

# Part 2



## Asset Management Strategy 2024-2034

### 2.1 Our Asset Management Goals

Many of the services provided by Council are supported and provided by infrastructure assets. A key responsibility of Council is to ensure that these assets are meeting affordable and acceptable levels of service and are sustainable into the longer term.

Council manages an asset register of six asset classes, consisting of over 157,000 assets with a combined cost of approximately \$2.7B.

Examples of assets include community buildings, sports fields, parks, carparks, roads, bridges, stormwater pits, footpaths and water treatment plants.

This Asset Management Strategy helps apply a consistent approach to how we manage our assets, ensuring they are planned for, created, operated, maintained, renewed and disposed of in accordance with Council's Asset Management Policy.

Asset Planning is a journey of continuous improvement. There will always be opportunities to further improve the accuracy of asset data, better understand community needs and expectations and more efficiently meet the service needs of the Shire both now and into the future.

The goals of this Strategy are to:

- Improve the sustainability of the assets under Council's control.
- Deliver levels of services to the community that are both affordable and acceptable.
- Ensure our assets are reliable, safe and fit for purpose.
- Continuously improve how we manage our risk.
- Allocate appropriate resources to asset management.
- Support staff to undertake responsible asset management.
- Achieve best practice asset management.
- Meet our legislative requirements.

## 2.2 Asset Systems & Structures

### Asset Planning Framework

The Asset Management Planning Framework, as summarised in Figure 1, integrates into the wider IP&R Framework and ensures Council performs the Asset Management functions of planning, coordinating, controlling, executing, monitoring and improving the activities associated with managing its assets.



The Asset Management Framework has three primary components:

1. **Asset Management (AM) Policy:** defines Council's Asset Management goals.
2. **Asset Management Strategy (AMS):** also known as a Strategic Asset Management Plan (SAMP), shows how Council will achieve the goals of the AM Policy. It is a road map for the delivery of these objectives in accordance with the principles set in the AM Policy. It is to be continually monitored and regularly reviewed, in alignment with the formulation of the Long Term Financial Plan (LTFP) and the Delivery Program and Operational Plans adopted annually by Council.
3. **Asset Management Plans (AMP):** Further explore the high-level summary contained in the AMS with a detailed analysis of inventory, risk, levels of service and sustainability. AMPs are developed for all major infrastructure asset classes, grouped by the type of function the assets serve – i.e. community assets or a specific business unit.
  - a. Community assets
    - i. Transport
    - ii. Stormwater
    - iii. Buildings & Aquatics
    - iv. Open Space & Recreation
    - v. Water
    - vi. Wastewater
  - b. Business units
    - i. Cemeteries
    - ii. Resource Recovery Centre
    - iii. Southern Regional Livestock Exchange

The AMPs are continually reviewed, to ensure long-term sustainability of the Council services they support. They are informed by community consultation and are used as core inputs into the development of Council's Long Term Financial Plan.

AMPs will be made available on the Council website within the Asset Management Planning page as they are developed.

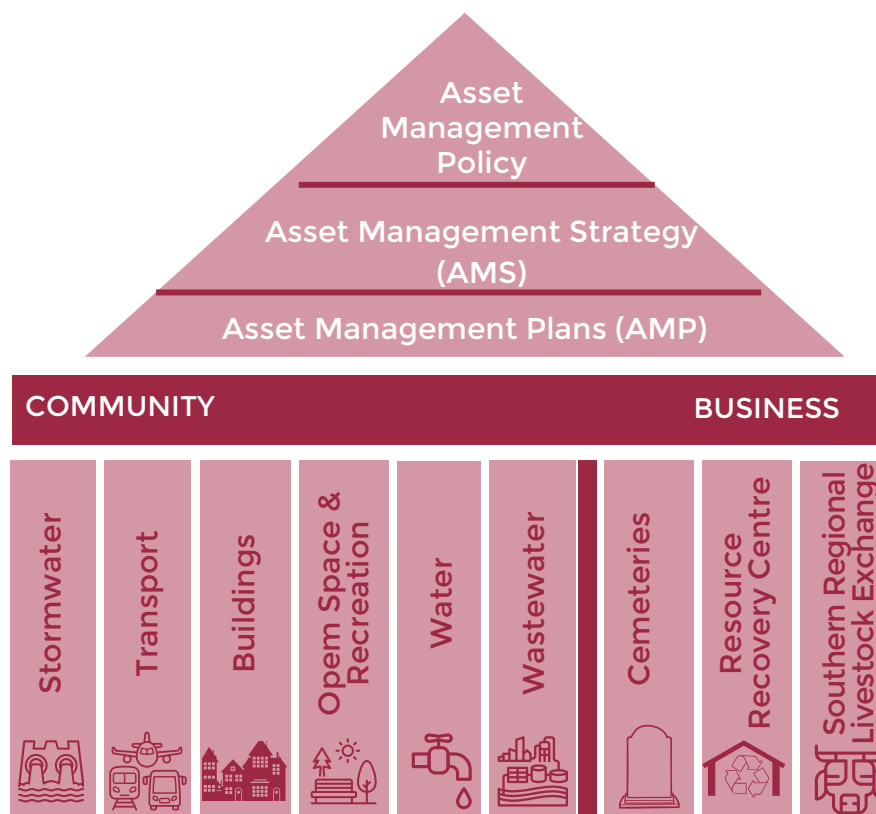


Figure 1

# Asset Planning Systems



Wingecarribee Shire Council utilises several databases and systems to deliver on asset planning requirements. These databases and systems are summarised in Table 1 below:

System / Database	Description / Purpose
Conquest	Asset register – inventory, condition & attributes
ArcGIS	Spatial data
Technology One -Finance	Budgeting, purchase orders, expenditure
Technology One – Enterprise Content Management (ECM)	Record keeping
Technology One – Customer Request Management (CRM)	Workflow management for customer requests
Pulse – Project Management	Scoping and project control for Capital Projects
Pavement Management System (PMS)	Road condition modelling software
Infoworks WS Pro & ICM	Water and wastewater modelling software

Table 1 - Asset Planning Systems

Council has embarked on a digital transformation journey, with Council executing a 10 year contract at the 19 October 2022 Council Meeting with Technology One. This contract will see all Technology One modules and additional options being made available to Council and being progressively implemented across the organisation. A 10 year roadmap for the implementation of the Technology One suite is currently being developed. This will generate asset planning outcomes through modernisation & integration of the works management asset register and strategic asset modules. This will enable Council to model asset conditions such as result of 10 year funding scenarios and to enable data driven decision making to achieve financial sustainability.

## Organisational Structure

Council has adopted a centralised approach to Asset Planning with all asset management and network planning functions being consolidated within the Assets Team. Management of operations and maintenance, as well as capital project delivery, are primarily distributed across the teams of Shire Presentation, Water Services and Project Delivery. However the provision of services through assets is managed across the Directorates of Council. The following table provides a summary of service managers across the organisation.

Service Manager	Asset Facility
Manager Community Life & Libraries	Libraries
Manager Waste and Resource Recovery	Resource Recovery Centre
Manager Business and Property	Southern Regional Livestock Exchange Southern Highlands Visitor Information Centre Bowral Memorial Hall
Manager Water Services	Mittagong Works Depot
Manager Shire Presentation	Moss Vale Works Depot Aquatics

Table 2 - Service Managers



The below figures detail the structure of these teams within the Service and Project Delivery Directorate, as well as that the Assets Team. Further detail of the individual units within the Asset Team will be contained within the AMPs.

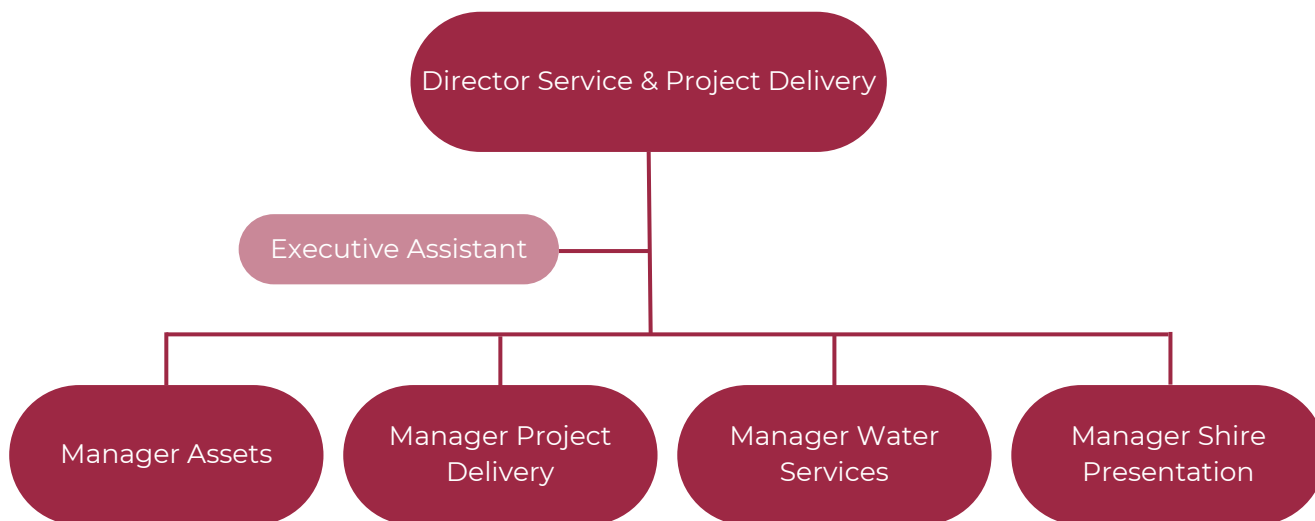


Figure 2 – Service & Project Delivery Directorate

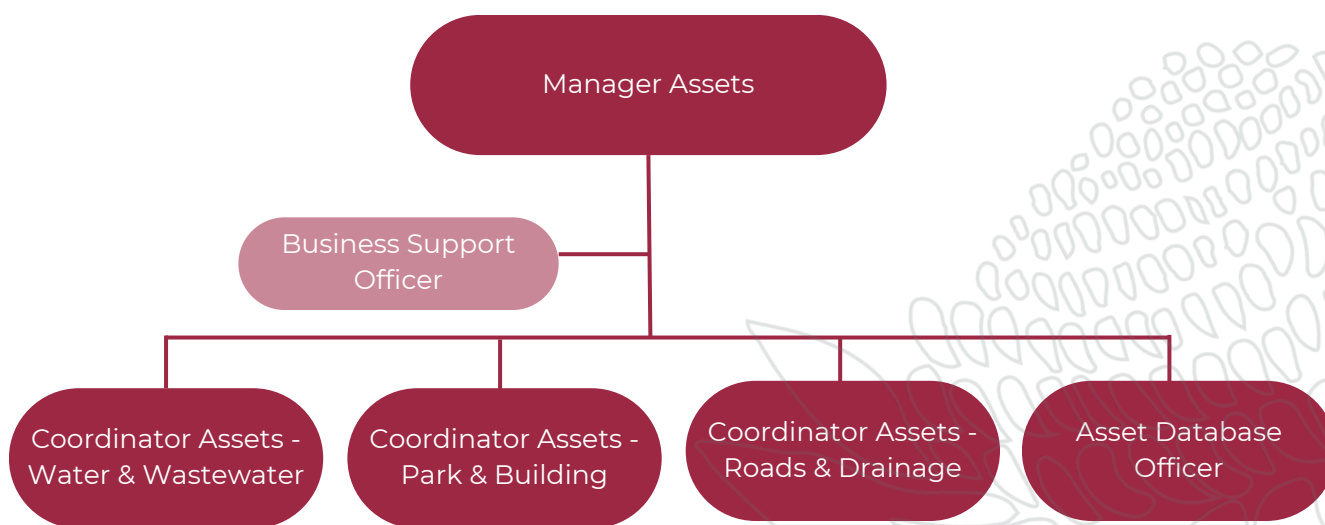


Figure 3 – Asset Team Structure

These assets are utilised to deliver a broad range of functions or services to the community, many of which are managed by a nominated Service Manager. Service Managers are major stakeholders of assets related to their corresponding facility, and so the planning and delivery of these assets is done with extensive consultation and high collaboration.



## 2.4 Our Assets

### 2.4.1 Inventory

Council manages an asset register of six discrete asset classes, in excess of 157,000 assets with a combined Current Asset Cost of approximately \$2.7B. A summary of the asset classes and the subsequent asset categories are provided below;







	Capital Revenue	Assumption
	Buildings	Administration / Operational Buildings Community Buildings Commercial Buildings Public Toilets Sportsfield Amenities / Clubhouses Libraries
	Open Space & Recreation	Sportsfields Parks & Reserves Walking Trails Swimming Pools Playspaces Park Furniture Sportsfield Furniture
	Transport	Roads Carparks Bridges Footpaths & Shared Paths Roadside Furniture Traffic Facilities
	Stormwater	Stormwater pits Stormwater pipes & culverts Gross Pollutant Traps (GPTs) Stormwater Quality Improvement Devices (SQIDs) Detention Basins
	Water	Water Treatment Plants Water Reservoirs Water Pump Stations Water Mains Dams Hydrants, valves & meters
	Wastewater	Wastewater Treatment Plants Pump Stations Gravity & Rising Mains Manholes, valves & vents

Table 3 – Asset Class



Asset inventory is maintained and updated through three primary means:

- Recognition of constructed assets – both through Council delivered capital projects, but also assets dedicated to Council through subdivision development.
- Ad-hoc Asset Inspections – inspections are regularly conducted in response to customer or internal requests, as well as part of project scoping phases.
- Scheduled Asset Inspections – all assets are to feature within a schedule of asset inspections. The frequency of inspection would be commensurate to the rate of degradation of the asset, as well as consequence of failure and cost of inspection. The development of a comprehensive schedule of asset network inspections is identified as an action in our Improvement Plan.

Assets are valued in accordance with the detailed revaluations of asset classes are undertaken in accordance with Australian Accounting Standards and so a comprehensive revaluation of each asset class is undertaken at a minimum every five years. Outside of the comprehensive revaluation years, fair value assessments are to be undertaken on an annual basis for all asset classes. If the assessment identifies that a material change has occurred, the corresponding asset classes will indexed with an industry accepted indices.

Financial Year	Comprehensive Valuation
2023/24	Roads
2024/25	Nil
2025/26	Parks & Sportsfields Monuments & Public Art
2026/27	Water Sewer Drainage

Table 4 - Comprehensive Valuation Schedule

The split of asset value across the asset classes is provided below.

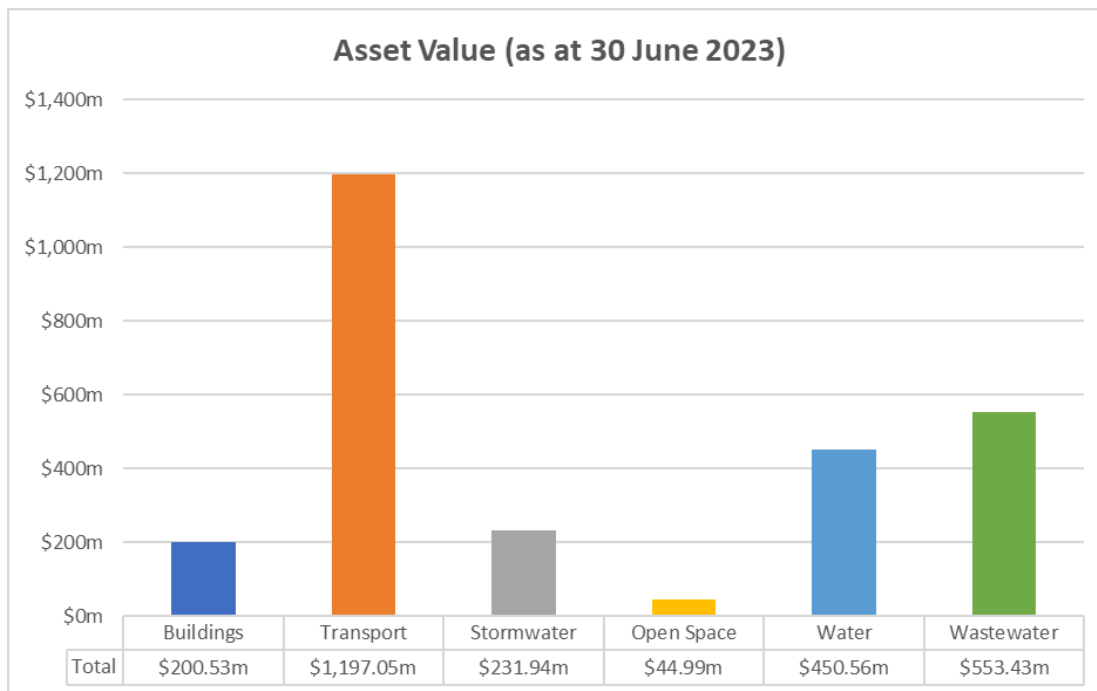


Figure 4 - Asset Value

### 2.4.2 Condition

Asset condition is assessed as part of comprehensive network inspections, conducted on a rolling program. These assessments are undertaken in accordance with the relevant Practice Notes issued by the Institute of Public Works Engineering Australasia. The condition rating scale is 1-5:

1. As new / excellent
2. Good / satisfactory
3. Fair / tolerable
4. Poor / intolerable
5. Very poor / reconstruction required

Asset condition by asset value is shown in Figure 5. The average condition for each asset class is contained in Table 5.

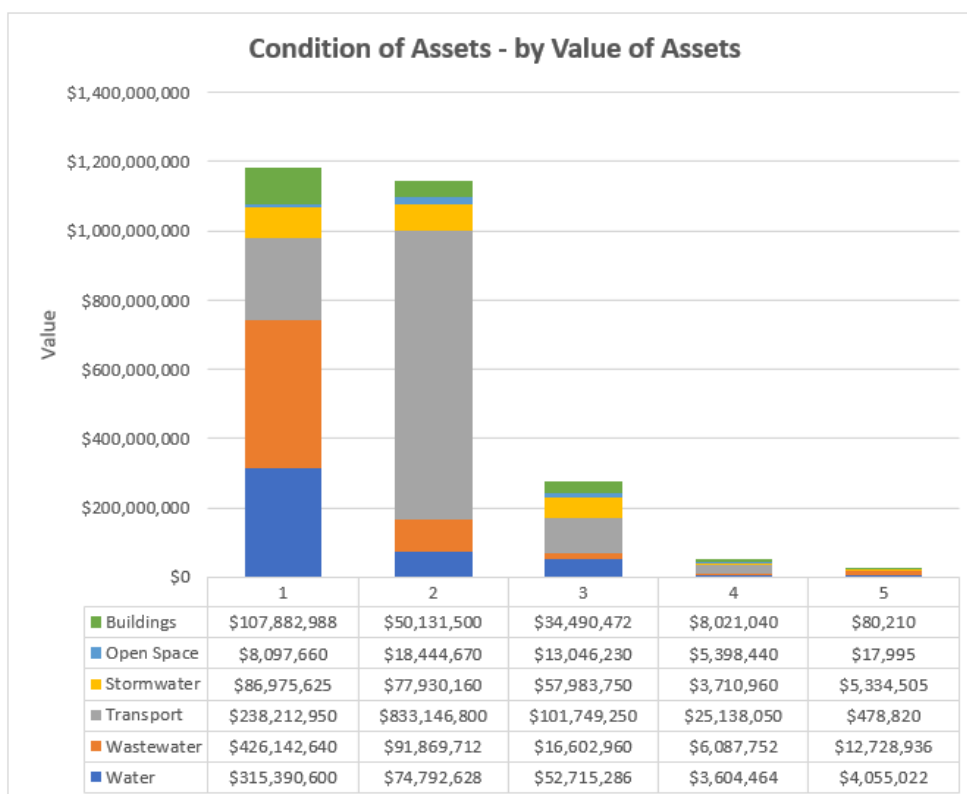


Figure 5 - Condition of Assets by Value of Assets



Asset Class	By Value of Assets
Buildings	1.72
Open Space & Recreation	2.35
Transport	1.98
Stormwater	1.93
Water	1.35
Wastewater	1.46
<b>Grand Total</b>	<b>1.73</b>

Table 5 - Average Condition of Asset Classes







## 2.5 Drivers of Levels of Service

Levels of Service (LoS) are comprised of four components: provision, renewal, maintenance and operations. Each LoS is constrained by funding and resource availability, however the fundamental drivers of LoS can be identified in three categories:

- Risk Management.
- Community Satisfaction.
- Strategies and Masterplans.

### Risk Management

Risk is the effect of uncertainty on Council's ability to achieve its objectives. Risk Management is the process of systematically identifying, monitoring, treating and reporting these risks.

Risk Assessments has been completed within the Asset Management Plan for each Asset Class. The Risk Assessments identify potential hazards and select a treatment option to be implemented to control the generated risk. The resultant treatments would primarily fall within the categories of ensuring compliance with regulations and standards, adhering to a regime of systemic inspections, committing to a program of upgrades and ensuring proactive and reactive maintenance is completed. For each treatment, it is then identified as to what level of service it influences.

The Risk Assessments would cover generic hazards that are typical across the entire asset network, however they would also provide a specific treatment for the management of Critical Assets.

### Critical Assets

Critical Assets are those assets that have a high consequence of failure in terms of community impact. By identifying critical assets and failure modes, Council can ensure that condition inspection programs, maintenance and capital expenditure plans are targeted to ensure that the risk of critical asset failure is minimised.

Council's current list of critical asset groups include:







	Asset Class	Critical Assets
	Buildings	Administration / Operational Buildings
	Open Spaces & Recreation	Nil
	Transport	Bridges Regional & Major Collector Roads
	Stormwater	Major Stormwater Network
	Water	Treatment Plants Reservoirs Pump Stations Dams
	Wastewater	Treatment Plants Pump Stations Rising Mains

Table 6 - Critical Assets



## Community Satisfaction

Council's community satisfaction survey is undertaken biennially and tracks Council's performance in service delivery, identifies priority areas and evaluates community attitudes towards customer services, communication and Council as an organisation.

The objectives of the community satisfaction survey process are to;

- Measure the importance of, and satisfaction with, services and facilities provided by Council.
- Compare levels of satisfaction for Council's services and facilities with similar councils.
- Assist Council in identifying service priorities for the community.
- Evaluate Council's customer services and communication.

The survey covers facilities and services provided by Council identifying both importance and satisfaction on a 5-point scale, with 1 = low and 5 = high.

A community survey was conducted in 2022, with the results of the prior years also provided for comparison. The following table contains the items relevant to this asset management plan.

Asset Class	Council Service	Importance			Satisfaction			2022 Performance Gap
		2019	2021	2022	2019	2021	2022	
Buildings	Provision and operation of libraries	4.11	4.07	4.20	4.02	4.00	4.14	1%
	Provision and maintenance of community halls	4.09	3.96	3.84	3.57	3.50	3.39	9%
	Protecting heritage values and buildings	3.92	3.96	4.05	3.33	3.23	3.19	17%
	Cleanliness and functionality of public toilets	4.15	4.32	4.03	3.39	3.46	3.31	14%
	Provision and maintenance of swimming pools	3.95	4.03	3.50	3.61	3.11	3.24	5%
Open Spaces	Provision and maintenance of local parks and gardens	4.21	4.35	4.15	3.46	3.39	3.31	17%
	Provision and maintenance of playgrounds	4.23	4.24	3.98	3.52	3.43	3.15	17%
	Provision and maintenance of sporting facilities	4.13	4.24	3.79	3.52	3.52	3.32	9%
	Cycle paths and walking tracks	4.14	4.28	4.00	3.11	3.20	3.26	15%
Transport	Condition of Local Roads	4.61	4.72	4.67	2.27	1.98	1.53	63%
	Provision and quality of footpaths	4.32	4.37	4.31	2.64	2.67	2.73	32%
	Local Traffic Management	4.32	4.44	4.35	2.79	2.70	2.86	30%
Stormwater	Providing adequate drainage	4.35	4.44	4.57	2.99	2.75	2.56	40%



Wastewater	Overall sewerage system performance (chokes, overflows, odour)	4.54	4.61	4.47	4.13	4.14	3.96	10%
	Water							
Water	Town drinking water quality (taste, smell and colour)	4.73	4.72	4.64	3.79	4.07	3.91	14%
	Reliability of town water	4.68	4.72	4.70	4.19	4.26	4.18	10%

Table 7 - Community Survey Results Gaps

In the table above, the 2022 Performance Gap is the difference between community importance and community satisfaction.

Trends that can be seen from the survey results across the asset classes are:

- Buildings: the community is mostly satisfied with the provision and operation of libraries, community halls and swimming pools. However there is community desire for an increased Council performance in the maintenance of public toilets and the protection of heritage buildings.
- Open Spaces: With the exception of cycle paths and walking tracks, community satisfaction for parks, playgrounds and sporting facilities has been in consistent decline. It is evident that there is a community desire for an increased Council performance in the provision and maintenance across all areas of open space assets.
- Transport: Community satisfaction has consistently declined in the condition of local roads over the past three years and has the largest performance gap identified in the survey.
- Stormwater: Community survey results demonstrate stormwater drainage continuing to grow in importance for the community, however the community's satisfaction with the stormwater drainage continues to decline. This shows a clear disconnect between Council's current performance in the provision of adequate drainage and the community's expectations.
- Wastewater: The wastewater management network has consistently been valued of high importance by the community and survey results also show that community satisfaction is consistently high. The focus is therefore primarily on maintaining existing service provision.
- Water: The waste supply network has consistently been valued of high importance by the community and survey results also show that community satisfaction is consistently high. The focus is therefore primarily on maintaining existing service provision.

These community survey results are further explored in the Asset Management Plans and are utilised to guide and inform the schedule of service reviews for the asset classes.



### 2.5.4 Strategies and Masterplans

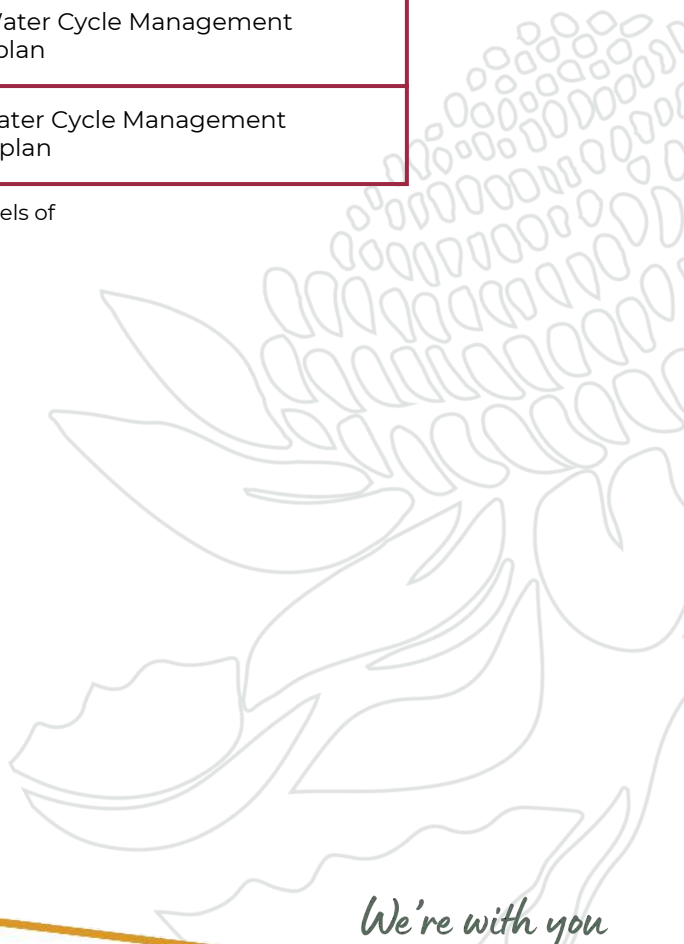
Strategies and masterplans also drive levels of service. Council prepares strategies and masterplans across all asset classes to ensure that network planning, implementation and maintenance is being conducted in a holistic and effective manner.

Each strategy or masterplan will directly inform one or more levels of service for a distinct grouping of assets – be it by asset category or geographic location. As part of the development of asset class AMPs, each of these strategies and masterplans will be mapped to the level of service and assets it relates to.

Examples of strategies and masterplans that impact the levels of service for the asset base include:

	Asset Class	Strategies and Masterplans
	Buildings	Community & Recreation Facilities Strategy Public Toilet Plan
	Open Spaces & Recreation	Parks Plan Playspace Plan Recreation Walking Tracks Plan Conservation Management Plans Plans of Management Street Tree Masterplan
	Transport	Pedestrian Access & Mobility Plans Bicycle Strategy Town Centre Masterplans
	Stormwater	Floodplain Risk Management Studies & Plans Environment Strategy 2021-2027
	Water	Integrated Water Cycle Management Water Masterplan
	Wastewater	Integrated Water Cycle Management Sewer Masterplan

Table 8 - Strategies & Plans that impact the levels of service





## 2.6 Levels of Service

### Provision Level of Service

The Provision LoS relates to what Council provides, how much and where. Council's current provision is that of almost 160,000 assets worth a combined \$2.7B to provide services to the Wingecarribee Shire. The Provision LoS is not consistent across the Shire as subdivisions and development are completed in accordance with the standards of the time – and these standards change. The provision LoS for new subdivisions and development is therefore that which is stipulated in the documents which govern it, namely Council's:

- Local Environmental Plan.
- Development Control Plan.
- Engineering Design and Construction Specifications.
- Developer Contribution and Servicing Plans.

Due to the Level of Service drivers Council must be striving for progressive implementation of a consistent Provision Level of Service across the Shire. This is a difficult and expensive endeavour and so is primarily led by the implementation of the strategies and masterplans detailed in Table 8.

Service Managers are major stakeholders of assets related to their corresponding facility, and so the planning and delivery of these assets is done with extensive consultation and high collaboration.

### Renewal

The Renewal LoS defines how often Council intends to replace existing assets with a Modern Engineering Equivalent Replacement Asset (MEERA), including disposal of the existing asset.

This renewal frequency is termed 'useful life' and adjusting this value has significant implications for annual depreciation, with asset useful being a direct factor in its calculation. Annual investment in the capital renewal of assets should ideally equate to the value of annual depreciation. Although asset degradation and failure will not follow a straight line across financial years, failure to maintain asset renewal at the rate of annual depreciation will result in an overwhelming volume of renewal works in later years.

Adjustments to asset useful life also has impacts on required maintenance and operations expenditures. Shorter useful lives generally result in less required maintenance, all other factors being equal, and vice versa.

Exhaustive lists of asset renewal lives are provided within the AMPs, however a summary of asset useful lives and required annual renewals is provided in Table 9 and Figure



Detailed lists of asset renewal lives and required renewals can be found in our AMPs. A summary is provided below.







Asset Class	Useful Lives	
 Buildings	Useful lives are determined for specific assets, as opposed to asset categories. These useful lives are determined through the comprehensive evaluation exercise.	
 Open Spaces & Recreation	Playspaces	20
	Park Furniture	15-25
	Sportsfield Lighting	25
 Transport	Footpath	50
	Concrete Bridge	100
	Road - Sprayseal Wearing Surface	16
	Road - Asphalt Wearing Surface	25
	Road - Basecourse	80-100
	Road - Subbase	80-100
 Stormwater	Stormwater Pits	100
	Stormwater Pipes	100
	Gross Pollutant Traps	80
 Water	Water Main – PE or uPVC	100
	Hydrants	60
	Pumps	15-20
	Valves	20-60
 Wastewater	Wastewater Main – PE or uPVC	100
	Manhole	70
	Pumps	15-20
	Valves	40

Table 9 - Asset Useful Lives

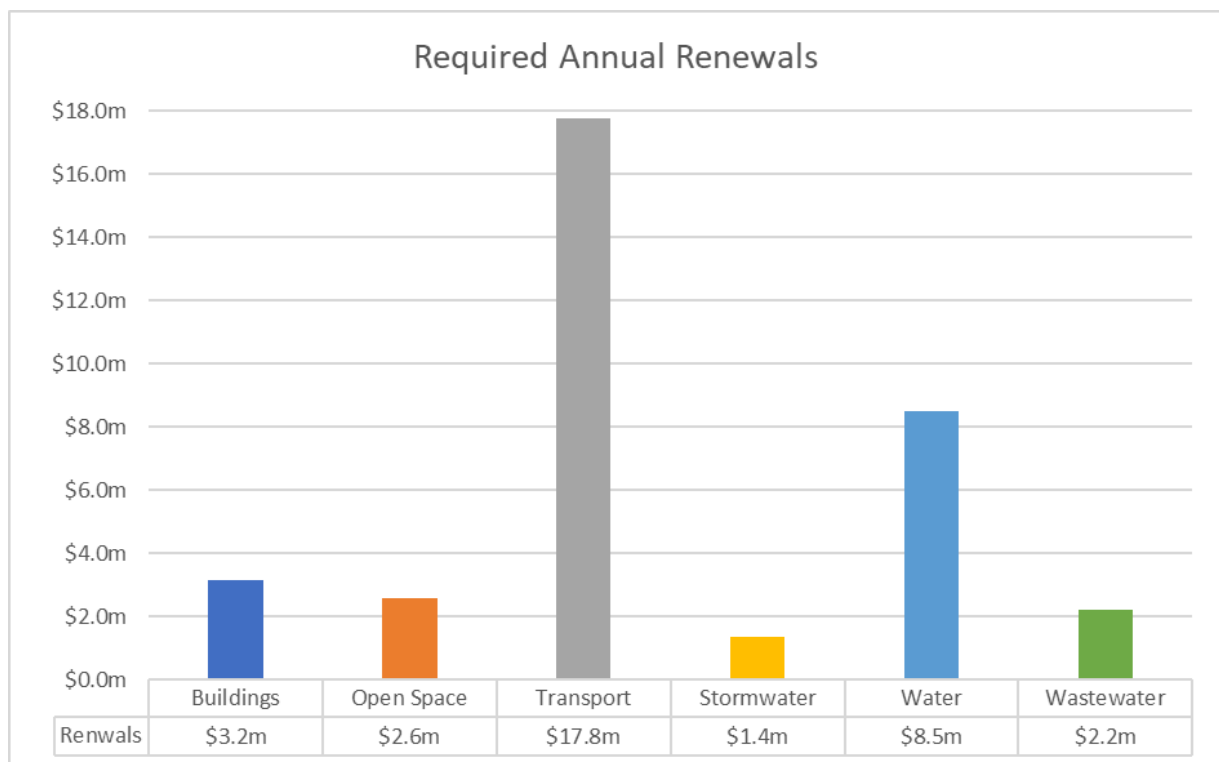


Figure 9 - Required Asset Renewals



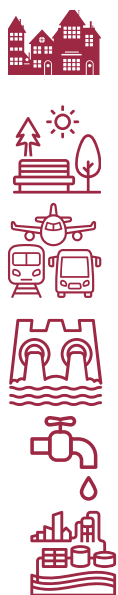
### Maintenance and Operations

Maintenance and operation activities are completed in both a proactive and reactive fashion across the asset network. Many operational activities by their nature are able to be scheduled and completed in a timely and controlled way. Maintenance activities are more difficult to deliver in a scheduled fashion, with mature systems and full resourcing required to do so.

Results from the 2022 community satisfaction survey show a mixed response to Council’s current level of service for maintenance and operations. High community satisfaction is noted for operation of the water and wastewater networks (92% and 88% satisfaction) however it is offset by a noted lack of satisfaction in Council’s current maintenance level of service for the transport and stormwater networks.

Maintenance and operations budgets are heavily constrained by both funding and resourcing availability. Although results of the 2022 community satisfaction survey indicate a performance gap in transport and stormwater maintenance, these constraints mean that solutions will need to be found whilst maintaining existing budget levels. Potential opportunities being investigated are a more planned approach to maintenance, as well as programming and delivery of more effective capital renewal and upgrade projects.

The current maintenance and operations budgets are provided in Table 10 below. The value of these budgets as a percentage of asset class value has also been calculated in order to enable forecasting maintenance and operation budgets required for the future years, as a result of asset base growth. This also provides an opportunity to benchmark these against other Council areas.



Asset Class	Annual Maintenance & Operations	
	\$	as % of Asset Value
Buildings	\$1,868,000	0.9%
Open Spaces & Recreation	\$2,464,000	5.5%
Transport	\$8,012,000	0.7%
Stormwater	\$320,000	0.1%
Water	\$10,903,000	2.4%
Wastewater	\$12,327,000	2.2%

Table 10 - Maintenance & Operations by Asset Class



## 2.7 Asset Base Growth

Council's asset base will expand over the next 10 years through committed and expected new and upgrade expenditure, assets contributed by development through conditions of consent, and the Developer Contributions and Servicing Plans. This growth can be decreased through asset disposals; however, no significant disposals are currently committed.

In this analysis, all future asset values, as well as planned and recommended expenditures, assume an indexation rate of 3% per annum.

### New and Upgraded Assets

The new and upgrade asset projects category covers those projects resourced by Council or grant funding, but excluding Development Contributions, that involve existing assets being enhanced or new assets being constructed.

New and upgrade expenditure included within the draft 2024/25 to 2026/27 Capital Works Program has been considered within the Asset Base Growth calculation. This expenditure is largely derived from grant funded projects and the significant water and wastewater upgrade projects. With grant funding only being reflected in Council's budgets upon notification of success, grant funding does not impact the asset base growth calculation after 2025/26 of the Capital Program. This, combined with the forecast delivery of the significant water and wastewater upgrade projects by 2026/27, results in there being minimal new and upgrade expenditure considered post this year.

A current difficulty with the calculation of new and upgrade asset expenditure for water and wastewater projects are the utilisation of S64 funding. In future revisions of the AMS, further delineation between S64 and Council revenue expenditure will be provided. As such, the current Asset Base Growth graphs provided in the AMS combine New and Upgraded Assets and the Developer Contributions Plan expenditure into a single category.

### Assets Contributed by Development through Conditions of Consent

As development occurs, particularly within the new living areas identified within the Wingecarribee Local Housing Strategy, it is intended that infrastructure be provided at a rate consistent with the Provision LoS in existing parts of the Wingecarribee Local Government Area.

With the Wingecarribee Local Housing Strategy setting an objective of a 50:50 split of infill and greenfield development, it is therefore forecast that only 50% of the annual population growth will result in asset base growth, through conditions of consent.

Reviewing the rate of contributed assets across 2021/22 and 2022/23, it is observed that the value of contributed assets is equivalent to 30% of this forecast population growth from greenfield development. This is a result of assets contributed through this method generally being of a non-major nature. (e.g. sewer pipelines will be contributed through a development, but not another sewage treatment plant).

This methodology will continue to be monitored and if required, reviewed to ensure accuracy is maintained as New Living Areas begin to come online.

Financial Year	Population	Population Growth (from previous year)	Forecast Asset Base Growth
2023/24	53,226	1.1%	0.16%
2024/25	54,196	1.1%	0.16%
2025/26	54,766	1.1%	0.16%
2026/27	55,357	1.1%	0.16%
2027/28	55,975	1.1%	0.17%
2028/29	56,593	1.1%	0.17%
2029/30	57,212	1.1%	0.16%
2030/31	57,830	1.1%	0.16%
2031/32	58,448	1.1%	0.16%
2032/33	59,138	1.1%	0.18%





Table 11 - Population growth and contributed assets

### Developer Contributions and Servicing Strategies

An important funding source for new infrastructure are Development Contributions collected under Section 7.11 and 7.12 of the Environmental Planning and Assessment Act, as well as Voluntary Planning Agreements (VPA). These contributions fund a significant proportion, though not all, of the infrastructure required by new development.

Council currently primarily levies contributions through the following Plans:

- Open Space, Recreation, Community and Cultural Facilities 2013 to 2036.
- Roads and Traffic Facilities 2012 to 2031.
- Southern Highlands Innovation Park (SHIP) Plan.
- Water and Sewer Development Servicing Plan.
- Stormwater Development Servicing Plan.

Several strategic studies are currently in progress which will inform future updates to the plans, these strategic studies being:

- Community and Recreation Facilities Strategy (completed 2023).
- Integrated Transport Study (to be completed 2024).
- Wastewater Masterplans (Bowral to be completed 2024, Moss Vale to be completed 2024, Mittagong to be completed 2025).
- Water Masterplan (completed 2020).

Only projects that currently feature within the 2024/25 to 2028/29 Capital Works Program which are funded by Developer Contributions are included within this section. Please refer to the AMPs for a listing of the projects within this category.

### Asset Disposals

Asset disposals entail the removal of an existing asset without replacing it with a similar asset. No such disposals are considered in this AMS. This may be examined in future revisions when considering the results of community engagement.

### Asset Indexation

An indexation rate of 3.0% p.a has been applied across the 10 year forecast period. This aligns with the indexation rate adoption in the LTFP. The same rate has been adopted in this AMS to ensure that lifecycle costs and associated budgets are comparable in future financial years.

### Asset Base Growth

Total asset base growth comprises:

- Asset upgrades.
- Assets contributed by development through conditions of consent.
- Development Contributions.
- Subtracting asset disposals.
- Indexation.

The figures below show this forecast asset base growth of \$1.2B over 10 years, with indexation being responsible for 87% of this value growth.



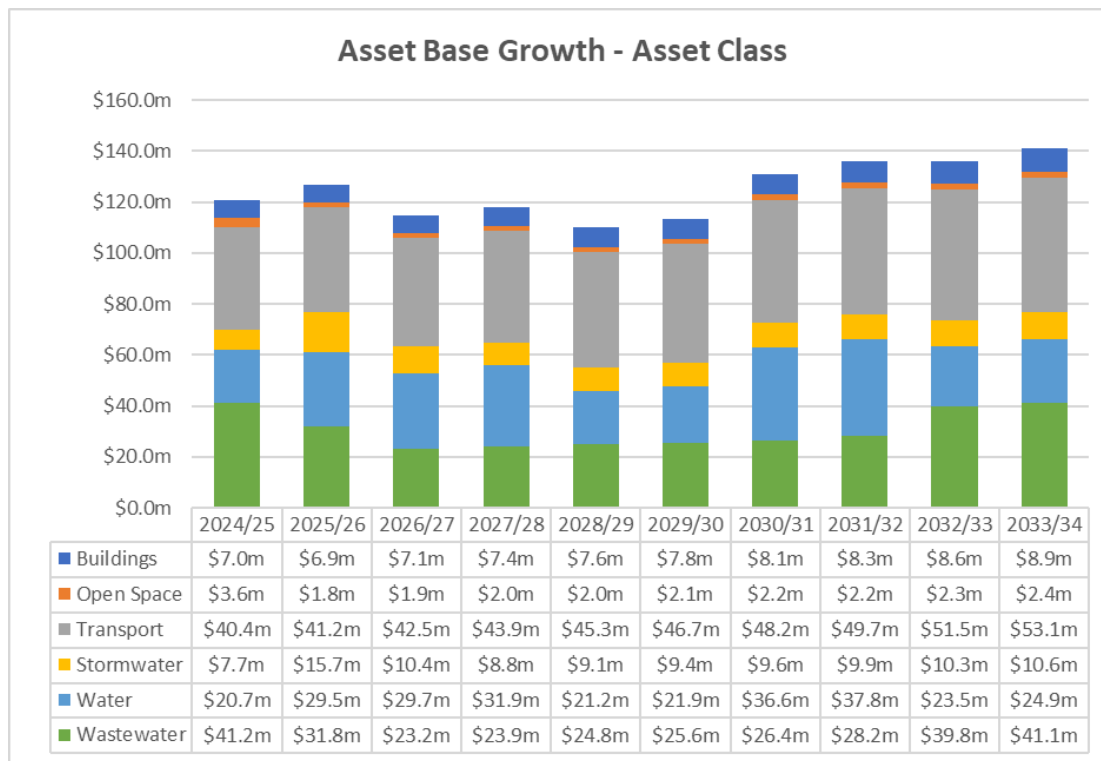


Figure 7 - Asset Base Growth – Asset Class

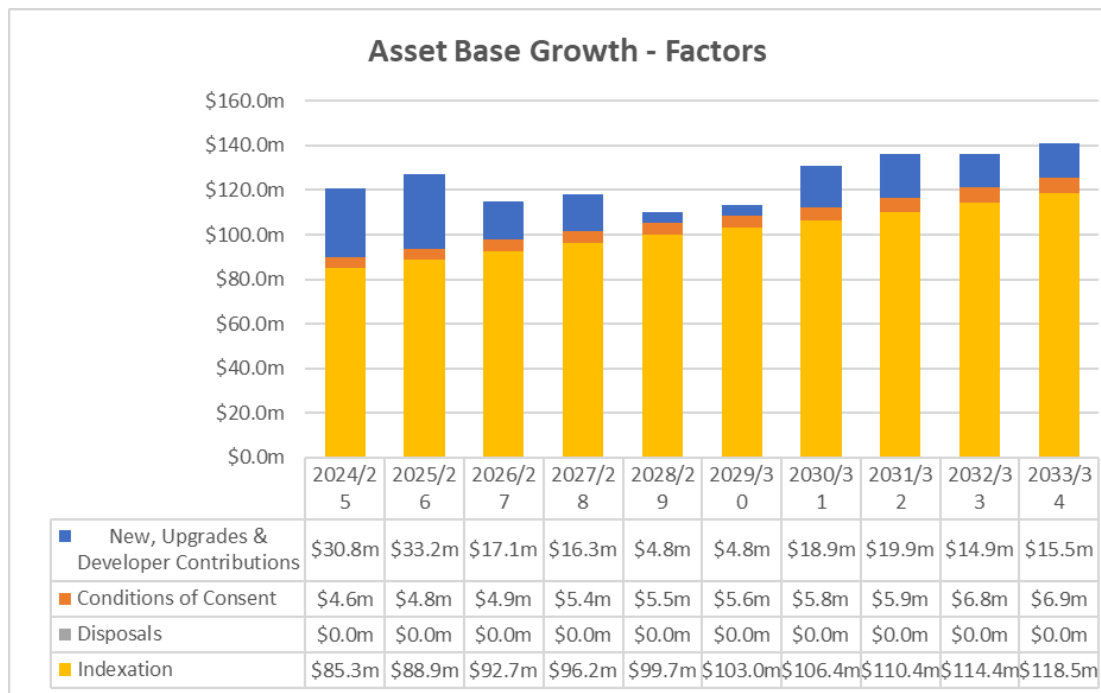


Figure 8 - Asset Base Growth Factors

## 2.8 Financial Lifecycle Forecast

Council assets and asset base growth forecasts require resourcing across their lifecycle in order to achieve the required LoS.



The two main components are renewal expenditure, and maintenance and operations expenditure, which together give the recommended overall expenditure on Council assets over the next 10 years.

### Renewal Forecast

To ensure that satisfactory condition is maintained across the asset base and the Infrastructure Backlog Ratio benchmark is achieved, capital renewal works should be undertaken when assets reach the end of their useful lives. These capital renewal works involve disposing of the existing asset and constructing the MEERA.

However, if the expiry of useful lives or asset conditions are solely relied upon to inform these recommended renewals, annual budgets fluctuate significantly, which creates difficulties from a resourcing perspective. Rather, it is better practice to average out the recommended renewal expenditure in order to reduce annual fluctuations. When future Delivery Programs are prepared, actual allocations to each asset class may vary depending upon the scale of individual projects

### Buildings, Open Space, Transport, Stormwater

The required renewal expenditure across the 10 year period for Buildings, Open Spaces, Transport and Stormwater is forecast to be \$274M.

The current Long Term Financial Plan can only accommodate a renewal investment of \$197M, which has been calculated on the parameters of:

- SRV allocation to be that of 2025/26 application (\$9.88M, annually indexed at 3%).
- GF allocation of 2025/26 to be \$6.5M, annually indexed at 3%.

Figure 9 below shows the annual depreciation of the asset classes and the programmed renewal expenditure.

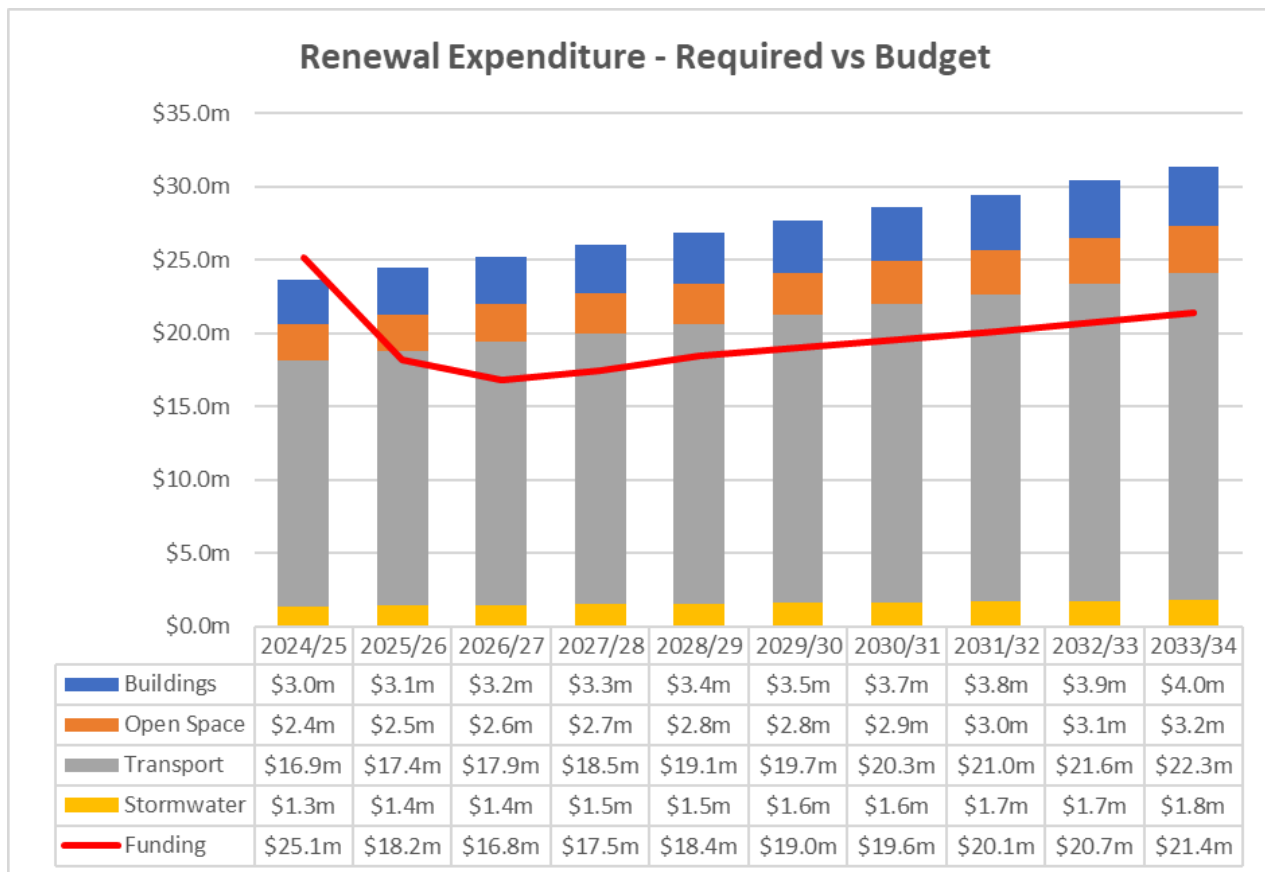


Figure 9 - Renewal Required & Actual - Buildings, Open Space, Transport, Stormwater



This funding allocation only meets 72% of annual depreciation. Annual renewal investment will therefore continue to fall 28% short of aligning with annual depreciation – with the disparity commencing from Year 2 and by Year 10 is a \$10M disparity.

A portion of this funding shortfall, potentially \$2-4M, can reasonably be assumed to be covered by grant funding opportunities such as:

- Roads to Recovery 2025 – 2030 Program.
- Regional Road Block Grant.
- Regional Road Repair Program.
- Fixing Local Roads.

There may be new funding opportunities offered by State and Federal Governments, however, given the uncertainty of these funding's, and that there are no funding agreements as of yet, they have not been included within the financial assessment of the Asset Management Strategy.

This shortfall will also be partially addressed through asset useful lives being reviewed through each asset class comprehensive valuation, to ensure that asset life is being maximised as much as reasonably possible. As a minimum, it is understood the useful life of footpaths can be extended – which will reduce the annual depreciation of footpaths by 38%.

However, investment in asset renewals will not meet with asset depreciation within this AMS. As result it is expected that asset condition will deteriorate, resulting in a larger percentage of the network residing as Condition 4 or 5.

As part of the current digital transformation journey, the Technology One Strategic Assets module is to be implemented within the 2024/25 financial year. Once implemented, this will enable the modelling of forecast asset condition as result of funding profiles.

The next iteration of the AMS will therefore detail the asset condition that will result from renewal investment not aligning with asset depreciation.

### Water and Wastewater

The required renewal expenditure across the 10 year period for Water and Wastewater is forecast to be \$186M.

The current Long Term Financial Plan accommodates a renewal expenditure across the 10 year period with a renewal investment of \$151M.

Figure 10 below shows the annual depreciation of the asset classes and the programmed renewal expenditure.



It is evident that renewal investment is significantly higher than annual depreciation for the first four years of the study period, which is as result of the significant Sewage Treatment Plant and Water Treatment Plant upgrade projects. Although the projects are for the purpose of increasing the treatment process and capacity, the projects do contain a significant degree of asset renewal and so a portion of the project cost is deemed renewal (50% for STP upgrades, 25% for WTP upgrade).

Therefore, as result of this high renewal expenditure for Years 1 to 4, it is not of immediate concern that asset renewal does not align with annual depreciation for Years 5 to 10.

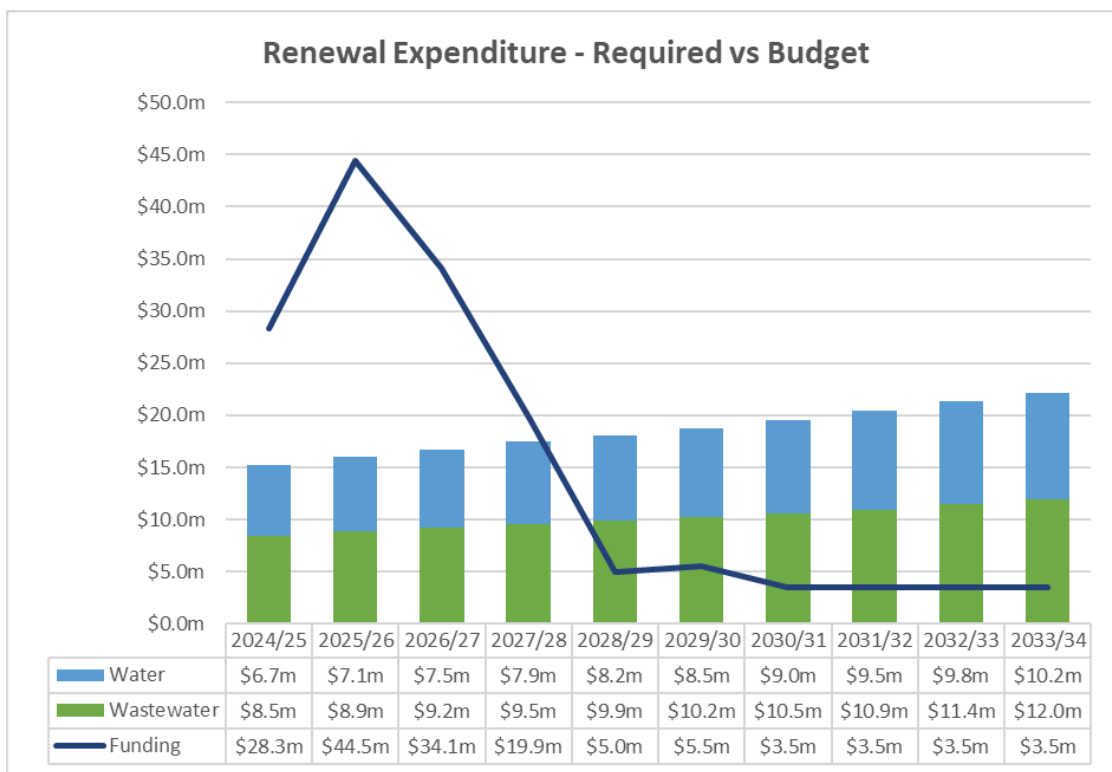


Figure 10 - Renewal Expenditure Required VS Actual - Water & Wastewater

## Maintenance & Operations Forecast



To sustain the current Maintenance and Operations LoS whilst accommodating a growing asset base, annual maintenance and operations budget increases are required. The required maintenance and operations expenditure across the 10 year period is therefore forecast to be \$501.5M. Failure to achieve this expenditure may result in a lowering of levels of service and prevent assets from reaching their desired useful life - which in turn increases renewal expenditure requirements.

That withstanding, Council embark on a process of benchmarking maintenance and operations budgets across similar Councils, to determine its current levels are appropriate, or if efficiencies can be expected.

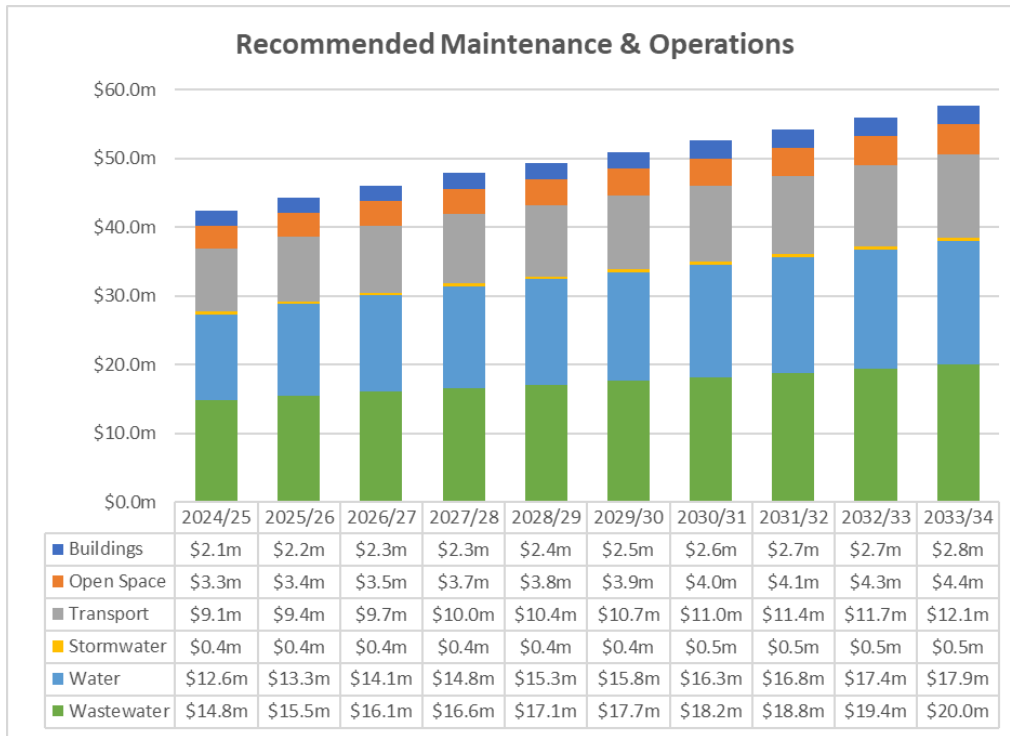
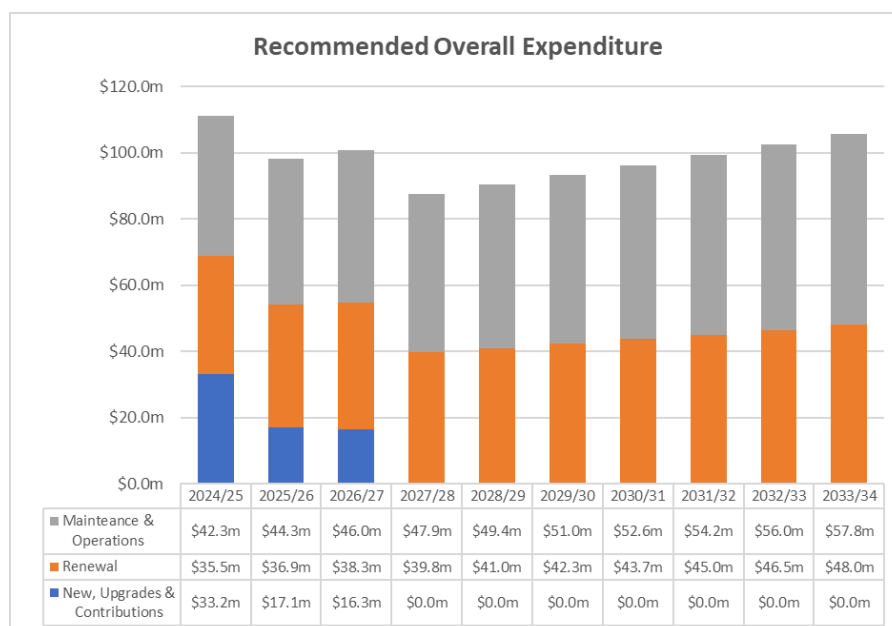


Figure 14 - Recommended Maintenance & Operations Expenditure

## Overall Forecast

The recommended overall expenditure is a combination of the new, upgrades and Developer Contributions and the recommended renewal, maintenance and operations expenditure, resulting in an overall recommended expenditure of \$985M over 10 years as depicted below.

Figure 15 - Recommended Overall Expenditure





## 2.9 Improvement Plan

Asset Planning is a journey of continuous improvement and there will always be opportunities to further improve the accuracy of asset data, better understand community needs and expectations and deliver better services across the Shire. To this end, an Asset Management Improvement Plan (Table 12) has been prepared to guide this journey of continuous improvement.

Ref	Task	Target Completion Date
1	Develop of AMPs for all Community Asset Classes	30/06/2024
2	Prepare Stormwater Materplans - Yerrinbool	30/06/2024
3	Update the Water and Wastewater Financial Model	30/12/2024
4	Prepare Plans of Management – Parks, General Community Use and Sportsfields	30/12/2024
5	Implement Technology One Asset Register	30/12/2024
6	Implement Technology Strategic Assets	30/12/2024
7	Prepare Wastewater Masterplan - Mittagong	30/06/2025
8	Prepare asset inspection schedule, covering all asset classes	30/06/2025
9	Prepare Stormwater Materplans - Hill Top, Bundanoon & New Berrima	28/02/2025
10	Develop AMPs for all Business Asset Classes	30/06/2026
11	Review of Developer Contributions & Servicing Strategies	30/06/2026
-	Undertake condition inspection of Stormwater Network	Annually
-	Complete comprehensive Valuations & Fair Vale Assessment	Annually

Table 12 - Asset Management Improvement Plan

## 2.10 Measuring performance

There are several Key Performance Indicators that we use to assess the effectiveness of our Asset Management Strategy.

We report back against these at least once a year in Council's Annual Report.

As also outlined in our Long Term Financial Plan, all Councils will report on the following:

- Asset maintenance ratio – which compares the actual versus required annual asset maintenance (Target >100%).
- Infrastructure backlog ratio – which shows the proportion of the backlog against the total value of a council's infrastructure (Target <2%).
- Building and infrastructure renewal ratio – which compares the rates of renewal against the rate at which they are depreciating. (Target >100%).

We also consider the following when assessing our performance:

- Council adoption of Asset Management Plans.
- Implementation of the Asset Management Improvement Program.
- Progressive improvement in our Asset Maturity score.
- Level of improvement in the overall condition of assets.
- Level of improvement in community satisfaction with the services provided and condition of assets.
- Satisfactory audit reports.

We monitor our performance regularly and report on associated Delivery Program and Operational Plan actions at least every six-months.