement needs over time.	Design and Projects	• Landscape Architecture Team • Parks Asset Management Team • Sustainability Research Team	Ongoing
7	**Review and update funding strategies for renewals and upgrades:** Pursue external grants, partnerships, and explore asset disposal where appropriate to optimise available resources for renewals and mitigate the renewal funding gap.	Community Facilities and Recreation	• Community Facilities and Recreation Planning Team • Finance Business Partner • Disaster Recovery Grants Funding Specialist • Asset Coordinator – Parks and Open Space	Ongoing
8	**Strengthen community engagement practices to manage expectations:** Develop a structured process for engaging community stakeholders in asset planning, including setting realistic expectations for renewal timelines and service levels.	Community Facilities and Recreation	• Community Facilities and Recreation Planning Team • Parks Asset Management Team	July 2026

9	**Formalise annual maintenance budget review process with City Presentation input:** Ensure that the maintenance budget aligns with asset lifecycle needs by incorporating detailed input from operational teams regarding adequacy and resource requirements.	Strategic Asset Management	• Asset Coordinator – Parks and Open Space • Parks and Open Space Asset Officer • Operations Coordinator – Cross City • Field Coordinator - Trades • Operations Coordinator – Public Spaces Maintenance • Finance Business Partner	April 2026
10	**Establish asset disposal criteria based on condition, community value, and lifecycle costs:** Develop a responsible disposal strategy for end-of-life assets that considers environmental sustainability and maximises reinvestment in higher-value assets.	Strategic Asset Management	• Asset Coordinator – Parks and Open Space • Community Facilities and Recreation Planning Team • Operations Coordinator – Cross City	July 2026
11	**Develop a Roles and Responsibility Matrix for Asset Management:** Define specific roles and responsibilities within the asset management framework, detailing accountabilities and aligning with Council's organisational structure.	Strategic Asset Management	• Asset Coordinator – Parks and Open Space	December 2025

Appendix 3

Our People: 2025-29 Workforce Management Strategy

DRAFT



Our People

2025–29 Workforce Management Strategy

PENRITH CITY COUNCIL

Penrith City Council Resourcing Strategy

Workforce Management Strategy

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1. Executive Summary

Framed by the beauty of the Blue Mountains and Nepean River, Penrith City Council serves more than 200,000 residents, visitors and workers every day. We are passionate about people both in our community and our workplace. Our employees provide vital services and infrastructure for our growing city and are employed in a range of over 60 professions including Finance, Engineering, Childcare, Marketing, Property, Leisure and Recreation and many more.

Penrith City Council has developed effective plans and programs to serve our communities now and into the future. This is all made possible by our valuable workforce that strives to deliver Council's strategic objectives.

We are continuing to forge a new path forward, having undergone significant changes and growth in response to the COVID-19 pandemic. We continue to invest in a wide range of contemporary programs and initiatives to support our diverse and growing workforce.

The People Strategy 2025 – 29 is the workforce strategy that is aligned with Council's Community Plan and Delivery Program. The People Strategy focuses on enhancing our workforce performance, culture and capability to effectively respond to the needs of Council and deliver our strategic goals.

The strategy has been developed following extensive workplace consultation and review of research and trends in workforce planning to ensure programs of work are prioritised to support Council to deliver its strategic objectives.

The Workforce Management Strategy builds on Council's implementation of previous Resourcing Strategy deliverables that have supported our workforce to perform at their best and will apply a contemporary lens to ensure our strategy is robust and adaptable to current and future changing needs and influences that may impact our delivery of services. Specifically, this plan will:

- Describe the workplace values and frameworks that underpin all we do
- Reflect on our learnings from the previous Workforce Management Strategy and how they inform our journey moving forward
- Assess the road ahead for Penrith, including insights and trends in the industry
- Outline our People Strategy to further enhance Council's capacity to deliver on its strategic objectives and ensure our people are ready for future needs of Council and our community

2. About Us

An important part of building our People Strategy is developing a true understanding of our people, starting with those that comprise our community. Here's a little insight into the people of our city.

Our Community

Penrith is the lifestyle and economic heartland for the new Western Sydney Airport and Aerotropolis. We currently have over 200,000 residents and 1.3 million visitors annually. Our community is experiencing exceptional growth due to exciting initiatives such as the aerotropolis and the metro rail networks which will see our population grow to 260,000 residents by 2036. Our Local Government Area covers 404 square kilometers, and we are located 55km west of Sydney's CBD. We have over 26,000 businesses and 59% of Penrith's workforce are residents.

Penrith is fueled by a great lifestyle and close-knit community surrounded by the natural beauty of the Nepean River and Blue Mountains. Our community has excellent access to transportation, shops, schools and hospitals, as well multiple sports, arts and entertainment venues and facilities.

Visitors to Penrith may know us as the 'adventure capital' of NSW as we offer the Sydney International Regatta Centre, Penrith Whitewater Stadium, Penrith Panthers, the Joan Sutherland Performing Arts Centre and Penrith Regional Gallery among others.

Our Mission

We will

- Deliver the services, facilities and infrastructure that our community needs
- Maintain our long-term financial sustainability
- Work with our community and partners to achieve more together than we can alone
- Provide an excellent customer service experience to everyone who contacts us
- Value and engage our staff

Our People

At Penrith City Council, we're passionate about people; in our community and in our workplace. We consider our employees to be our most valuable asset because without capable and committed employees, we couldn't deliver the extensive range of services to our community that we do.

Our services span across Building and Development, Waste and Environment, Animal Services, Children Services, Health and Safety, Community Development, Library Services, Community

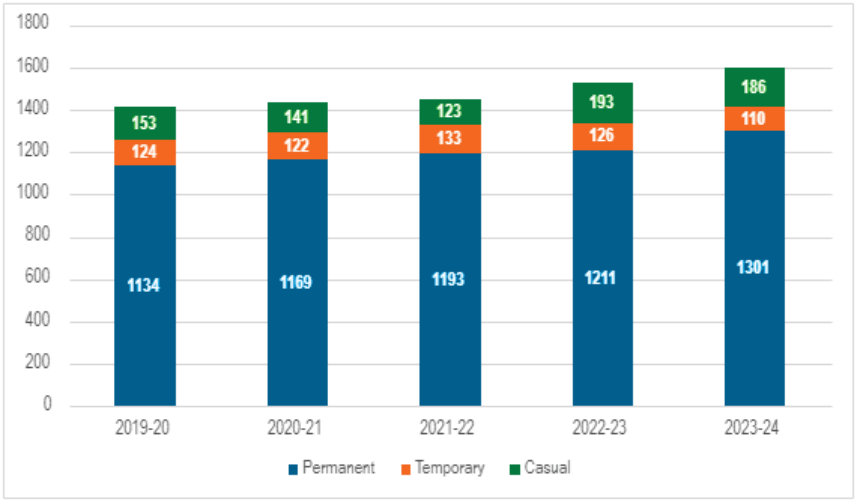
Events, Halls and Centres, Sports and Outdoor Recreation. Council also operates Ripples Leisure Centres at St Marys and Penrith.

Council also supports a trading entity – The Joan Sutherland Performing Arts Centre. The workforce data in this document excludes the workforce of Council's entity.

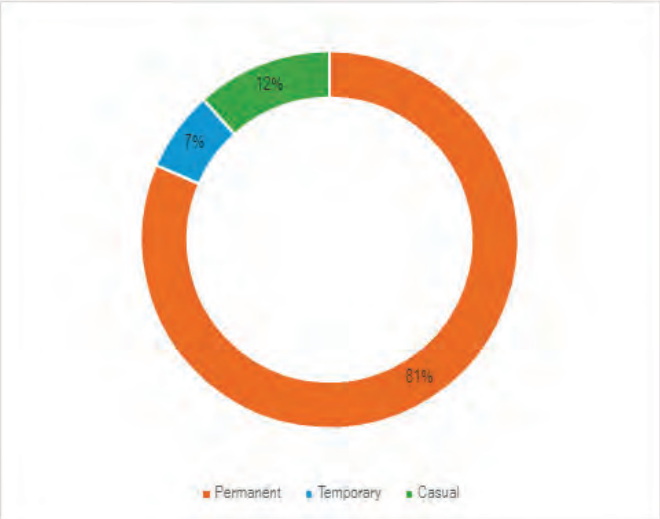
Council's Employee Headcount

Our employee headcount was seen to increase steadily by an average of 1.6% per year until 2023 where we experienced a growth of almost 5.59%. This significant growth is predominantly attributed to the expansion of children related services offered by Penrith City Council. We experienced a further increase of almost 4.4% in 2024 as we continued to recruit qualified personnel to meet the needs of our growing community. The services offered have increased by 8 new services in the 2022-2023 financal year, which is an increase of 16% in service provision. It is important to note that employee headcount numbers can be impacted by financial implications such as grant funding or productivity gains from other programs which could accelerate or decelerate this trend. Any growth will be carefully considered to maintain Council's financial sustainability. Any growth will be carefully considered to maintain Council's financial sustainability, with the Long-Term Financial Plan including staffing cost increases aligned to expected NSW Local Government Award increases.

Council's Employee Headcount as at 30 June 2024:



Council's Total Work force as at 30 June 2024:



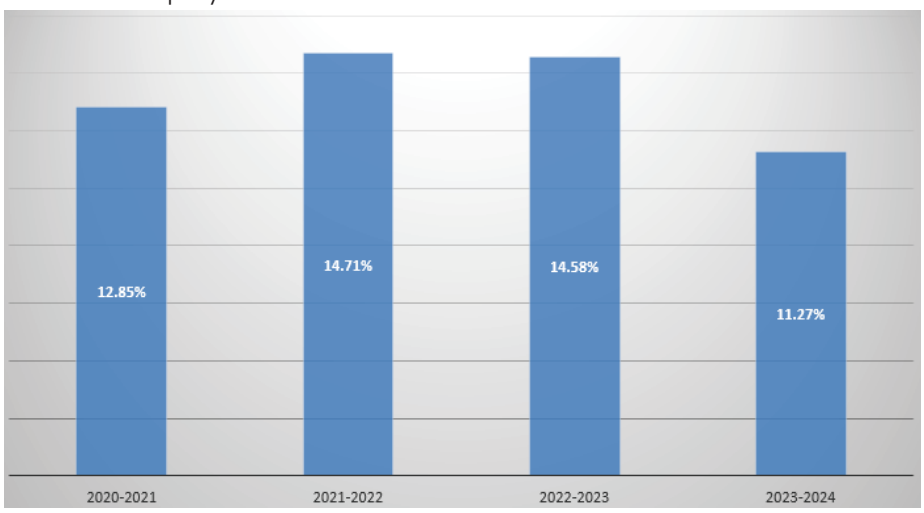
Council's Employee Turnover

Tracking employee turnover is critical in understanding our employee trends and our ability to retain skilled and experienced employees, as well as a good measure of employee satisfaction. The employee turnover rate as at 30 June 2024 was 11.27% which equates to a reduction in turnover of 3.31%. This data places us in the 75th percentile in comparison to other large NSW Councils that reported an average turnover rate of 16.28%.

According to the Australian Bereu of Statistics, 1.1 million people changed jobs during the year ending February 2024, equating to a job mobility rate of 8% of all employed people changing jobs during the year. This was down from 9.6% in the year ending February 2023.

Turnover will continue to be a key metric to monitor as it will inform retention and talent attraction strategies.

Council's Employee Turnover as at 30 June 2024:



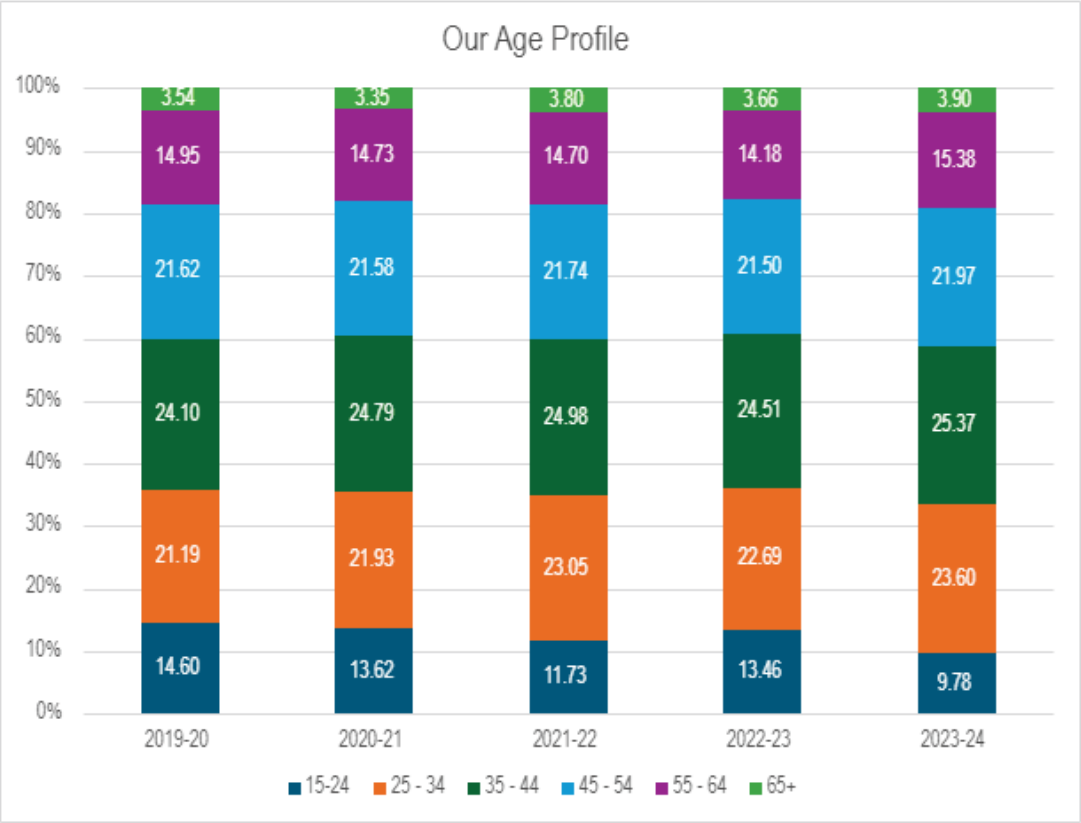
Council's Age Profile

An ongoing trend in workplaces is that of an ageing workforce. In addition, the retirement age is also changing. Council has continued to maintain consistent age percentage profiles across its workforce for several years now, as demonstrated in this graph. Council's successful Traineeship Program continues to attract the younger demographic, while options such as phased-in retirement encourage employees to prolong their careers with Council.

When analysing Penrith City Council's age profile compared with other NSW Councils of a similar size for the year 2022-2023, we have learnt that our aging workforce figures remain significantly lower compared to other large urban councils, with staff within the 56-65 age bracket making up 14.88% of our workforce in comparison to the 22.22% average as seen in the Local Government NSW Benchmarking Report for 2022-2023, and only 3.89% for the 65 and over staff in comparision to the 4.87% average.

This indicates that we aren't needing to heavily invest in workforce aging initiatives at this stage. However, Council will take this data into account in future workforce diversity strategies.

Council's Age Profile as at 30 June 2024:



Council's Gender Profile

Council is committed to gender equity and is proud to have a Gender Equity working group in place who continually champion gender equity in the workplace. This group regularly undertakes activities to support diversity and inclusion including development workshops and events with keynote speakers, as well as facilitating our Parental Leave Morning Teas which provide parents on parental leave with opportunities to connect with the organisation.

Our focus areas for 2025 include providing support for employees with caring responsibilities, such as those caring for children and elderly people, and offering resources and support for those experiencing domestic and family violence. Another priortiy area is professional development through networking and mentoring opportunities, ensuring our employees have access to targeted growth and learning opportunities. Advocacy and awareness campaigns are also a priority, promoting and encouraging gender balance within Council. These efforts reflect our dedication to an inclusive and supportive work environment for all employees.

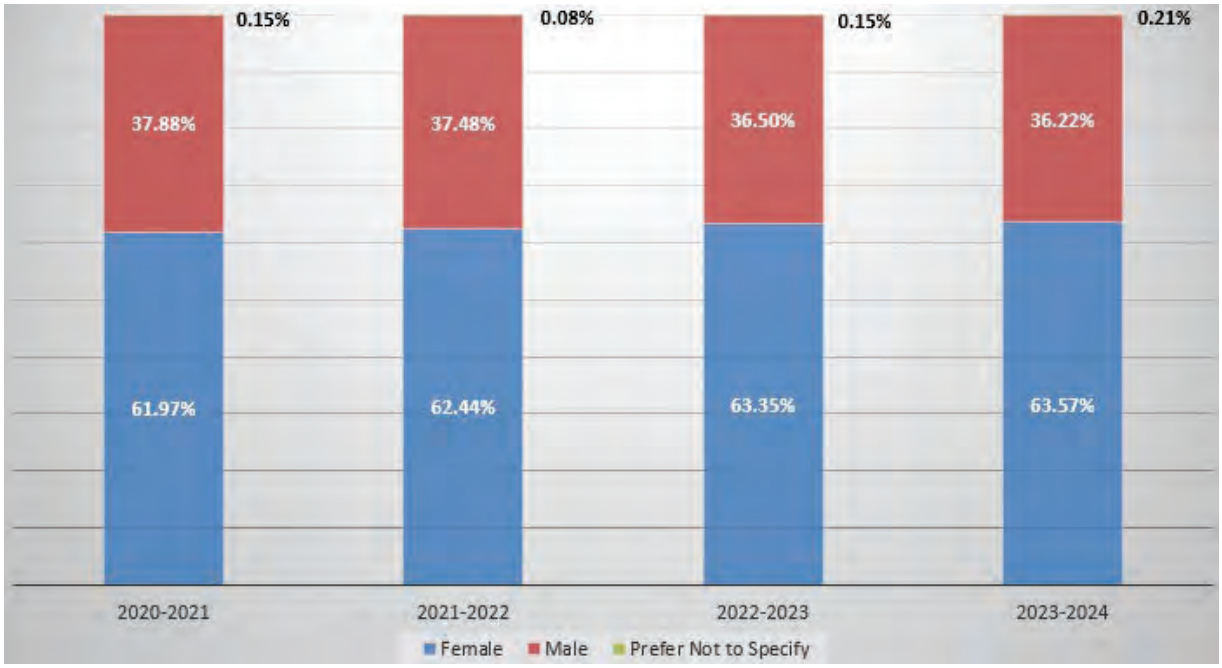
Council's gender profile is approximately 63.6% female and 36.2% male, with 0.2% who chose not to specify for the year 2023 – 2024. In comparison to the diversity of the LGA, the 2021

Australian Census recorded 49.4% of the population of the Penrith LGA are males and 50.6% are females.

Further analysis of our gender profile demonstrates that we still have the opportunity to further strengthen our gender balance in management positions across Council to truly enhance our gender equality. We also see an opportunity to further strengthen the gender balance across the different industries where we continue to see our child related service roles attracting considerably more female incumbents and similarly, our outdoor field-based roles attracting consideraly more male incumbents.

This data will be further considered when developing future workforce diversity strategies.

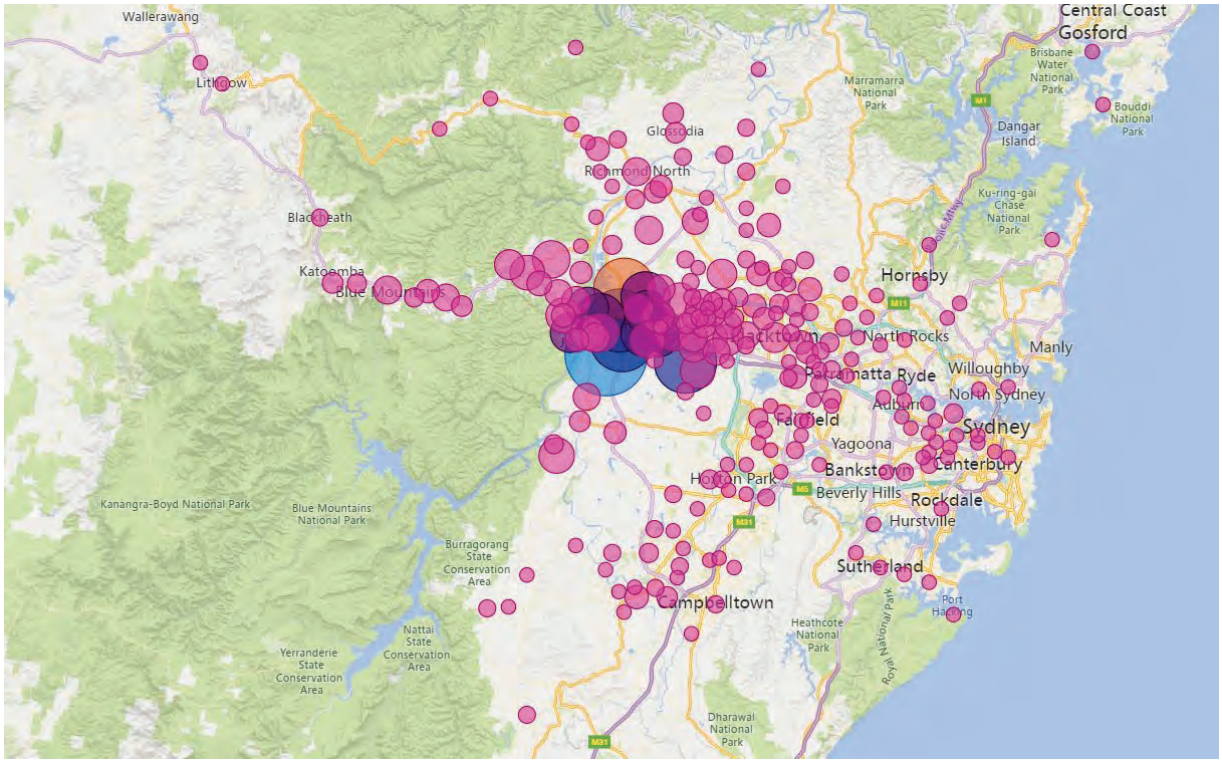
Council's Gender Profile as at 30 June 2024:



Council's Employees Places of Residence

Our employees places of residence span across NSW with 59% of Councils' employees living within the Penrith Local Government Area. The image below demonstrates that Council has attracted people from a wide geographical area as well as within our Local Government Area. Our Finding Balance Philosophy will continue to be a competitive advantage for us and highlights the importance to continue to embed this into our culture to ensure we can continue to be a prefered employer for top talent across NSW and beyond.

Our Empployees Place of Residence as at 30 June 2024:



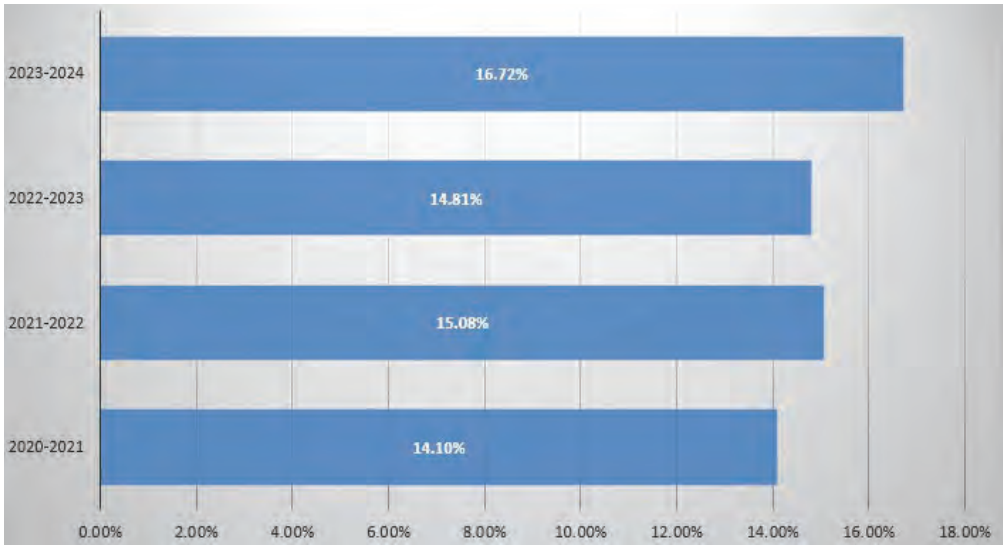
Council's Diversity

Council is committed to attracting and retaining a diverse workforce by ensuring all employees are provided equal access to opportunities including development and progression. We actively work to provide a workforce free of discrimination through our values and training. Collecting data around workplace diversity was previously optional for employees through the onboarding process. Therefore, the below statistics may be impacted by people previously choosing not to answer these questions.

Over the past year, we observed a 1.91% increase in employees from non-English speaking backgrounds and a 0.32% rise in Aboriginal and Torres Strait Islander representation, alongside a 0.42% decrease in disclosed employees with disabilities. To truly benefit from our employees' diverse experiences and knowledge, we must enhance our diversity and inclusion practices. This will help us better understand and serve our growing community by attracting and retaining people from diverse backgrounds.

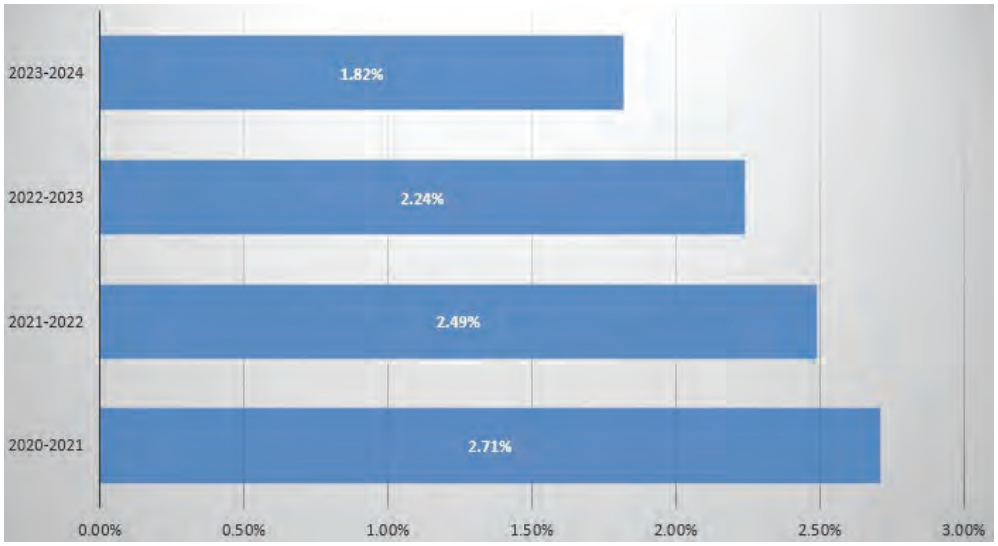
This data continues to inform the work undertaken in the Diversity Equity and Inclusion Strategy space.

Employees from Non-English Speaking Background (NESB) as at 30 June 2024:



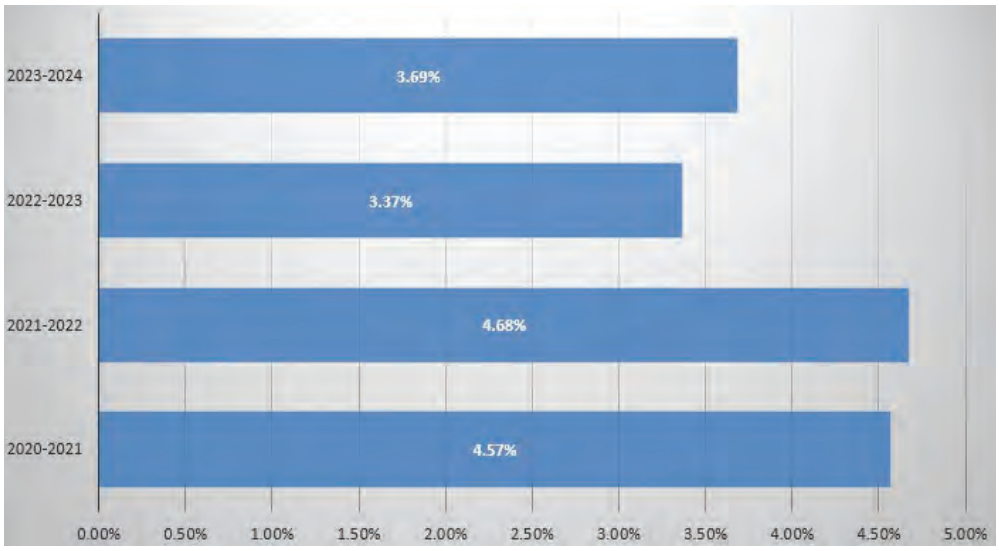
In comparison to the diversity of the LGA, the 2021 Census reported 19.6% of the Penrith LGA are from a Non-English Speaking Background, 74.2% of households in the Penrith LGA use only English at home; while 23.9% of households in the Penrith LGA use a language other than English.

Employees with a disability as at 30 June 2024:



The 2018 Census reported that 18.7% of the Penrith LGA have a disability

Aboriginal and Torres Strait Islander Employees as at 30 June 2024:



In comparison to the diversity fo the LGA, the 2021 Census reported that 5% of the population within the Penrith LGA identified as Aboriginal and/or Torres Strait Islander.

3. Foundations for Success

All the work undertaken by Council for our community is underpinned by a number of foundational pillars of success. We take pride in these foundations as we know they are core in our ability to deliver outcomes that remain true to who we are and what we're all about. These foundational pillars include:

Our Values

Our values of Respect, Accountability, and Innovation guide the behaviours of our people and how we interact with colleagues, customers and stakeholders. They are at the heart of everything we do and are visible throughout our workplace and within our practices and processes. Our recent Employee Engagement Survey (EES) indicated an 80% positive perception on our mission and values.

Our values and behaviours are:

- We show respect
- We are accountable
- We encourage innovation

As an organisation, we strive to reflect these in our day-to-day work, making our workplace more enjoyable and productive.

We show **respect** by

- Being responsive to others' experiences, perspectives, values and beliefs
- Listening
- Being open
- Working to understand the perspectives of others

We are **accountable** and

- Behave in an honest, ethical and professional way
- Identify and follow legislation, rules, policies, and codes of conduct
- Speak out against misconduct, illegal and inappropriate behaviour
- Work and lead by example

We encourage **innovation** by

- Being open to new ideas and change
- Offering our opinions and making suggestions
- Adapting to new situations
- Not giving up easily

Our Customer Promise

A key pillar of Penrith City Council's service delivery is to ensure a high-quality customer experience across all forms of communication channels. As part of Council's customer centric approach, Council embarked on a journey of developing a contemporary Customer Charter setting the key principles that underpin all customer experiences within the business.

Building momentum, creating awareness and engaging staff and our external customer were essential ingredients to the project's success. This resulted in the development of our Customer Promise.



Finding Balance

During the COVID-19 pandemic, Council's workforces were required to significantly shift their way of working to respond to the NSW Government's pandemic restrictions, with our indoor workforce moving to a primarily work from home model. Operational workforces, including

Children's Services, City Presentation, Ripples, Library Services and frontline Customer Experience roles moved to changed models of work including staggered starting times, starting on site, remote work and re-deployment where needed during the peak of the pandemic.

The results of our Employee Resilience Survey in May 2020 highlighted our organisation's strength and innovation as we continued to evolve our way of working and in July 2020, our People and Culture Department invited staff consultation on a new Flexible Work Arrangements Policy and Procedure with the aim of ultimately providing our people with greater flexibility beyond the pandemic.

Since the end of the pandemic, Council's workforces have maintained a range of flexible working arrangements, dependent on the nature of their teams, customers and individual requirements. As of September 2024, approximately 81% of Council's indoor workforce are working in a hybrid arrangement (this may range from one to five days in any given working week, of remote working, in combination with working from an office location). This equates to 34% of Council's workforce working in a hybrid manner.

Finding Balance will keep evolving as we strive for genuine work-life harmony for our employees. This effort helps us access broader talent pools and continues to enhance our workplace culture.

4. Our Ongoing Journey

Celebrating Success

This Workforce Management Strategy celebrates the achievements of Council during the 2022 - 2024 period.

The strategies developed in the previous Workforce Management Strategy had multiple actions identified which were implemented in our efforts to invest in our people and future proof for tomorrow's success. Some of our key achievements are outlined below:

Safety Strategy

Providing a safe workplace is Council's most important duty as an employer and we continued to strengthen our safety culture by developing and implementing a 4-year WHS Strategy. This strategy was developed following consultation and feedback across all levels at Council and aims to provide the foundations for understanding risk and how to manage risk as safely as possible. Safety is everyone's responsibility and providing updated processes and training on building this knowledge for all staff sets Council on the right path. WHS have

delivered training to staff and people leaders to assist identifying safety matters and processes on how to mitigate risk. WHS have also worked with People Leaders on understanding the value of investigating incidents to make improvements for our staff and the community. Continuing to upskill staff on specific WHS areas related to their fields of work is a focus moving forward. Having the right partners to support Council in delivering WHS initiatives has also delivered changes to workers compensation arrangements over the last 2 years, allowing better support and achieving overall better outcomes for our injured workers.

Talent Attraction and Recruitment Strategy

Council has made significant progress towards our Talent, Attraction, and Recruitment Strategy over the past two years. Key initiatives have resulted in increased efficiency in our recruitment processes. Revisions to People and Culture policies and procedures are ongoing, with particular focus on the Recruitment, Selection, and Probation Policy. Additionally, Council engaged a new background check provider to streamline the probity check process, significantly reducing the time required for candidate background verification.

To expedite the recruitment process, a comprehensive review was undertaken in collaboration with Business Excellence. This review resulted in an action plan, with fortnightly progress meetings established to ensure effective implementation. A recruitment hub has been established on the Council's intranet, consolidating resources for easy access and regular updates.

Council has also prioritised the development of a compelling Employee Value Proposition (EVP), aimed at enhancing the overall candidate experience as well as attracting and retaining top talent. Further details on this initiative are provided in the industry insights and trends section of this plan.

Council will continue to review our Talent Attraction and Recruitment Strategies to ensure that they remain effective and aligned with Council's objectives. This approach allows us to identify areas for improvement, adapt to changing market conditions, and remain competitive with best practices. By doing so, we can enhance the candidate experience, attract top talent, and ensure that our recruitment processes are efficient and equitable, supporting Council's commitment to fostering a dynamic and inclusive workplace.

Child Safe Organisation

Council introduced several mandatory eLearning modules to enhance awareness and protect the safety of children and young people in accordance with Council's Child Safe Policy and Procedures. This training is designed to help our employees identify signs of harm, understand the steps for reporting abuse, and respond appropriately to disclosures.

To strengthen Child Safe practices, Council has implemented regular meetings of the Child Safety and Wellbeing Group, conducted reviews of the Child Safe Policy and Procedure, and

developed a draft Child Safe Code of Conduct. Additionally, Council has created informational and awareness posters, developed dedicated Child Safety web pages, and promoted awareness through various events and organisational updates.

Building Capability

In August 2022, Council adopted its own customised Capability Framework. Since its launch, we have rolled out Capability Mapping to all levels of People Leadership across Council and are continuing to implement the Framework across all remaining positions (individual contributors) across Council, representing approximately 63% of the organisation.

Alongside this rollout, various self-help guides and training resources have been internally designed and launched. These include the Capability Framework 'eLearning Module,' the 'Behavioural Interview Questions' guide, the 'How-To Guide,' the 'Self-Assessment Tool,' and several Masterclass sessions designed to build capability and support our employees.

Council received recognition in 2023 when our Capability Framework was awarded 'Highly Commended' at the NSW LG Excellence Awards and further to this, Council's Capability Framework was also awarded as Excellence Awardee for Best Learning and Development Program at the 2023 Australian HR Awards.

Our Capability Framework enhances attraction, selection, development, and retention of our people, well into the future. The capabilities within the framework are expressed as behaviours that clearly define what 'good' looks like and provide a stronger focus on 'how' to achieve results. Our framework brings greater balance to the behavioural aspects of role performance, not just the technical components.

Organisational Structure Enhancement

On 1 July 2024, Penrith City Council adopted a new organisational structure to achieve greater alignment and synergies within the organisation, applying a "One Team" lens to organisational design. This review process aimed to enhance role clarity, leadership identity, and cohesion, reposition directorates for improved alignment, and deliver on the General Manager's KPI of providing a proposed ultimate state structure.

Design principles were formulated to guide the future operating model design, and they were:

The design principles guiding this review were:

- Customer-centric: Ensuring services, facilities, and infrastructure are informed by the needs of our diverse community, customers, and stakeholders.

- **Efficient and adaptable**: Enabling agile responses to changes through resource mobility and adaptable ways of working.
- **Accountable and clear**: Reinforcing accountability through clarity of roles, governance, and success measures.
- **Fosters alignment and collaboration**: Promoting two-way communication and collaboration internally and with external stakeholders.
- **Strategy and insights-led**: Ensuring services are informed by data and insights, aligning activities with the organisation's vision, objectives, and strategic choices.

This organisational structural review is a critical component of our Workforce Management Strategy, aimed at enhancing our organisational structure to better support our strategic objectives and growth. The review's key achievements include the development of a cohesive and aligned organisational structure, improved role clarity and leadership identity, and a stronger focus on project and program delivery capabilities.

Leadership Development and Empowerment

We have designed and delivered a suite of innovative leadership development programs tailored to the specific needs of our organisation, in alignment with our customised Capability Framework. These programs include the **Thriving Leadership** *(designed for Senior Management),* **Igniting Leadership** and **Alumni Program** *(designed for Middle Management)* and **Empowering Leadership** *(designed for Frontline Management).*

The leadership development programs provided holistic and industry-relevant resources in the context of Council's operating environment to enable leaders to understand their role in driving individual, team and collective organisational performance and culture. Our approach includes a blend of classroom-based learning, experience-based workshops, and on-the-ground application of skills.

The Igniting Leadership Alumni program allows participants to embed learnings and continue to connect and network with peers and other leaders.

In 2022, Penrith City Council's 'Igniting Leadership' program was awarded an Excellence Awardee for Best Leadership Development Program in the 2022 Australian HR Awards.

In total, we have facilitated 13 leadership development sessions across the different programs, reaching an estimated 166 people leaders across Council.

Council also invests in its leadership development and future pipeline of leaders by sending participants to external leadership programs and events including the Springboard Women's

Development Program and the Australian Local Government Women's Association (ALGWA) Conference as detailed further on.

Strengthen Health and Wellbeing

Council is dedicated to enhancing the health and wellbeing of our staff through a variety of initiatives. Penrith City Council actively participates in 'R U Okay?' Day events to promote mental health awareness and overall community wellbeing as part of longer-term health and wellbeing initiatives. These events have included inviting guest speakers to share their personal stories and messages about mental health as well as running expos that focus on health and wellbeing and resilience. Former NRL player Alex McKinnon shared his journey of resilience and emphasised the importance of checking in on each other. Staff members have the flexibility to attend, stream, or watch recorded sessions.

The message of R U Okay? Day is extended to parents and caregivers at the Council's childcare facilities, as well as at Aquatics and Leisure and Library facilities across the LGA.

The introduction of legislation that delineates employer responsibilities has brought psychosocial hazards in the workplace to the forefront for organisations. Gallup reports that psychosocial injury claims are estimated to cost Australia's economy up to A$39.9 billion annually, with damaging effects on employee wellbeing and organisational performance. AHRI reports that 'The most common causes of psychosocial complaints or claims in organisations are job demands (30%), conflict or poor workplace relations (23%), remote or isolated work (21%), lack of role clarity (21%) and inadequate reward and recognition (21%)'. We need to continue to assess and manage our cultural risk and external occupational hazards for front-facing staff members who may experience customer aggression and related occupational hazards contributing to increased psychosocial risk and employee absenteeism and burnout. As an organisation, we need to go beyond legal compliance to create a culture that fosters psychosocial safety and drives organisational productivity and performance. To address this, we have undertaken People Leader psychosocial hazards training and are completing and reviewing risk assessments detailing measures to address identified risks whilst offering wellness programs for staff to advance their own health and wellbeing.

Council is steadfast in its commitment to raising awareness to enhance health and wellbeing further. In collaboration with The Resilience Project, we implemented evidence-based approaches to bolster resilience and sustain positive mental health. Council participated in the Discovering Resilience digital presentation by Hugh van Cuylenburg, which highlighted the three key principles of resilience: Gratitude, Empathy, and Mindfulness (GEM). This was followed by engagement with a digital Wellbeing Series comprising short clips on diverse topics such as gratitude, empathy, mindfulness, emotional literacy, and connection. The 8-part series garnered approximately 844 clicks. Additionally, all employees received a copy of the

Resilience Project Wellbeing Journal to help integrate the principles of gratitude, empathy, and mindfulness into their lives.

Furthermore, in June 2023, the Council announced that all employees would receive free membership to the facilities at Ripples in Penrith and St Marys, aiming to support staff in prioritising their health and wellbeing.

Mental Health – Certificate IV

Across FY24/25, Council has facilitated a cohort of fifteen (15) employees in undertaking a Certificate IV Mental Health. This initiative is a two-year program facilitated externally and is designed to help employees learn how to support people experiencing mental health issues, work collaboratively with other services, explore trauma-informed practices, empower people through recovery, communicate effectively and work with diverse people. Employees gain practical experience and specialist skills in promoting social, emotional and physical wellbeing.

Data Driven Decision Making (Strengthen Data Analytics and Reporting)

Over the past 2 years, Council has made a significant investment into strengthening data analytics and reporting capability. Through Power BI and the creation of dashboards that provide live information for reporting purposes, we have been able to access data in a visually appealing way and in a range of different formats according to the needs of the business.

Council is also transitioning to a new system within the People and Culture function to enable employees at all levels to access the necessary information for effective job performance. This system will enhance reporting, analytics and overall organisational effectiveness and agility.

Our Education Assistance Program

Our Education Assistance Program continues to provide financial assistance and leave options to employees seeking to expand their knowledge and skills by undertaking further study. In 2023-24, we invested in 55 employees through our Professional Development Education Assistance program. Areas of study included:

- Master's degrees
- Undergraduate degrees
- Diplomas
- Certificates

Our employees study several vocations including early childhood teaching; business administration; work health and safety; ICT; marketing; urban management and planning; town planning; information studies; civil engineering; recordkeeping; and applied policy.

During 2023–24, Council invested $163,738 in education assistance, as well as numerous leave days to allow for study.

Work Experience Program

We understand the importance of valuable work experience opportunities being available to our community. Over the last 2 years, Council's Work Experience program has provided work experience placements for an estimated 100 students.

The Work Experience program has been reviewed and enhancements implemented for the experience for students, as well as internal and external stakeholders.

Our Traineeship Program

Our annual Traineeship Program has been running since 2000. In 2023–24, there were 21 trainees employed with Council. This program provides opportunities for people to work full time while studying in a relevant field and is utilised by people wanting to start their careers, re-enter the workforce or change their career. We offer traineeships across multiple disciplines including business administration, ICT and early childhood education and care. We were recently asked to speak at a NSW Council event regarding the success of our Traineeship program.

Springboard

Over the last 16 years, our Council has supported over 75 women to complete the Springboard Women's Development Program, an award-winning personal development program specifically designed for women. The 3-month program is held across four workshops and provides a range of learning activities targeting self-development, emotional intelligence, goal setting, personal branding, and effective communication skills.

ALGWA

Each year, Council supports participation in the Australian Local Government Women's Association (ALGWA) Conference, focusing on leadership and empowerment. The conference features a range of different themes, keynote speakers, workshops and panel discussions focused on empowering women in local government and enhancing leadership skills in the sector.

Evolve Development Program

The Evolve Development Program is a three-month self-development program facilitated externally for a cohort of twenty-five (25) employees. It is designed for women in non-management roles who want to enhance their personal and professional growth. The program covers soft skills, including networking, identifying their values, the Gallup Clifton Strengths assessment top 5, emotional intelligence, goal setting, and effective communication, all while building on their personal brand.

Leveraging Learnings

Penrith City Council has consistently aimed to provide outstanding services to our customers while also implementing initiatives to engage and retain our staff. Over the past two years, we have continually gathered insights from our staff and community on ways to enhance our performance as a Council.

Key learnings from our initiatives delivered over the last two years indicate that we need to continually adapt and evolve. Initiatives such as our Leadership Development Programs need to ensure they continue to stay relevant and in sync with an ever-evolving environment. Our recruitment enhancements, including the introduction of a new background check provider have made improvements to the employee experience, along with our ongoing commitment to flexible working arrangements in alignment with our 'Finding Balance' philosophy, strengthening our position as an employer of choice, however as the employment landscape will continue to shift with talent not as restricted to local employers, we will need to remain agile and innovative with how we attract and retain staff.

Over the past two years, we conducted a Pulse Survey in 2023 and an Employee Engagement Survey in 2024. These have allowed us to gain a clearer understanding of our strengths and opportunities, helping us continually improve our employee engagement levels.

For our 2024 Survey, we received a completion rate of 74% with our overall engagement score across Council being 65% which is a nation-wide trend strongly linked to the COVID pandemic and:

- 4 percentage points lower than the Australia New Zealand Top Quartile Organisations benchmark of 69% which sees Council placed well comparatively
- 7 percentage points higher than the Australia New Zealand Local Government benchmark of 58% which is another great result

Furthermore, each of our directorates received over 65% completion which means that we can be confident we have heard a cross-section of voices from across the organisation.

Comparatively, we again received high scores on our organisational approach to diversity and inclusion, safety, and our mission and values.

Our people also told us there are still opportunities to further enhance effective cooperation between different groups and departments in Penrith City Council, reviewing staffing levels to get our work done, addressing poor performance and strengthening our Employer Brand through enhanced visibility on the actions taken to address these opportunities.

In addition to the 2024 Employee Engagement Survey, Council also undertook an organisational wide Pulse Survey in September 2023 to inform the direction and support the

development for Council's Employee Value Proposition (EVP). This survey was designed to evaluate what makes our organisation a great place to work and the ways in which we can continue to be an employer of choice. A total of 581 employees responded to the survey and the results were:

- 82% of employees who responded agreed that their work is meaningful
- 71% would recommend Penrith Council as a great place to work
- 79% agreed that they are proud to work for Penrith Council
- 77% feel their People Leader supports the work arrangements that fit their circumstances
- 71% feel they are in a safe and supportive environment

These insights greatly enhance our understanding of our employees' priorities. Moving forward, it will be essential to maintain close connections with our team, not just through surveys but also through meaningful dialogue to grasp their experiences better. Although employee engagement is high at Penrith City Council, sustaining and improving this over time will be key to our ongoing success.

5. The Road Ahead

Penrith – The Edge of Tomorrow

Penrith is the gateway to the Western Sydney Airport and will be the first city to be connected to it by road, rail and bus when the Airport opens. Penrith is part of the fastest growing region in Australia with extensive government and private investment happening in the region with an expected regional economic catchment of 1.5m+ which includes people that travel from neighboring regions to work, learn and access services in our region.

According to the NSW Department of Planning Environment, Penrith is expected to grow in population by an average of 2.7% pa in the next 10 years and 3.0% pa in the next 20 years. The number of dwellings are expected to grow by an average of 3.7% pa for the 25 years between 2016 and 2041. Our workforce will need to be prepared for this expected growth and consider how this will impact the services we offer to the community.

Our Community Plan is council's highest level strategic document and sets the direction for our organisation and our City, and outlines what we need to do to make Penrith a better place to live, work in and visit. The Community Plan directs all of Council's activities towards achieving the five Community Outcomes:

Strategic Direction 1 – Nurture our environment

Strategic Direction 2 – Support our wellbeing
Strategic Direction 3 – Shape our growing city
Strategic Direction 4 – Provide for our lifestyle
Strategic Direction 5 – Work together

This Workforce Management Strategy supports our staff in fulfilling the various roles necessary for providing our services and contributing to the achievement of all five Outcomes. The implementation of our People Strategy will assist in achieving Outcome 5 of the community plan, particularly strategy *5.4.4 'Ensure the organisation's sustainability through effective integrated planning and reporting including strategic finance, asset, workforce and project management'.*

Looking ahead, Penrith City Council will need to maintain and expand our existing services, facilities, and amenities to accommodate the anticipated population growth. Consequently, we anticipate encountering new challenges that we have not previously faced. It will be essential to remain adaptable to changing priorities from our community, councillors, and other key stakeholders, including external government agencies and developers.

Challenges and Opportunities

Industry Insights

To set our future direction and priority areas, Council considers both internal insights and external expertise. When looking externally, we seek expert advice on emerging industry trends that are influencing the future workforce.

Common themes that emerged as priority areas that resonate with Council, suggest a focus on leveraging automation and AI, enhancing attraction and recruitment strategies, integrating DEI principles, investment in leadership development and hybrid work trends, to remain competitive and effectively manage our workforces. Some notable findings include:

1. Technological Advancements - Automation and AI

   Council is certainly not immune to the worldwide phenomenon that is Automation and AI. Generative AI is revolutionising industries and transforming the way we work and therefore, requires careful consideration to ensure we future proof our workforce moving forward. In exploring the effects of automation and AI on the workforce, the following points resonated with Council:

   Skill development – AI has the ability to automate repetitive tasks or enhance the quality of our work, allowing employees to focus on more strategic and/or creative/ complex work. Council recognises that this shift requires reskilling and upskilling of our employees to enable them to effectively leverage AI and experience the productivity gains anticipated. A critical skill on Council's radar is data literacy, as AI has the ability to analyse large amounts of data to provide insights and support decision making processes, however, employees will need the skills to accurately interpret and act on AI-generated insights and data. The skill to effectively prioritise will also be undeniable with the sheer volume and pace of information that AI can deliver. Being able to identify and focus on the most valuable and impactful information will become increasingly critical for our employees.

   A study by SHL reports that workers with soft skills and innovative thinking will be in high demand with the revolutionary advance in AI technology, stating businesses need to focus on finding and developing these skills to stay competitive.

   Further to this, a report compiled by Mercer titled 'Strategic Shift: Skills-Powered Organisations in the age of AI' reinforces the importance of adopting a skills-based approach to workforce management in the age of AI, suggesting that a significant portion of the workforce possesses valuable skills that may not be reflected in traditional educational qualifications. To combat this, Council have developed a range

of behavioural interview questions that will be increasingly important in order to understand the *soft skills* and capabilities that prospective employees bring to the table.

Council has also invested significantly in building capability across its entire workforce with the adoption of its own customised Capability Framework, highlighting the importance of building capability across critical behavioural skills. Our focus will shift towards embedding this change as we support our employees to flourish in the age of AI.

As illustrated by the points made by Gogi Anand, Principal People Scientist and Keith McGrane, Senior People Scientist: 'Similarly, employees will need to build increasingly relevant skills such asking the right questions, experimenting with new ideas, challenging assumptions / biases, testing hypotheses, demonstrating curiosity and learning agility, thinking critically about AI outputs etc.'.

Council will continue to monitor the skills and capabilities required to support our people to succeed in the age of AI, as this innovative technology continues to evolve over time.

References: 'Talent Trends: Past Insights, Future Strategies' – SHL, 'Strategic Shift: Skills-Powered Organisations in the age of AI' – Mercer, 'Skills of the Future and Where to Find Them - SHL

Generational gaps – Council is continuing to work on the mobilisation of our workforce as seen through various advancements in technology implemented over the years, however, we continue to experience resistance. It is predicted that these gaps in ability and willingness to use and embrace technology, will widen with the introduction of AI more broadly across the workforce. Council will need to ensure that development opportunities to upskill and reskill cater to this demographic, and also consider the needs of 'tech savvy' employees who will be looking for more advanced training and development.

According to a survey by Barna Group, 'Baby Boomers' are by far the most hesitant of any generation to embrace AI as has been experienced internally at Council. In addition to this, Council foresees the need to invest in training and development in the AI space for employees across our outdoor workforce and child related services due to the limited exposure to technology inherent to the nature of their roles.

Leadership challenges – integration of generative AI also poses some potential challenges for People Leaders with concerns relating to AI-generated content's impact on human creativity and authenticity. There are also questions around People Leader's ability to accurately assess the capability of the individual which will become increasingly difficult and potentially impede targeted development plans. Further to this, hiring managers will also be challenged in the world of AI where prospective

candidates will have access to a range of generative AI tools that could lead to misrepresentation or falsification of skills or attributes relating to suitability for a role.

In addition to these challenges, Jaime Gonzales, Principal People Science Manager from Viva People Science R&D highlights: *'AI technology can raise questions of trust and fairness. How do you reward the group that uses AI and performs better? How do you treat the group that doesn't use AI and falls behind? Companies that establish clear guidelines and organisational norms around AI will create a culture of trust and empowerment, while those that do not will see a proliferation of employee suspicion and legal recourse.'*

Sonya Bedi, Senior People Science Manager, EMEA Team Lead and Christina Rasieleski, Senior People Scientist, expand on these challenges and the important role our leaders will play: *'As generative AI shoulders analytical tasks within organisations, we will all become increasingly valued for our humanness. Managers with human leadership, soft skills, and emotional intelligence will stand out. Managers will also play a pivotal role in mitigating bias in AI systems by monitoring and re-aligning AI-driven decisions with the values of their organisation. There will be a premium on those moments in which we all interact with each other, human to human. Think about those moments when you call a help line and begin to realize you are talking to AI or a computer and all you can think about is that you just want to speak with a human being. We can't neglect connection, empathy, and relationship building.'*

Successful AI adoption hinges on a leadership and organisational climate that encourages inquisitive mindsets and curiosity to guide exploration, in combination with critical thinking about AI outputs. This strategic approach will continue to guide the evolution of our leadership programs, such as 'Igniting and Thriving Leadership,' to ensure our leaders are equipped with the necessary knowledge and skills to effectively lead their teams in an AI-driven future.

Talent attraction and retention – The younger generation (Gen-Z) have grown up with technology at their fingertips and have become accustomed to this way of life. In order to attract and engage this demographic of tech savvy talent, Council needs to ensure it is continuing to invest in the latest technological advancements, and this includes Gen-AI.

Jaime Gonzales, Principal People Science Manager, Viva People Science R&D
'Employees will seek to work where AI uplevels the workplace for all'.

Council has invested significantly into advancing technology over recent years, including exploration of generative AI with a recent trial of Microsoft CoPilot to explore opportunities for the further introduction of artificial intelligence (AI) across the organisation. This initiative was designed to understand how Council can improve the way we work and service our customers.

Council is committed to ensuring employees have access to the technology necessary to carry out their duties as efficiently as possible for the community it serves and will remain a priority area of focus for Council.

References: 'Hesitant and Hopeful: How Different Generations View Artificial Intelligence' -Barna Group

2. Attraction and Recruitment

The 'Local Government Workforce Skills and Capability Survey' report shows that nine out of ten Australian Councils are experiencing job and skill shortages, seen among Engineers, Urban and Town Planners, Building Surveyors, Environmental Health Officers, and Project Managers. The 2024 'Skills Priority List' by Jobs and Skills Australia echoes this, noting high demand for these roles and expanding this further to include Childcare Workers and ICT Project Managers to the list.

Council's data tells us that we are also experiencing difficulty attracting and retaining experienced and skilled workers across a number of occupation groups, most notably Childcare Workers. In response, Council introduced an initiative aimed at developing internal talent to create a pipeline of future professionals in the Childcare sector, with Council offering 100% fee-relief for employees studying Early Childhood Education. As this skill shortage is an ongoing issue, there is still work to be done in this space to enhance attraction and retention of these skilled professionals.

Council also runs a successful Professional Specialist Trainee program whereby employees receive financial assistance by way of 100% payment of the compulsory unit fees, across occupations such as engineering, planning and surveying.

In addition to this initiative, Council also offers generous provisions under the 'Professional Development Policy', financially contributing towards the unit fees for an array of approved vocational, undergraduate and postgraduate courses. Council employees also have access to education assistance leave to support them in undertaking the requirements of their studies.

The Local Government report detailed the challenge Local Government organisations face when competing for talent against the Private Sector in terms of salary and benefits, making it challenging to attract and retain skilled professionals.

Gartner research reports, in response to tight talent markets, organisations are increasingly embracing skills-based hiring, moving away from degree-based requirements, finding that organisations including Google, Delta Airlines and Accenture, *'have removed many of their degree requirements from job postings to attract qualified talent without arbitrarily limiting themselves'*.

Council have made significant inroads to enhancing the way we attract and recruit for talent in alignment with the Talent, Attraction and Recruitment Strategy leading to the overall enhancement of the candidate experience including a reduction in the time to fill.

Council have also prioritised the articulation of a captivating Employee Value Proposition (EVP), which not only enhances the overall candidate experience but also helps attract and retain top talent. By clearly defining and communicating our EVP, we create a compelling narrative that showcases our commitment to employee development, well-being, and inclusivity, ultimately positioning ourselves as an employer of choice in a competitive job market. We will continuously review and evolve our EVP to ensure its relevance and effectiveness in broadening our access to diverse talent pools, allowing us to pivot and adjust our strategies as required into the future.

The growing trend of a four-day workweek as detailed by Gartner, has been reported as a strategy to help attract and retain talent, by offering greater flexibility and reducing burnout, improving employee performance and redefining productivity. Gartner reports that 54% of candidates rated a four-day workweek as the top new and innovative benefit that would entice them to switch jobs and 62% of candidates say they only apply for jobs that meet the majority of their EVP requirements.

As detailed earlier, Council's workforces access a range of flexible working arrangements, dependent on the nature of their teams, customers and individual requirements. This approach affords Council access to broader talent pools and continues to enhance the workplace culture.

It is important for Council to remain aware of the top drivers of attraction and retention when designing Talent Attraction strategies to strengthen our workforce into the future.

References: 'Local Government Workforce Skills and Capability Survey' NSW report – Australian Local Government Association,'2024 Skills Priority List' - Jobs and Skills Australia, '9 Future of Work Trends for 2024' - Gartner

3. Diversity, Equity, and Inclusion (DEI): Reports from both Gartner and Mercer emphasise the importance of integrating DEI principles into everyday work. Gartner discusses the

need for organisations to embed DEI throughout their operations and culture and Mercer highlights the need for organisations to prioritise DEI goals to build a resilient and agile workforce.

Gartner goes on to say *'Given the leadership commitment to DEI programs and initiatives, companies will begin to pivot from DEI existing in a silo to embedding it throughout the organisation. This new approach will change how business leaders interact with DEI, positioning it not as "what" they do but "how" they achieve high performance in their key objectives. This "embedded DEI" model will unlock this potential, with the long-term goal of fully integrating DEI values into business objectives, daily operations and culture throughout an organization'.*

Council is committed to building a workforce that is underpinned by strong principles of Diversity, Equity and Inclusion (DEI) and has initiated efforts towards developing a robust DEI Strategy and Action Plan. A strong DEI strategy helps attract and retain top talent, stimulates innovation through diverse perspectives, and fosters an inclusive environment where all employees feel valued and respected, which enhances overall employee engagement and productivity.

By embedding DEI principles in all facets of our operations, we not only champion inclusivity but also enhance our organisational agility and resilience, building a workforce capable of adapting to changing market dynamics.

Council remains steadfast in its dedication to these initiatives, continuously striving to create an inclusive, supportive, and empowering workplace for all. As we move forward, we commit to regularly evaluating and evolving our strategies to ensure they meet the needs of our diverse workforce and align with best practices.

References: '9 Future of Work Trends for 2024' – Gartner, 'Global Talent Trends 2024 – Executive Summary Australia' - Mercer

4. Leadership Development

Research and industry insights highlight the importance of authentic leadership. Council's future leaders will continue to be nurtured through programs that promote personal development in empathy, resilience, and tenacity. Council have made significant investments into the development of our leaders over recent years. As noted earlier, Council have internally designed and delivered a suite of innovative leadership development programs targeted specifically at *Middle Management (Igniting Leadership)* and *Frontline Management (Empowering Leadership)* and have begun work in the space of a *'Entry-Level Leadership* development program. These programs emphasise effective decision-making, building leadership identity, and growing capability.

The report by SHL reported that the majority of talent priorities for organisations have remained stable in their importance, with Leadership Development securing the top priority area again in 2023.

'The Rise of Human-Centric Leadership' article by Forbes explains how leadership styles are shifting towards a more human-centric approach, prioritising empathy, inclusivity, and employee well-being. This trend highlights the need for leaders to foster a supportive and inclusive work environment.

Kincentric's 'Global Talent Insights' reiterates this sentiment: *'You can't enable the talent of tomorrow without an equal focus on the leaders of tomorrow'.* The report findings urge organisations to invest in training for new and mid-level managers in order to cultivate leaders who are resilient, growth-oriented, and adaptable.

The leadership development programs aim to enable leaders to understand their role in driving individual, team and collective organisational performance and culture, with our approach including a blend of classroom-based learning, experience-based workshops, and on-the-ground application of skills.

Gartner's research highlights the importance placed on the *method* of leadership development being key, with a move away from traditional methods and towards facilitating learning via a *repeated connections* approach. We have underpinned this approach in Council's 'Igniting Leadership Alumni' program, targeted at the middle-management level and is a leadership development program providing participants with the opportunity to embed learnings and continue to connect and network with peers and other leaders.

This is further strengthened through the adoption of a customised Capability Framework at Council, to enhance development programs and succession planning across the organisation, shifting the focus to the importance of behavioural skills and the role they play for individuals being successful in their roles.

This collective approach aims to empower leaders across Council to lead with empathy and authenticity, to coach and empower employees, enhancing performance and delivering quality outcomes for Council and the Community.

References: 'Skills of the Future and Where to Find Them' – SHL, 'Talent Trends: Past Insights, Future Strategies' – SHL, 'The Rise of Human-Centric Leadership' – Forbes, Global Talent Insights 2023' – Kincentric, '9 Future of Work Trends for 2024' – Gartner, 'Top 5 HR Priorities for HR Leaders in 2025' - Gartner

5. Hybrid Working Trends

Council continues to stay abreast of industry research to better understand the trends and drivers of flexible work and how they apply to our context and people.

Council is also conscious of the impact of flexible work arrangements on our business and ability to serve our community, with industry research highlighting the positive impacts of flexible work for organisations.

- A 2023 Australian Human Resources Institute (AHRI) report of the advantages of hybrid working found that the top advantage ranked by respondents was better work-life balance (77%), higher retention rates (62%) and a greater ability to attract candidates (61%).
- In addition, Gartner's 2023 research on work models indicates that flexible, human-centric hybrid models yield more positive results than a one-size-fits-all approach. Offering employees human-centric working models, with a focus on flexible experiences, intentional collaboration and empathy-based management, can result in a range of significant outcomes, including:
    - 3.8 times likelihood of high employee productivity
    - 1.6 times likelihood of reduced fatigue
    - 3.2 times likelihood of high intent to stay
    - 5.1 times likelihood of high-performance

Council has seen the tangible benefits over the period of time we have strengthened our flexibility provisions, seeing a decrease in employee turnover, which now sits at 11.27% (the lowest in four years) and absenteeism which is now an average of 8.84 days (the lowest in four years).

Our research demonstrates the success of Council's ability to continually offer our people flexible working arrangements, with a specific focus on remote and hybrid opportunities. Our people agreed and told us in the 2024 Employee Engagement Survey that our flexibility and hybrid working arrangements are still hitting the mark with a 76% overall favorable score.

In summary, by considering the future of work trends as part of our workforce strategy, we are able to stay ahead of the curve and create a dynamic, adaptable, and future-ready workforce to remain competitive and attractive to top talent.

References: 'Hybrid and Flexible Working Practices in Australian Workplaces in 2023' – AHRI & 'Returning Employees to an Office? Consider the Talent Risks' - Gartner

Continual Improvement and Productivity Gains

Maintaining a financially sustainable workforce is an important element to consider when workforce planning. Council has a number of initiatives that look to continually improve our

productivity and processes along with utilising technology to achieve productivity gains in the way we do business. Customer experience will be a key measure to ensure that our community can continue to access the services and support they require while delivering this in an efficient and cost-effective manner. These initiatives are further outlined in the Digital Strategy of this Resourcing Strategy which will be considered into the future to understand any impacts from a workforce planning perspective.

6. People Strategy

People Strategy – Growing our Thriving Future

The 2025–2029 People Strategy will aim to position our organisation to effectively implement our Community Plan and meet the evolving needs of our community.

Through our research and consultation with our Leadership Team, Managers and employees, we know that our Council is facing unprecedented growth due to development and new infrastructure in our LGA. Our organisation needs to be able to respond to this growth to continue providing services to our community to a high standard. It is with this growth mindset that we have developed and shaped our People Strategy – *Growing our Thriving Future*.

The diagram provided (below/to the right or left – as appropriate) illustrates how we see our People Strategy coming to life – it's a relationship-based strategy in which people (both in our workplace and in our community) are at the core of everything we do.

Our purpose (our '*Why*' statement) is '*To enhance the engagement and performance of our employees so that our organisation can thrive and deliver high quality outcomes for the community.*' This grounds us and gives meaning to what we do. Our foundations for success (detailed earlier in the Workforce Management Strategy) are the roots, so to speak, of our strategy. They play a critical role in guiding our thinking and our decision making as we ensure that our strategic priorities reflect Council's values, Customer Promise and Finding Balance philosophy.

Our purpose, coupled with our foundations for success, give life to what we refer to as our 'strategic branches' titled '*Enriching our Culture, Enabling our Success* and *Optimising our Performance*.' These strategic branches of work will ensure our people can continue to thrive and respond to the growth of our community into the future.

We see 'Authentic Leadership' providing crucial and valuable nourishment to our strategy. The strategic branches cannot be successful without our leaders who promote, support, and enable the initiatives and programs designed for our people.



WHO
we are...

We are an energetic, agile, collaborative team of experts who are passionate about people.

WHAT
we do...

We provide expert advice and contemporary solutions that enable quality decision making, high engagement and performance, in a safe work environment. Our services span across Human Resources, Payroll and Systems, Work Health and Safety and Organisational Development.

WHY
we do it...

To enhance the engagement and performance of our employees so that our organisation can thrive and deliver high quality outcomes for the community.

Penrith City Council People Strategy 2022 – 2026

Enriching our Culture

Strengthening our organisational culture to enable people to thrive.

Penrith City Council's culture enables our people to thrive in an environment that supports them to reach their full potential. We intend to continue to build on our culture and nurture our employee experience and engagement. A culture that enables employees to thrive and be resilient in an everchanging landscape such as what Penrith is facing will support our people to deliver the best outcomes for Council and the community.

Council recognises that our employees come from diverse backgrounds and bring different ideas and experiences to our organisation which adds great value to the delivery of our community plan. As our community continues to grow, so will its diverse groups and to ensure we understand the unique needs of our community and the challenges they may face, our People Strategy will respond to this by reviewing our diversity and inclusion practices.

Strategic Drivers:

- Build on our safety foundations to grow the safety of our people both physically and mentally; supporting our people to become more resilient and therefore expanding their capacity to truly thrive in their experiences with us.

- Strengthen our employee experience and engagement to create a culture that our people are proud of, advocate for and positively contribute to. A culture that is underpinned by strong core values and a mindset that supports and celebrates our people's ability to bring their best whole self to work as a result of achieving true work life harmonisation in a way that is unique and meaningful to each individual and their role.

- Grow the diversity and inclusivity of our culture in order to truly tap into greater levels of engagement, innovation and organisational growth.

Programs of Work	Indicators of Success
Safety and Wellbeing – The safety of our people continues to be a high priority for Council as we see safety as a vital element of our culture. This program of work will see our employees of the future feeling that they are safe and healthy both physically and mentally through enhancements to our Health and Wellbeing programs and injury and incident management. We want our people to know that we care about their safety as well as the safety of our community by proactively focusing and playing a leading role across the areas of child safety, domestic and family violence and bullying and harassment.	Strong employee engagement Increased hazard and incident reporting Improved risk assessment and control measures
Employee Experience – In response to the challenges identified in the Workforce Management Strategy, Council understands the importance of strengthening our employee experience by exploring opportunities to evolve some of our existing core programs of work that impact the culture of our business. We will need to couple the strengthening of existing programs with the development of new ones such as delving into avenues that will enable us to grow a more diverse and inclusive workforce. The work we intend to undertake to strengthen our employee experience will need to be continually informed and sense checked against the employee engagement insights we gain through staying closely connected with the feedback and sentiment of our people.	Strong employee engagement

Enabling our Success

Setting us up for success to respond to our future growth by attracting, growing and retaining top talent together with agile systems and processes that allow quality decision making.

As our LGA expands, this will bring with it extensive employment offerings from new and growing employers that will compete with Council for top talent. Furthermore, with an increasing number of organisations offering greater flexibility to their employees, we may find our talent pools impacted as the talent market becomes more competitive. Council will respond to these challenges by ensuring our Talent Attraction practices are contemporary and agile to allow us to attract the best talent to our organisation.

We know that growth and change is in our future and our people need to have the tools, systems and processes that will allow them to flex and adjust when required to be able to continue to serve the changing needs of our community. Our People Strategy will address these needs by ensuring our systems and processes are enhanced so our people can make informed decisions, quickly and backed by strong and accurate data and analytics.

Strategic Drivers:

- To find ways in which we can continually evolve and enhance our offering and recruitment experience, enabling us to grow our competitive advantage in the talent market, resulting in us attracting and securing the best talent for our organisation. We believe this is key to growing a workforce that is better able to innovate, adapt and thrive through change and perform to greater and new levels of success.

- Identify, grow and retain our top talent in order to build our pipeline of future leaders, minimise the risk of losing valuable talent and knowledge and enhance the culture and performance of our organisation.

- To enhance the quality of our decision making by ensuring we can make timely and informed decisions that are supported by accurate data, trends and analytics.

- To grow our sophistication in the application of generative AI and automation across workforce processes to streamline operations and enhance data analytics, prediction trends and provide actionable insights that empower our workforce to make informed decisions more swiftly.

Programs of Work	Indicators of Success
Talent Attraction and Retention – The future of Council is reliant on us being able to attract and retain the best talent in the market. We want prospective employees of the future to feel connected to Council before they even commence with us which comes from a clear and compelling employee value proposition that ignites passion for our new and existing employees to deliver the best outcomes for Council. Talent attraction and retention strategies need to consider how we attract and secure the best talent and how we then enable the growth of our people, so that they are excited to grow their careers within Council.	Strong employee engagement Increased new starter satisfaction Increase engagement via careers website/social media
Data and Systems – When considering the future of our organisation and the environment we operate in, strong data analytics, reporting and systems will ensure our people can make informed decisions and be able to respond better to change. Our systems across the People and Culture function enable employees at all levels to access information they require to complete their jobs effectively and as a result having streamlined systems and reporting will enhance the organisation's overall effectiveness and agility.	Increased data accuracy Strong employee engagement

Optimising our Performance

Growing our organisational performance and capability by investing in our leaders and strengthening organisational capability and performance frameworks.

Growing and enhancing the capability and performance of our employees will benefit our Council and community by delivering the Community Plan to a high standard. Providing contemporary frameworks for our people to develop their capability will enable higher levels of individual and collective organisational performance.

Our research and industry trends told us that leaders of the future need to be inspirational, empathetic and well connected to their teams to support and drive outcomes. Our leadership of the future will embody these traits and will have the right tools to be successful. Growing our leaders to develop these capabilities is reflected in the People Strategy as our leaders are critical to the success of our people and the delivery of the community plan.

Strategic Drivers:

- Grow and strengthen our organisational capability in order to drive increased individual and collective performance and ability to successfully deliver on strategic organisational priorities.

- Grow the capability of our leaders so that they can lead with authenticity and empathy, creating psychologically safe cultures within their teams and tapping into the full potential and performance of their people.

Programs of Work	Indicators of Success
Organisational Capability and Performance – In response to the needs of our growing community, our employees need to be operating at their best to enable quality community outcomes for the future. Organisational capability plays a critical role in driving this performance and is underpinned by our people understanding what is expected of them and furthermore being supported by frameworks, training and tools that bring continual and organic feedback and performance discussions to the forefront, unlocking their potential and enabling them to truly thrive.	Strong employee engagement Increased utilisation of development and performance frameworks and tools

Leadership – Our research and industry insights have told us the importance of authentic leadership. Our leaders of the future will be further nurtured and developed through programs that will encourage them to work on themselves first so that they can bring with them to work their empathy, resilience and tenacity to lead and drive change. Empowerment will be a driving force for all leadership development which will mean our programs will focus on decision making, building leadership identity, growing capability and therefore confidence to be able to coach and mentor employees to drive their performance and deliver quality outcomes for Council and the Community.	Strong employee engagement

Interpreting Assistance

ENGLISH	If you do not understand this, please contact the Telephone Interpreting Service on 131 450 and ask them to contact Penrith City Council on your behalf on (02) 4732 7777. Or come to the Council offices and ask for an interpreter.
ARABIC	إذا لم يكن بامكانك قراءة النص أعلاه. الرجاء الاتصال بخدمات الترجمة الفورية الهاتفية (TIS) على الرقم 131 450 والطلب منهم الاتصال بدورهم بمجلس مدينة بنريث نيابة عنك على الرقم 7777 4732 (02) . أو يمكنك الحضور إلى المجلس وطلب ترتيب مترجم فوري لك .
CHINESE	如果您无法阅读这些文字，请致电 131 450 联系电话传译服务中心，请他们代您拨打 (02) 4732 7777 联系 Penrith 市议会。您也可以亲自到市议会来并要求获得口译服务。
GREEK	Αν δεν μπορείτε να το διαβάσετε αυτό, τηλεφωνήστε στην Τηλεφωνική Υπηρεσία Διερμηνέων στο 131 450 και ζητήστε τους να επικοινωνήσουν με το Δήμο Penrith (Penrith City Council) για λογαριασμό σας στον αριθμό (02) 4732 7777, ή ελάτε στη Δημαρχία και ζητήστε διερμηνέα.
HINDI	यदि आप इसे नहीं पढ़ पाते हैं, तो कृपया 131 450 पर टेलीफोन दुभाषिया सेवा से संपर्क करें और उनसे कहें कि वे आपकी ओर से पेनरथि सटिी काउंसलि से (02) 4732 7777 पर संपर्क करें. या आप काउंसलि आएँ और एक दुभाषयि की माँग करें.
ITALIAN	Se non riuscite a leggere questo, contattate il servizio telefonico di interpretariato al numero 131 450 e chiedetegli di contattare da parte vostra il comune di Penrith City al numero (02) 4732 7777 oppure venite in comune e richiedete un interprete.
MALTESE	Jekk ma tistax taqra dan, jekk jogħġbok, ikkuntattja lit-Telephone Interpreting Service fuq 131 450 u itlobhom biex jikkuntattjaw Penrith City Council f'ismek fuq (02) 4732 7777. Jew ejja l-Kunsill u itlob għal interpretu.
PERSIAN	اگر نمی توانید این مطلب را بخوانید، لطفاً به خدمات ترجمه تلفنی به شماره 131 450 زنگ بزنید و از آنان بخواهید با شورای شهر پنریث Penrith City Council به شمار ۷۷۷۷ 4732 (02) از جانب شما تماس بگیرند. یا اینکه به شهرداری Council آمده و مترجم بخواهید.
SINGHALESE	ඔබට මෙය කියවීමට නොහැකි නම්, කරුණාකර දුරකථන අංක 131 450 ඔස්සේ දුරකථන පරිවර්තන සේවාව (Telephone Interpreting Service) අමතා ඔබ වෙනුවෙන් දුරකථන අංක (02) 4732 7777 අමතා පෙන්රිත් නගර සභාව (Penrith City Council) හා සම්බන්ධ කර දෙන ලෙස ඉල්ලා සිටින්න. නැතිනම් නගර සභාව වෙත පැමිණ භාෂා පරිවර්තකයකු ලබා දෙන ලෙස ඉල්ලා සිටින්න.
TAMIL	இதை உங்களால் வாசிக்க இயலவில்லை என்றால், 'தொலைபேசி உரைபெயர்ப்பு சேவை'யை 131 450 எனும் இலக்கத்தில் அழைத்து 'பென்ரித் நகரவை'யுடன் (02) 4732 7777 எனும் இலக்கத்தில் உங்கள் சார்பாக தொடர்பு கொள்ளுமாறு கேளுங்கள். அல்லது நகரவைக்கு விஜயம் செய்து உரைபெயர்ப்பாளர் ஒருவர் வேண்டுமெனக் கேளுங்கள்.
VIETNAMESE	Nếu quý vị không thể đọc được thông tin này, xin liên lạc Dịch Vụ Thông Dịch Qua Điện Thoại ở số 131 450 và yêu cầu họ thay mặt quý vị liên lạc với Hội Đồng Thành Phố Penrith ở số (02) 4732 7777. Hoặc hãy tới Hội Đồng và yêu cầu có thông dịch viên.

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