

# Resourcing Strategy

2022-26



# Acknowledgment of country



We acknowledge the traditional owners and custodians of this country and their continuing connection to the land through culture and community. We pay our respects to Elders past, present and future.

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## Collaboration

*We enjoy working together to deliver for our community*

## Adaptability

*We are ready for change and willing to embrace a new situation*

## Integrity

*We are committed to maintain high ethics and standards*

## Respect

*We are mindful of and care about the feelings, wishes and rights of others*

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**Values are the fundamental beliefs of a person or organisation.**

These principles guide behaviour and help organisations to determine if they are on the right path and fulfilling their goals by creating an unwavering guide for all to follow.

**Shoalhaven City Council has chosen four Core Values:** Council's Core Values are reflected throughout the Code of Conduct.

# Our Vision For the Future

*"We will work together in Shoalhaven to foster a safe & attractive community for people to live, work, stay & play; where sustainable growth, development & environmental protection are managed to provide a unique & relaxed lifestyle"*



# Introduction

**The Shoalhaven City Council Resourcing Strategy forms part of Council’s Integrated Planning and Reporting suite of documents.**

The Resourcing Strategy supports the Community Strategic Plan - Shoalhaven 2032, the Delivery Program 2022-2026, and the annual Operational Plans. While the Community Strategic Plan describes the long-term goals of our community, the Resourcing Strategy outlines how we will help achieve these in terms of time, money, assets and people.

The Resourcing Strategy is the link between the Community Strategic Plan and the Delivery Program, detailing the resources needed to implement the strategies.

The actions outlined in this Resourcing Strategy are included in the Delivery Program 2022-2026 and annual Operational Plans as required across each of the key priorities.

The Resourcing Strategy contains the following elements:

**Workforce Management Strategy 2022-26**

Builds the capability and capacity of the workforce to achieve Council’s strategic goals and objectives. It considers what people, with what capabilities and experience are required to deliver Council’s four-year Delivery Program.

**Asset Management Strategy and Plan 2022-26**

Includes the Asset Management Policy, Strategy and related Asset Management Plans which provide direction for continuous improvement in the asset management of Council’s \$4.9 billion in infrastructure, community, operational and commercial assets.

**Information Communication Technology Strategy 2022-26**

Outlines opportunities to build on the recent investment made in systems and technologies to create an exceptional customer experience.

**Long Term Financial Plan 2022-2032**

A 10-year rolling plan that informs decision-making and demonstrates how objectives of the Community Strategic Plan and Delivery Program commitments will be resourced and funded. It outlines Council’s ability to delivery cost-effective services to our community with a focus on financial sustainability.

# Planning & Reporting Framework

**Shoalhaven’s plans are developed in conjunction with State and Regional Plans, the Resourcing Strategy, other supporting plans, Councillors, staff and the community.**

The community plan for the Shoalhaven over the next ten years is captured in the Community Strategic Plan 2032 (CSP). While Council will use the plan to develop its objectives and actions, other government and non-government organisations can and will use the CSP to align their activities to meet Shoalhaven’s needs.

Our future planning documents are made up of four key components (Figure 1):

1. Shoalhaven 2032 Community Strategic Plan (10 years)
2. Delivery Program Objectives (4 years)
3. Operational Plan & Budget (annual)
4. Council’s Resourcing Strategy (4 years)

## Community Strategic Plan

The community plan for the Shoalhaven over the next ten years is captured in the Community Strategic Plan (CSP). The purpose of the plan is to identify the community’s main aspirations and priorities for the future. The CSP is organised under four themes and eleven key priorities.

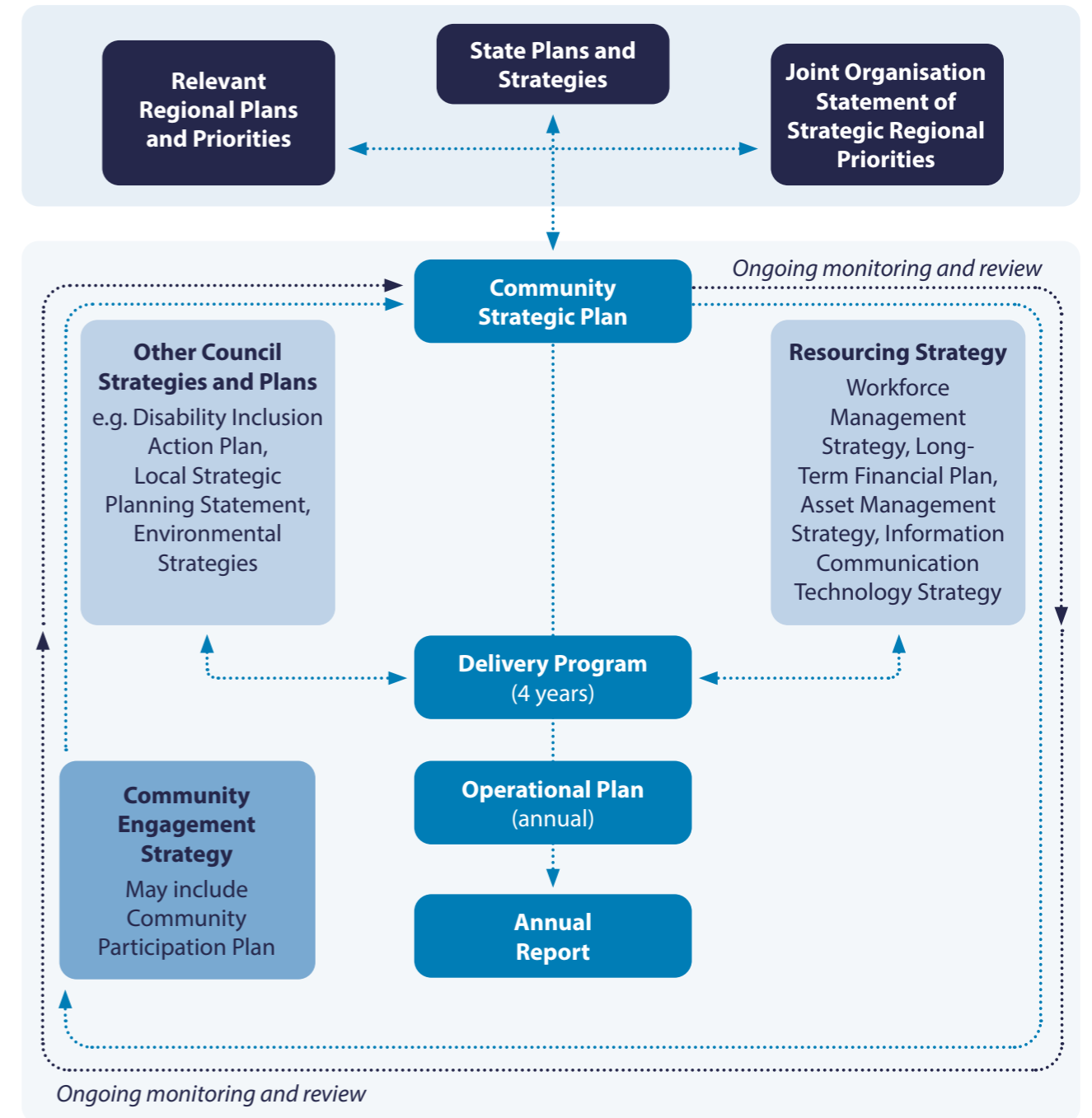
While Council will use the plan to develop its objectives and actions, not everything in the plan is Council’s responsibility. Other government and non-government organisations can and will use the CSP to align their activities to meet Shoalhaven’s needs.

## Delivery Program Operational Plan

The Delivery Program Objectives are Council’s response to the Community Strategic Plan and what Council can do within each term of the elected Council. The one-year Operational Plan Actions detail what will be completed over the next 12 months to address the Delivery Program Objectives. Budget, staff resources and assets are allocated to ensure the Actions are undertaken.

## Resourcing Strategy

While the Community Strategic Plan describes the long-term goals of our community, the Resourcing Strategy outlines how we will help achieve these in terms of time, money, assets and people. It is used to address the budget needs through the Long Term Financial Plan, assets required through the Asset Management Framework, technology needs through the ICT Strategy and Council’s workforce through the Workforce Strategy.



(Figure 1): Integrated Planning and Reporting Framework



# Workforce Management Strategy

**The Workforce Management Strategy is a document that shapes the capacity and capability of the workforce to achieve Council’s strategic goals and objectives over the next four years in alignment with Council’s core values of Respect, Integrity, Adaptability and Collaboration.**

It will act as a roadmap to guide key workforce initiatives to ensure Council can meet future workforce and organisational challenges. The document includes an assessment of workforce trends, needs, current challenges and forecasts future

needs. The development of the Workforce Strategy is aligned to the 2032 Community Strategic Plan and will support Council to achieve our Delivery Program objectives and positive outcomes for our community.

## Workforce Trends & Needs

As at February 2022, Shoalhaven City Council had a total headcount of 1457 staff (includes 336 casuals). Staff are distributed across seven areas as shown in Table 1. Full-time equivalent numbers in Table 1 exclude casual positions.

*Table 1. Workforce Distribution*

Group	Headcount	Percentage of workforce	Full time Equivalent (incl. fixed term, excl. casuals)	Percentage of FTE
CEO	19	1.3%	12.6	1.2%
City Performance	179	12.3%	154	14.6%
Shoalhaven Water Utility	207	14.2%	187.6	17.9%
City Services	413	28.3%	380	36.2%
City Development	208	14.3%	148	14.1%
City Lifestyles	377	25.9%	132	12.6%
City Futures	54	3.7%	36	3.4%
<b>Total</b>	<b>1457</b>	<b>100%</b>	<b>1050.2</b>	<b>100%</b>

## Age

Shoalhaven has an ageing workforce, with 38.9% of staff aged 50 or older. Further, 9.1% are at retirement age (67) or will be eligible for retirement within the next five years. In contrast only 20.1% of workers are aged under 30. While the ageing workforce is an issue across the organisation, it is most pertinent in City Services, where 46.5% of staff are 50 years or older. Table 2 displays the age distribution across Council. Council has in place an established traineeship and apprenticeship program to assist in attracting and retaining young people within the organisation through an agreement with a third-party provider with on average 50 participants involved. These externally engaged trainees are not included within the numbers below.

*Table 2. Age Distribution by Directorate (%)*

Age	Total (%)	CEO Group	City Performance	City Lifestyles	Shoalhaven Water	City Services	City Futures	City Development
16 – 19	2.8	0	0	9.30	1.5	0.5	0	0
20 – 29	17	0	13.4	24.7	19.3	13.1	14.8	14.4
30 – 39	18.7	33.3	17.9	17.5	22.7	17.7	13	20.2
40 – 49	22.5	22.2	27.4	18.3	21.2	22.3	27.8	26.4
50 – 59	25.1	22.2	26.8	17.5	25.6	32.2	16.7	25
60 – 69	12.8	16.7	14.5	11.1	8.7	14.0	25.9	12.5
70+	0.9	5.6	0	1.6	1	0.2	1.9	1.4

In recent years, Council's turnover rate has ranged between 10 and 12%, with the majority of the workforce holding a long tenure. The recent trend is that the turnover rate is increasing. However, this is in contrast with figures for new hires, where in FY21 there was 20% turnover from new hires in their first year of employment at SCC. Of those employed for less than 12 months 62% were male and 38% were female. Within those resigning within the first year there were 52% of staff over 35yrs and 48% of staff under 35yrs.

### Gender

The overall percentage of women in the SCC workforce has increased from 41% women as at December 2016 to 45% as at February 2022. As Table 3 displays, the percentage of women is highest in the CEO Group, and lowest in Shoalhaven Water.

Directorate	Women (%)	Men (%)
CEO Group	78	22
City Performance	79	21
Shoalhaven Water	15.5	84.5
City Services	21.3	78.7
City Lifestyles	62.6	37.4
City Futures	72.2	27.8
City Development	61%	39%
<b>Total Workforce</b>	<b>45%</b>	<b>55%</b>

In reviewing the gender balance in management levels the following statistics are relevant:

Directorate	Women	Men
Supervisors/Managers = 234	92 (40%)	142 (60%)
Senior Managers (Grade 13^ ) = 80	24 (30%)	56 (70%)

### Current Workforce Challenges

Current workforce challenges facing SCC are focused around building a capable and agile workforce. Based on consultation and the need to respond to the workforce profile identified above the workforce plan should target the following areas:

- Planning for an ageing workforce
- Addressing knowledge management
- Succession Planning
- Attraction and retention
- Staff capability and capacity to harness technological advances
- Developing a resilient and agile workforce
- Capability uplift around effective stakeholder management (both community and councillors)
- Attracting and retaining local staff including youth, Aboriginal and Torres Strait Islander and people with a disability
- Increasing operational effectiveness through communication and collaboration across Council
- Employee learning and development
- Leadership and Management Capability development

### Forecasted Future Needs

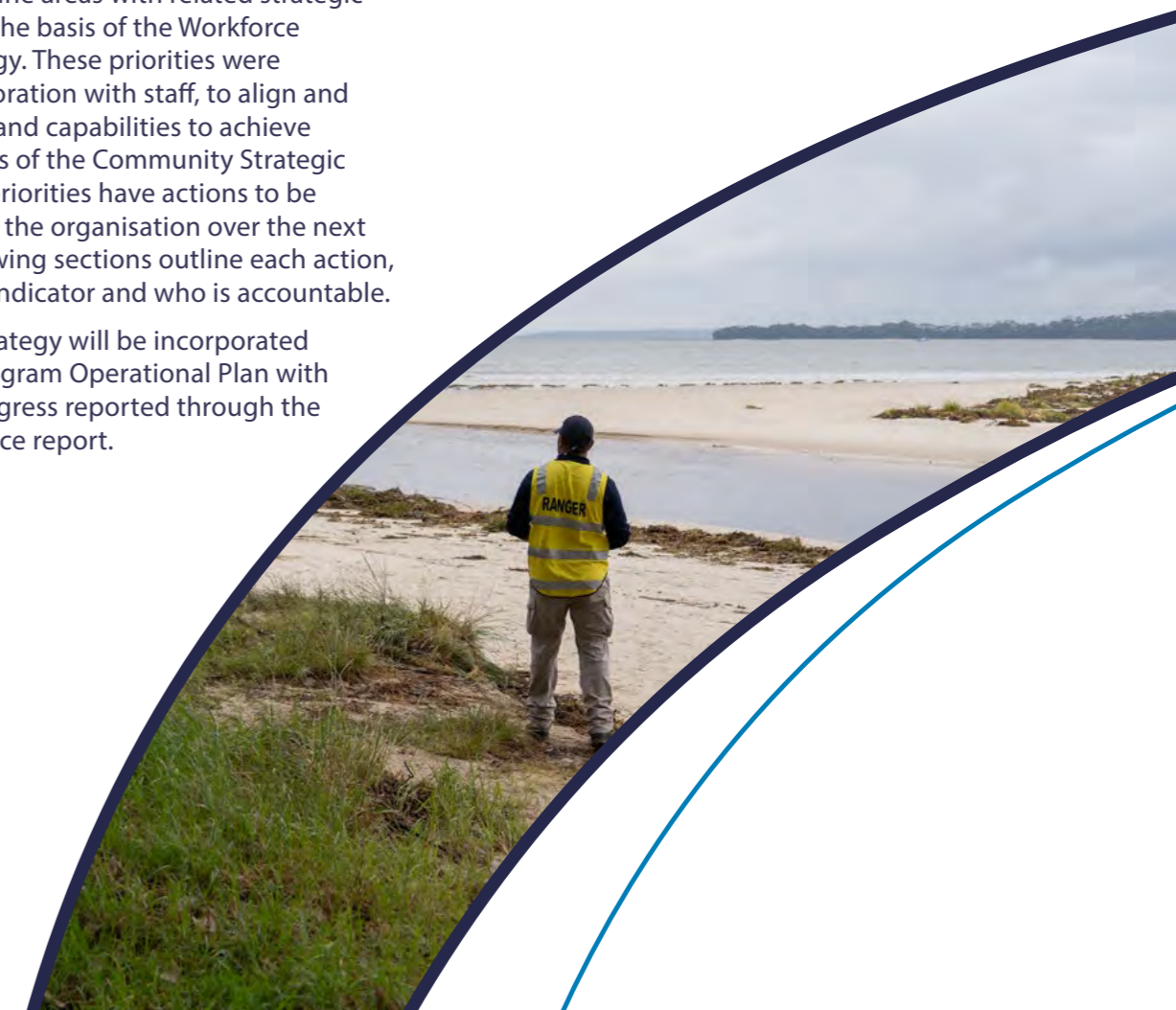
Shoalhaven City Council needs to remain agile, with a continuing focus on customer service while developing a more proactive and planned approach to undertaking work. Council needs to position itself as an employer of choice and effectively plan for the retirement of a large portion of the workforce. The SCC workforce needs to be in a position to:

- Retain knowledge as older workers exit the workforce
- Have a cohort of leaders ready to step into management positions as older workers retire
- Collaborate effectively across the different areas of council
- Harness innovations in technology
- Remain agile in changing environments
- Meet and manage the needs of stakeholders
- Attract and retain the right staff for the right roles

### Strategic Action Plan

In the context of the challenges faced by Council, we have identified nine areas with related strategic actions which form the basis of the Workforce Management Strategy. These priorities were developed in collaboration with staff, to align and address behaviours and capabilities to achieve the community goals of the Community Strategic Plan. Each of these priorities have actions to be implemented across the organisation over the next four years. The following sections outline each action, what is the success indicator and who is accountable.

Actions from this strategy will be incorporated into the Delivery Program Operational Plan with implementation progress reported through the quarterly performance report.



## Strategy

The workforce needs to understand how their work aligns with Council strategy. Team and individual activities should clearly link to overarching strategic objectives. The following actions will assist SCC to achieve strategic priorities.

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Align strategic language about future direction in all relevant documents	Review key strategic documents, to ensure alignment and consistency  All managers to regularly communicate with staff regarding the strategic intent and how their work aligns with the approach	Staff use a shared language to articulate the future direction of SCC and can see how their work supports the strategy	CEO EMT Media & Communications Manager		☑	☑	
Enhance clarity and line of sight between teams and individual roles, & organisational strategy	Cascade strategic and operation goals into team and individual achievement plans  Ensure performance management system shows clear link to strategic plan and priorities	All teams can articulate how their work contributes to achieving the Community Strategic Plan and the boarder direction of Council	EMT Media & Communications Manager	☑	☑	☑	

## Organisational Structure

The workforce structure will be instrumental in driving and supporting Council's strategy. The structure needs to support an agile workforce and should position staff to incorporate technological innovations in their work.

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Align structure to support future direction of Council.	Review changes to organisational structure and ensure outcomes are being met	Staff and management report a high degree of confidence in the structure	People & Culture	☑	☑		
	Commence review of those areas not changed in most recent restructure	Higher levels of lateral integration can be observed	SLT	☑	☑		
	Assess and quantify the benefits of offering more roles with flexible working arrangements or part-time/casual arrangements to better meet the needs of staff and council within the structure	SCC developed and reported on metrics to align workforce to business strategy	SLT	☑	☑	☑	☑

## Resourcing

Strategic recruitment and forecasting of resource needs will enable an effective workforce. Recruitment processes will be transparent and implemented Council-wide and SCC will be recognised as an employer of choice in the region. To recruit the most suitable candidates, recruitment processes will consider both internal and external candidates and Council will engage in targeted recruitment of minority groups. Council will effectively utilise the skill sets of the workforce and resource requirements will be regularly forecast to prepare for any potential skill gaps.

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Forecasting and resourcing needs	Actively forecast human resourcing trends throughout the year taking into account peak periods and staff leave	Resourcing needs are identified in advance and can be planned for	EMT People & Culture		☑	☑	☑
Implementation of Strategically Aligned Recruitment Practices	Re-define the recruitment processes to align with the workforce plan  Develop consistent processes for including both internal and external applicants in the recruitment process	Standardised recruitment practices are utilised through SCC	People & Culture	☑			
Ensure recruitment practices deliver a diverse workforce that is representative of the Community	Develop practices to attract the recruitment of minority groups and work with community organisations to increase application rates  Partner with employment providers to ensure recruitment practices are inclusive of people with a disability	Higher representation of Aboriginal and Torres Strait Islander, minority groups and people with a disability in applicant pools	People & Culture	☑	☑		



Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Develop and refine strategies to attract and recruit staff	Develop an Employee Value Proposition seeking staff input	Employee Value Proposition (EVP) developed	People & Culture	☑	☑	☑	
	Investigate options to develop stronger and more positive brand recognition for Council	Staff survey shows staff awareness of EVP and positive brand association					
	Develop strategies which encourage youth within the local area to consider Council as a career option	Consideration given to defining customer survey metrics related to brand recognition					
Proactively manage skills utilisation across Council	Undertake Council wide skills audit of current staff skills which includes disability access	Skills audit is undertaken and utilised annually	People & Culture		☑	☑	☑
	Utilise skills audit to support forecasting requirements and determine gaps	No of staff attending training or professional development					
	Utilise skills audit to undertake staff rotation program and cross skill staff across multiple roles and through cross-functional projects and improvement activities	Staff are agile and able to fill multiple roles across Council					
Review of Remuneration offering	Undertake a review and update of the salary table, benefits, reward and recognition program.	Updated salary table and remuneration system every 4 years	People & Culture	☑	☑		
		Reward & Recognition program implemented					

## Succession Planning

Council will engage in organisation wide skills development and knowledge sharing to effectively address succession planning requirements. Council will utilise the knowledge of experienced staff through knowledge management processes to ensure in-depth Council knowledge is retained. Transition programs will support staff as they enter retirement and create appropriate time for handover to their successors.

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Organisation-wide approach to succession planning	Council to develop a Succession Plan strategy and guidelines for all key roles	Number of internal staff applying for roles is increasing	People & Culture SLT		☑	☑	☑
	Develop a targeted succession plan for City Services to address the high percentage of aged workers	Numbers of internal promoted is increasing over time (based on merit)					
	Use Performance Review process to assist employees identify their careers paths and the milestones they need to achieve the outcomes	Age profile of City Services is more balanced					
Ensure effective knowledge management processes are core to operational approach	Implement mentoring programs and internal professional development sessions run by subject matter experts	Council will have formalised processes for retaining key knowledge from experienced and retiring staff	People & Culture SLT		☑	☑	☑
	Involve experienced staff in developing training materials and 'handover guides' for new staff or those who may take over in the future staff						
Refresh Transition to Retirement Support Services	Review the existing Planned Departure Program to support staff as they transition to retirement	Knowledge is retained within SCC	People & Culture	☑			

## Leadership and Professional Development

Council will look to innovative ways to include professional development opportunities into every-day work. There will be opportunities for staff to act in different roles and learn from internal subject matter experts. Professional development activities will be informed by a capability framework aligned to strategic objectives, which will outline behaviours needed for success at each level of Council. Leaders will understand what behaviours are required for success. Leaders will be effective in having performance conversations and giving feedback to staff. Performance management processes will be transparent and consistent across Council.

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Capability Framework aligned to Strategic Workforce Plan	Develop a capability framework aligned to the Workforce Plan and use this when assessing professional development needs of staff and future recruitment needs  Utilise subject matter experts for internal training and capability uplift for staff	Capability framework developed and incorporated into professional development process  Internal capability will be built in identified areas of skill development	People & Culture		☑	☑	
Create strong focus on Leadership Development Opportunities	Continued roll-out of a leadership program to support staff to experience different leadership roles and grow their leadership skills  Develop KPIS regarding secondments, education sessions and role shadowing and promote as a professional development opportunity	More experienced staff will be actively involved in developing the capabilities and knowledge of other staff  Increased awareness of staff regarding the opportunity for professional development through seconded roles, education sessions and role shadowing  KPIs are met	People & Culture EMT	☑	☑	☑	☑

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Proactively develop Leaders	Implement leadership development program for middle management staff including consideration of a 360degree assessment process  Implement coaching and mentoring program  Develop a Manager as Coach toolkit to assist managers in coaching and mentoring their staff	Self-Assessments of Leaders pre and post development programs show increase in confidence and capability  360degree process shows perceptions of leaders have improved	People & Culture	☑	☑		
Capability uplift to enhance performance outcomes in engaging in difficult conversations	Professional development for leaders to increase capability and confidence in having feedback conversations and managing difficult interactions	Self-Assessments of Leaders pre and post education sessions show increase in capability and confidence	People & Culture	☑	☑	☑	☑
Create a consistent approach to performance management across Council	Upskill all leaders such that they understand how to effectively utilise existing performance management processes	People management practices are consistent across SCC	People & Culture	☑	☑	☑	☑
Leadership capabilities clearly defined	Leadership capability framework developed that clearly aligns with strategic direction  Integrate into the performance management processes	Integration of leadership capability framework into the performance management processes	People & Culture	☑	☑	☑	

## Community

Council will utilise training programs to increase employment of local staff. Council will use innovations in technology to effectively communicate and interact with the community. Staff will have the capabilities to effectively navigate interactions with the community. Also, where possible and appropriate, Council will engage in partnering relationships with local organisations.

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Capability Uplift for Staff Engagement with Community	Provide training for best ways to manage community expectations and hold effective conversation with stakeholders Provide training/guidance in verbal and written communication skills for staff when engaging with the local community	Staff feel confident when engaging with stakeholders and the community The community is satisfied with Council interactions	People & Culture Media & Communications Manager	☑	☑	☑	☑
Ensure SCC is an inclusive employer and is representative of the Shoalhaven community	Work with community organisations to increase application rates from diverse segments of the community Partner with employment providers to ensure increase applications from people with a disability	Higher representation of Aboriginal and Torres Strait Islander, minority groups and people with a disability in applicant pools	People & Culture Community Connections	☑	☑		

## Culture

The workforce will have a strong culture of Integrity, Respect, Adaptability and Collaboration. Staff will be able to clearly see how desired behaviours to support the culture are aligned with achieving strategic goals.

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Proactively work on enhancing and aligning Councils culture to align with strategic direction	Engage staff in developing behaviours aligned to this culture and the organisations values Teams to develop individual team action plans with required behaviours that align with the desired strategy and how they will enhance their approach over time Involve staff to refresh the values and develop behaviours that align to the future culture Include the values behaviours in the performance development and management process	Staff engagement survey shows awareness of and commitment to the SCC values and desired behaviours	People & Culture SLT	☑	☑	☑	☑

## Communication

Collaboration and communication between Council areas will become integrated into Council's way of working. Communication will be aligned with strategic objectives to ensure the strategy is part of core shared language at Council. There will be clear processes for internal communication throughout Council such that messages are effectively cascaded to all levels of Council. External communications to stakeholders and the community will harness technological innovations.

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Strategy is part of core shared language	Communication session is conducted with managers and leaders regarding the SCC strategy and the requirements to cascade goals to teams and individuals Sessions are conducted with leaders and managers to support the development of cascaded goals within their teams Common language is used and promoted throughout SCC regarding strategy and its role	Staff have a shared language regarding strategy Sessions on cascading strategy are completed	CEO EMT Media & Communications Manager		☑	☑	

## Technology

Technology will become an integral part of how Council operates and how Council interacts with the community. Council will harness technological advances to increase internal efficiencies and improve interactions with the community.

Strategy	Actions	Success Indicator	Accountable	2022/2023	2023/2024	2024/2025	2025/2026
Enable the workforce through the provision of technology and systems that allow them to work flexibly anywhere, anytime	Work in collaboration with the Information Services team to ensure technology and systems deployed support flexible working arrangements	Increase in percentage of mobile/laptops in the device fleet and number of SaaS/Cloud based systems	People & Culture Information Technology	☑			
Empower staff through effective learning and development programs/approaches centered around technology and systems	Capability uplift for staff and increase in skills in using systems and technology	Increased completion rates of technology and systems learning and development programs	People & Culture Information Technology	☑	☑	☑	☑



# Asset Management Strategy & Plan

**Shoalhaven City Council is the custodian of community assets with a replacement value of over \$4.9 billion.**

There are legislative and community expectations that council assets are managed to provide the greatest benefits, at the lowest whole-of-life costs, for all residents, landowners and visitors. Asset Management Planning principles are adopted in all service and infrastructure provision activities to support the Community Strategic Plan and Delivery Program.

Council's Asset Management Framework comprises the following three elements Asset Management Policy, Asset Management Strategy and Asset Management Plan(s). Together, these documents drive the implementation of asset management across Shoalhaven City Council.

## Asset Management Strategy

### 1. Executive Summary

#### 1.1. Introduction

The purpose of the Asset Management Strategy is to provide strategic direction for Asset Management in Shoalhaven City Council.

The Asset Management Strategy is a high level action plan that will continuously evolve as the strategic objectives of Council develop and change to meet the customer service provision. The key steps in this process include understanding the customer requirements/ expectations for service provisions, reviewing the strategic trends, assessing potential impacts on the assets and assessing gaps in the asset knowledge required to review and develop the Asset Management Plans.

The Asset Management Strategy identifies assets that are critical to the council's operations and outlines risk management strategies for these assets. The Strategy must also include specific actions required to improve Council's asset management capability and projected resource requirements and timeframes.

Shoalhaven City Council provides a diverse range of services that requires infrastructure assets. The fair value or cost to replace like for like assets for which the Shoalhaven City Council is the custodian

of, including community and commercial assets, is \$4,968,476,000 as reported in the June 2021 Financial Statements.

There are legislative and community expectations that Council assets are managed to meet agreed service expectations.

Shoalhaven City Council has adopted an Asset Custodian model that assigns responsibility for service provision and the development, implementation and reviewing of Asset Management Plans (AMP's) for the various services to the Asset Custodians.

A comprehensive Asset Management (AM) system is required to meet community expectation and to satisfy statutory and financial imperatives.

An Asset Management system must include:

- Asset registers
- Asset condition assessments
- Asset maintenance and management systems
- Strategic planning capabilities
- Predictive modelling
- Deterioration modelling
- Risk analysis
- Lifecycle costing

A component of the Asset Management Strategy must be a plan to fully develop, implement and continuously improve the Asset Management system as well as lead corporate change to improve asset management.

#### 1.2. Objectives

The main objectives of the Asset Management Strategy (AMS) are:

- Aligning Council's service provision/ Levels of service (LoS) for its infrastructure assets with community expectations and priorities captured in the Community Strategic Plan 2032 (CSP)
- Improving Council's Asset Management practices

- Assist in addressing improved long term financial sustainability of assets for future generations

As the Asset Management Strategy is aligned with the CSP, it adopts a minimum timeframe of 10 years. This alignment is also consistent with the Long Term Financial Plan (LTFP) and the AMP's. However, it also has a view to sustainability beyond the 10 year timeframe and will ideally be for the life of the service provision and the infrastructure assets.

### 1.3. Establishing a Corporate Approach

It is essential to recognise that asset management is a corporate, not a technical responsibility. The key components of a sound asset management approach cannot be achieved within the individual operational areas of Council alone. Some of the areas where there is a need for a corporate approach include:

- Community involvement in establishing what is desired for service provisions and standards from the Community Strategic Plan and other strategic plans
- Reliable information and systems
- Comprehensive Asset Management Planning undertaken by the Asset Strategic Planner and the Asset Custodian
- Rigor in financial assessments. To advise what it costs now, what we can afford and when we can afford to renew/replace/upgrade
- Performance measurement of asset management. To advise 'How much we did, How well we did it and How much did it cost'

To develop a strong corporate approach to Asset Management a cross directorate Enterprise Asset Management (EAM) Steering Committee is to be established to define and review the EAM implementation Road Map.

An EAM Oversight Group comprising key asset management leaders from across the organisation is to oversee and facilitate the implementation of the Road Map.

Engagement with the users of the service provision is required in developing Community Strategic Plan themes, objectives and strategies. These drive the Resourcing Strategy (People, Finances and Assets Planning) and the levels of service the users/ community desires or will accept for each category of assets.

The agreed levels of service are important as they influence all asset management decisions. The community needs to be aware of resourcing, environmental, legal, political and other constraints

before agreement can be reached on sustainable levels of service. Previous community engagements on levels of service have included surveys and targeted community meetings. The key is to obtain consensus of "sustainable levels of service". That is, understanding the desired level of service and delivering an outcome that manages risk, ensures optimum performance and is financially sustainable.

Current adopted Asset Management Plans (AMPs) contain Levels of Service (LOS) based on historic operational and risk management needs and budgets.

The approach to refine LOS will be to:

- Assume current levels remain until changes are discussed with the community and adopted by the Council for each service provision/asset class
- Continue the LOS community engagement for service provision especially for critical assets
- Some asset types may not require or benefit from community engagement where there are overriding legislative safety requirements that determine LOS e.g. Asset Protection Zones (APZ's)
- Define a LOS at the lowest financially feasible and environmentally practical levels for each service provision of infrastructure assets category, consistent with CSP objectives. These will be known as the Sustainable Levels of Service (SLOS).
- Assets will then be maintained in a condition to meet the SLOS for that service provision/ precinct/ asset category

It is important to note that the SLOS condition is NOT the same as the Office of Local Government (OLG) defined 'satisfactory standard' LOS or 'FAIR condition'. These could be described as the desirable condition of assets whereas the SLOS condition is a minimum acceptable level.

A key challenge to all Councils is the very large 'gap' between the current condition of their assets and the condition required to deliver the OLG's satisfactory standard. In fact, the gap, both in terms of clawing back the backlog of renewal and maintenance, and continuing to fund to adequate levels, is arguably too large to bridge without extreme changes. This is compounded further by the increasing frequency of extreme weather events negatively impacting on asset condition and performance.

In response to this, a key component of this strategy is to define SLOS condition as well as the OLG defined "satisfactory standard", to use this as a medium term target, and to report to the community accordingly.

### 1.4. Recommendations (key strategies)

The actions required to improve asset management at Shoalhaven City Council are captured in this strategy and the AMP's.

The main recommendations with resourcing and timeframes are

- Review Sustainable Levels of Service (SLOS) with community for all appropriate services/ Precincts/ asset categories
- Determine effect of achieving/ maintaining SLOS on Long Term Financial Plan
- Document processes & procedures for recording new assets, adjusting budgets for new assets and valuing assets and train staff as required
- Continuously improve mapping of GIS – assets
- Continuously improve the implemented asset management system as part of a corporate integrated system that considers the following:
  - Asset register
  - Finance
  - Customer requests
  - Records
  - Work planning
  - Job cost/timesheets
  - Spatial Mapping
- Progressively review and update AMPs
- Adopt a 'Renewal before Upgrade or New' philosophy for asset planning as appropriate
- Continually develop and maintain digital platforms that enable community access to data where appropriate
- Align allocations made in the Long Term Financial Plan for asset renewal with the maintenance backlog resulting from agreed SLOS (subject to funding options).

## 2. Introduction

### 2.1. Asset Management Strategy Definition

The definition of an Asset Management Strategy is – A strategy for asset management covering development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/ replacement, disposal and performance monitoring to ensure desired level of service and other operational objectives are achieved at optimum cost.

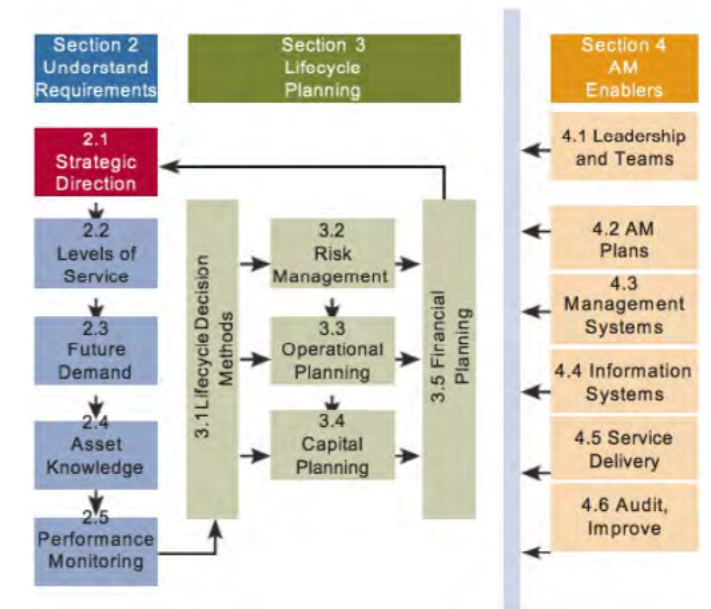
### 2.2. Assets classes included in the Asset Management Strategy

This AMS includes all Council's infrastructure assets, typically known by Asset Class as:

- Public and Community Buildings
- Recreation & Leisure
- Road Network
- Stormwater
- Water and Sewerage
- Land
- Plant & Equipment (including fleet)
- Recycling and Waste
- Commercial Activities
- Office equipment, furniture & IT hardware

### 2.3. Asset Management System

Council's Asset Management System aligns with [IPWEA](#). See extract from section 2.1. defining scope of Asset Management - IIMM.



### 2.4. Roles & Responsibilities

The role of Technical Services is to:

- Provide leadership
- Provide governance (Asset Management Policy, Asset Management Strategy, Template Asset Management Plan, Configuration of Asset Register)
- Advisor

The role of the Asset Custodian is to:

- Deliver a great customer experience
- Know what assets they have
- Maximise value from the investment
- Know the service levels and their cost
- Know where the assets are in their life cycle
- Understand the annual consumption cost (Operations, Maintenance, Depreciation)
- Understand future demands
- Manage the risks
- Develop and use asset management and long-term financial plans

The role of Information Services and Financial Services is to provide:

- Support to enable the Asset Custodians to provide great customer experiences through good Asset Management

## 2.5. Legislative Requirements

Changes to the Local Government Act require Councils to consider asset management as part of their [Resourcing Strategies, Guidelines](#) issued by the [NSW Office of Local Government \(OLG\)](#) are referenced in the legislation and Councils must comply with these.

The OLG has the following requirements with regard to asset management (references to Asset Management Strategy are in bold) –

General requirements for asset management planning:

- Each Council must account for and plan for all of the existing assets under its ownership, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program
- Each Council must prepare an **Asset Management Strategy** and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program

Minimum timeframe for the Asset Management Strategy and Plans:

- The **Asset Management Strategy** and Plan/s must be for a minimum timeframe of 10 years

Basic Structure of the Asset Management Strategy

- The **Asset Management Strategy** must include a council endorsed Asset Management Policy

- The **Asset Management Strategy** must identify assets that are critical to the council's operations and outline risk management strategies for these assets
- The **Asset Management Strategy** must include specific actions required to improve council's asset management capability and projected resource requirements and timeframes

Basic Structure of the Asset Management Plans

- The Asset Management Plans must encompass all the assets under a council's control
- The Asset Management Plans must identify asset service standards
- The Asset Management Plans must contain long term projections of asset maintenance, rehabilitation and replacement costs

Asset Management Reporting

- Councils must report on their assets in the annual financial statements, in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including condition assessment, renewal and maintenance expenditure

## 3. Summary of Existing Assets

### 3.1. Asset Value

The total (Gross carrying) value of all infrastructure assets is \$4,968,476,000. The net carrying amount (written down value consists of Gross carrying amount less accumulated depreciation) is \$3,386,861,000. Annual depreciation in asset value of \$70,241,000 as per the [2020/21 Financial Statements](#) - C1-7 Infrastructure, property, plant & Equipment. Extract below.

Shoalhaven City Council | Notes to the Financial Statements 30 June 2021

#### C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020		Asset movements during the reporting period								At 30 June 2021			
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	PPP Capitalised \$ '000	Adjustments and transfers \$ '000	Revaluation decrements/impairment to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	185,119	–	185,119	–	98,781	–	–	(204,782)	–	–	–	79,098	–	79,098
Plant and equipment	68,728	(25,069)	43,659	–	10,917	(1,726)	(6,768)	–	–	–	–	75,344	(29,333)	46,011
Office equipment	14,460	(11,365)	3,095	–	–	–	(594)	–	(51)	–	–	14,261	(11,811)	2,450
Furniture and fittings	4,842	(2,143)	2,699	–	106	–	(292)	–	–	–	–	4,948	(2,435)	2,513
<b>Land:</b>														
– Crown land	–	–	–	–	–	–	–	–	25,820	–	–	25,820	–	25,820
– Operational land	173,469	–	173,469	–	990	(2,443)	–	–	(12,074)	–	24,648	164,590	–	164,590
– Community land	129,226	–	129,226	–	1,636	–	–	–	(15,771)	–	–	115,091	–	115,091
– Land under route (post 30/6/08)	1,708	–	1,708	–	–	–	–	–	–	–	–	1,744	–	1,744
Land improvements – non-depreciable	127,740	–	127,740	–	–	–	–	–	–	–	–	127,740	–	127,740
Land improvements – depreciable	1,829	(1,401)	428	–	–	–	(48)	–	–	–	–	1,829	(1,449)	380
<b>Infrastructure:</b>														
– Buildings – non-specialised	2,035	(92)	1,943	–	347	(443)	(39)	–	–	–	–	1,908	(101)	1,808
– Buildings – specialised	408,100	(122,470)	285,630	10,265	3,235	–	(7,993)	–	(2,569)	(1,313)	–	415,479	(128,224)	287,255
– Other structures	39,216	(22,435)	16,781	–	591	–	(1,278)	–	–	–	–	39,993	(23,897)	16,096
– Roads	1,098,631	(400,282)	698,349	10,959	239	–	(19,461)	–	–	236,213	–	1,384,719	(458,420)	926,299
– Bridges	103,014	(42,086)	60,928	–	2,344	–	(1,350)	–	–	(100)	1,269	114,688	(51,597)	63,091
– Footpaths	72,883	(24,204)	48,679	1,064	–	–	(1,648)	–	–	(90)	–	73,899	(25,852)	48,047
– Bulk earthworks (non-depreciable)	109,696	–	109,696	–	418	–	–	–	–	–	181,859	291,973	–	291,973
– Stormwater drainage	103,426	(87,228)	16,198	–	1,470	–	(2,742)	–	–	–	49,187	261,547	(106,934)	154,613
– Water supply network	661,031	(319,979)	341,052	11,041	–	–	(8,401)	–	–	–	3,134	679,238	(331,412)	346,826
– Sewerage network	721,516	(284,048)	437,470	8,952	140,000	–	(14,066)	–	(14)	(971)	4,123	875,640	(300,146)	575,494
– Swimming pools	22,588	(13,243)	9,345	–	717	–	(338)	–	–	–	–	23,372	(13,848)	9,524
– Other open space/recreational assets	45,683	(23,856)	21,827	914	376	–	(2,171)	–	–	–	–	47,305	(26,158)	21,147
– Other infrastructure	108,915	(51,438)	57,477	2,193	301	–	(2,402)	–	–	(2)	50	117,664	(60,047)	57,617
<b>Other assets:</b>														
– Library books	9,201	(8,194)	1,007	–	382	–	(254)	–	–	–	–	9,583	(8,448)	1,135
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	2,824	(1,326)	1,500	–	–	–	(380)	–	(281)	–	–	2,542	(1,703)	839
<b>Total infrastructure, property, plant and equipment</b>	<b>4,306,082</b>	<b>(1,440,856)</b>	<b>2,865,226</b>	<b>46,858</b>	<b>261,396</b>	<b>(4,612)</b>	<b>(70,241)</b>	<b>(204,782)</b>	<b>(4,845)</b>	<b>(2,476)</b>	<b>500,483</b>	<b>4,968,476</b>	<b>(1,581,615)</b>	<b>3,386,861</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

continued on next page ...

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### 3.2. Asset Condition

Asset Custodians will ensure that the condition of the asset is updated when inspecting assets. Asset Condition is reported in the [2020/21 Financial Statements](#) – Report on Infrastructure Assets – extract below.

Shoalhaven City Council (Report on Infrastructure Assets) For the year ended 30 June 2021

#### Shoalhaven City Council Report on Infrastructure Assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard <sup>1</sup>		Estimated cost to bring to the agreed level of service set by Council <sup>2</sup>		2020/21 Required maintenance	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000					1	2	3	4	5
Buildings	Buildings	6,136	4,676	11,816	10,499	289,063	418,918	23.5%	45.2%	26.6%	3.6%	1.1%		
	Sub-total	6,136	4,676	11,816	10,499	289,063	418,918	23.5%	45.2%	26.6%	3.6%	1.1%		
Other structures	Other structures	1,000	800	565	413	16,096	39,993	42.0%	30.0%	20.0%	6.0%	2.0%		
	Sub-total	1,000	800	565	413	16,096	39,993	42.0%	30.0%	20.0%	6.0%	2.0%		
Roads	Sealed roads	32,211	11,106	5,851	5,215	674,470	1,036,856	18.0%	27.0%	34.0%	18.0%	3.0%		
	Unsealed roads	743	2,323	1,481	1,348	7,223	23,232	10.0%	10.0%	42.0%	28.0%	10.0%		
	Bridges	2,715	2,484	1,411	868	63,091	114,688	42.6%	25.9%	24.3%	5.1%	2.1%		
	Footpaths	1,043	754	853	338	48,007	73,859	26.2%	52.0%	17.1%	3.6%	1.1%		
	Other road assets	10,550	9,739	5,088	4,549	244,806	324,629	26.0%	38.0%	26.0%	7.0%	3.0%		
	Bulk earthworks	-	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	
	Other road assets (incl. bulk earth works)	-	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	
	Sub-total	47,262	26,406	14,482	12,316	1,329,370	1,573,266	21.7%	30.1%	31.0%	14.3%	2.9%		
Water supply network	Water supply network	6,530	65	13,701	13,657	346,826	678,238	18.0%	59.0%	20.0%	2.0%	1.0%		
	Sub-total	6,530	65	13,701	13,657	346,826	678,238	18.0%	59.0%	20.0%	2.0%	1.0%		
Sewerage network	Sewerage network	7,124	71	19,183	19,178	575,494	875,640	18.0%	59.0%	20.0%	2.0%	1.0%		
	Sub-total	7,124	71	19,183	19,178	575,494	875,640	18.0%	59.0%	20.0%	2.0%	1.0%		
Stormwater drainage	Stormwater drainage	7,789	2,596	2,721	1,322	154,113	261,047	43.3%	20.9%	24.9%	9.9%	1.0%		
	Sub-total	7,789	2,596	2,721	1,322	154,113	261,047	43.3%	20.9%	24.9%	9.9%	1.0%		
Open space / recreational assets	Swimming pools	2,966	2,561	2,878	2,238	9,724	23,372	21.1%	21.6%	17.5%	28.8%	11.0%		
	Other open space / Recreational Assets	783	626	886	682	21,147	47,305	20.0%	40.0%	34.7%	4.0%	1.3%		
	Sub-total	3,749	3,187	3,864	2,920	30,871	70,677	20.4%	33.9%	29.0%	12.2%	4.5%		
Other infrastructure assets	Other infrastructure assets	2,610	3,701	1,727	1,364	57,617	117,664	16.5%	23.2%	54.6%	2.6%	3.1%		
	Sub-total	2,610	3,701	1,727	1,364	57,617	117,664	16.5%	23.2%	54.6%	2.6%	3.1%		
<b>Total – all assets</b>		<b>82,200</b>	<b>41,502</b>	<b>68,059</b>	<b>61,671</b>	<b>2,799,450</b>	<b>4,035,443</b>	<b>21.9%</b>	<b>42.1%</b>	<b>28.4%</b>	<b>7.7%</b>	<b>1.9%</b>		

Detailed Condition ratings are to be adopted for each Asset Class. Note there are Industry standards such as Institute of Property Works Engineers Australia that can be aligned to or adopted. Example: Road condition ratings

1. Very Good – Roads are very trafficable with very minimal road defects noticeable
  - a. Very smooth ride – comfortable / safe driving
  - b. Extents of defects is less than 0.1% and required actions is Nil
  - c. Negligible cracking, rutting, deformation
2. Good – Roads are very trafficable with minor road defects encountered
  - a. some minor bumps encountered
  - b. Extent of defects is 0.1% to 2% and required actions is minor maintenance

3. Fair - Minor cracking, rutting, deformation – Roads are trafficable with road defects noticeable such as filled in potholes
  - a. constant small up and down and/or sideways movement – reasonably comfortable driving
  - b. Extent of defects is 2% to 5% and required actions are significant maintenance
4. Poor - Moderate cracking, rutting, deformation – Roads are potholed, have rough ride quality, major pavement failures and access is limited at times
  - a. Driving bearable, but with low comfort
  - b. Extent of defects is 5% to 20% and required actions are significant maintenance and part renewal/ replacement
  - c. Extensive cracking, rutting, deformation

5. Very Poor – Roads are almost untrafficable, have extensive surface defects and pavement failures and access is severely constrained.
  - a. Uncomfortable driveability experiencing severe up/down and/ or sideways movement. Drivers must maintain good control of steering and reduce speed ins some circumstances
  - b. Extent of defects is more than 20% and required actions are complete renewal / replacement
  - c. Extreme cracking, rutting, deformation

6. Failed – Road is closed for public use

It is noted that extreme weather events are having an impact on the condition of assets especially the transport network and the asset infrastructure is deteriorating at a rate greater than designed and constructed for, over and above utilisation demands.

### 3.3. Asset Extent

The Asset base has Asset Classifications of

- Buildings
- Land
- Open Spaces (Play spaces, seating, tables, BBQs, shelters, etc)
- Plant & Equipment
- Stormwater (Pipes, pits, ponds, etc)
- Transport (Roads, Bridges, Paths, Parking, etc)
- Waste Management
- Water and Sewer



### 3.4. Current Situation

Since 2019 Council has undertaken an Asset Custodian review and Asset Custodian transition of service provisions/ Asset Types/ Precincts to improve Asset Management & Customer focus. The following Table summarises the Asset Type and the Asset Custodian responsible for Asset Type.

Asset Type	Asset Custodian
Administrative Centres and Works depots	Building Services Manager
Aquatic facilities	Swim, Sport & Fitness
Arts & Culture Buildings	Building Services Manager
Asset Protection Zones (APZ's)	Roads Manager & District Engineers
Bridges and Major Culverts	Roads Manager & District Engineers
Carparks – Public Areas	Roads Manager & District Engineers
Cemeteries	Manager Bereavement Services
Commercial buildings and property	Building Services Manager
Communication facilities (Towers) - Shoalwater	Shoalwater
Communication facilities (Towers) – General Sites	Building Services Manager
Community Buildings	Building Services Manager
Community Nursery	Building Services Manager
Foreshore Protection Assets (Constructed seawalls)	Roads Manager & District Engineers
Emergency Services Buildings	Building Services Manager
Fleet Services	Fleet Manager
Flood Mitigation Structures	Roads Manager & District Engineers
Holiday Haven (HH) Tourist Parks	Manager Tourist Parks
Industrial land	Manager Economic Development
Libraries and Shoalhaven Regional Gallery	Building Services Manager
Maritime Business	Economic Development
Natural areas (Infrastructure assets)	Roads Manager & District Engineers
Natural areas (Natural assets)	Manager Environmental Services
Navigation Channels	Roads Manager & District Engineers
Open Drains	Roads Manager & District Engineers
Parks & Reserves (Grounds)	Roads Manager & District Engineers
Parks & Reserves Precincts – Destination locations	Swim, Sport & Fitness
Pathways	Roads Manager & District Engineers
Public Amenities (Toilets)	Building Services Manager
Public Halls & Community Centres	Building Services Manager
Recycling & Waste Depots	Manager Waste Services
Roads	Roads Manager & District Engineers

Asset Type	Asset Custodian
Shoalhaven Animal Shelter	Building Services Manager
Shoalhaven Entertainment Centre (SEC)	Building Services Manager
Shoalhaven Indoor Sports Centre (SISC)	Swim, Sport & Fitness
Showground Precinct's	Swim, Sport & Fitness
Sporting Precincts	Swim, Sport & Fitness
Stormwater structure	Roads Manager & District Engineers
Surf Life Saving Clubs (SLSC)	Building Services Manager
Town Centres/ CBD's	Roads Manager & District Engineers
Tree's identified as Community Significant	Roads Manager & District Engineers
Ulladulla Civic Centre	Building Services Manager
Vacant Land	Building Services Manager
Waste water Supply	Shoalwater
Water Supply	Shoalwater
(Waterway's) Jetties, wharves & boat ramps	Roads Manager & District Engineers
Work Depots	Building Services Manager

Council has transitioned to an integrated software solution and all assets are to be within the Asset registers of this software solution.

### 3.5. Critical Assets

Critical Assets are assets that are likely to result in customer satisfaction levels decreasing and a significant social, environmental or financial cost to Council. Recognised Critical Asset classifications are;

- Water and Sewer
- Road Network including Bridges
- Work Depots and Administrative Centres

Within these classifications the Asset Custodian identifies the level of criticality. Risk management procedures have been developed for these assets including emergency response, business continuity and condition monitoring

## 4. Community Strategic Plan

### 4.1. Introduction

As part of the Integrated Planning and Reporting Framework, the Community Strategic Plan (CSP) identifies "What the community told us", that is their main priorities and expectations for the future. The Resourcing Strategy identifies ways to achieve these goals, within the limits of Council's available resources. [Office of Local Government Integrated](#)

[Planning and Reporting framework](#) outlines where Asset Management Strategy fits into the Integrated Planning and Reporting.

Asset Management Plans align with the service provisions to meet the customer agreed levels of service in an optimum way that is financially sustainable. AMP's provide essential corporate information to assist in the preparation of the Community Strategic Plan, Long Term Financial Plan and the Delivery Program.

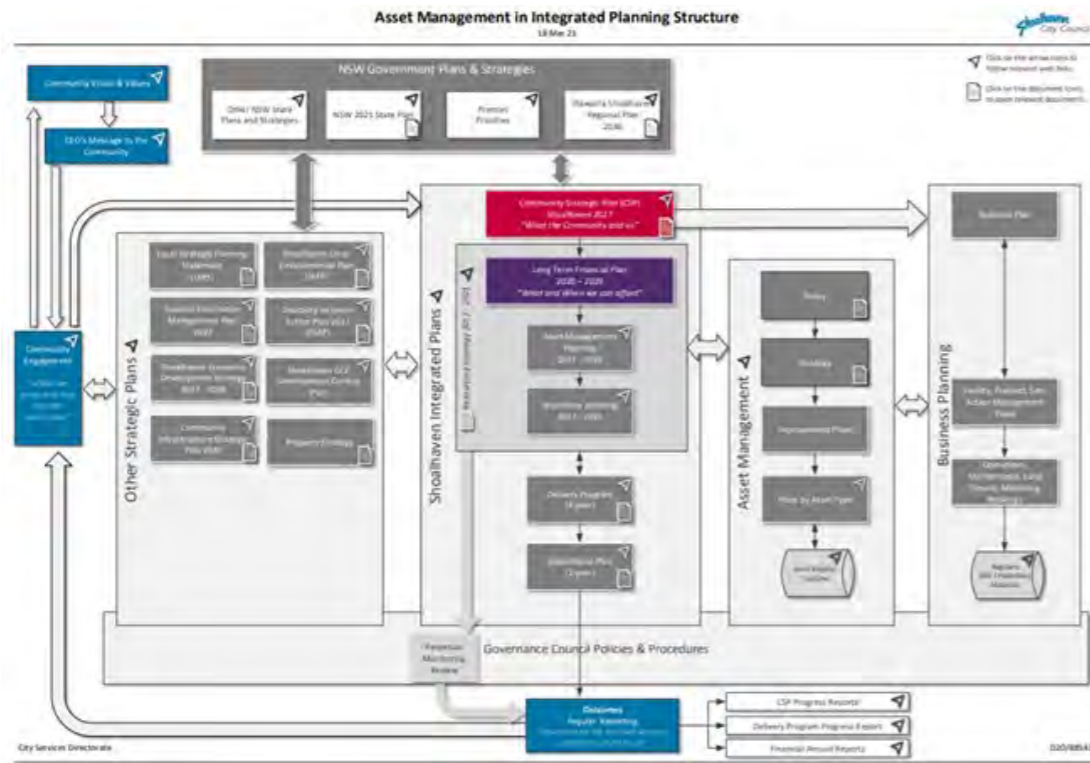
The CSP identifies the following themes –

- Resilient, safe, accessible and inclusive communities
- Sustainable, liveable environments
- Thriving local economies
- Effective, responsible and authentic leadership

Asset Management is understanding the customer experiences desired and then coordinating activity of management, physical, financial, economic, engineering and other practices applied to the assets for the whole of their life with the objective of providing the required levels of service in the most cost-effective manner whilst balancing risk and trade.

The below figure shows Asset Management integration with the Integrated Planning Structure.





### 5. 10 Year Capital Works Program

The 10 Year Capital Works Program (CWP) is based on what the community have told us and what we need for commercial activities and is to align to the Asset Management Plans as part of the Resourcing Strategy.

The CWP predominantly includes asset renewal projects to gradually improve financial sustainability indicators over the life of the CWP.

Asset renewal projects have been derived from their respective Asset Management Plans.

However, an annual budgetary process refines the corporate ranking method for capital projects that reflects the desires expressed in the Community Strategic Plan, Risk Management, best value renewal and statutory obligations. Quarterly Reviews are undertaken to assess what is happening and impacting the capital works programs such as weather events, resourcing (people, material, etc), and cost reviews.

### 6. Asset Information System

Council has acquired TechOne OneCouncil as the corporate asset register. OneCouncil also provides an Asset Book and financials integrated to allow whole of life costing. Council has ESRI as the corporate GIS. Continuous improvement is to occur with aligning Asset Types to spatial mapping.

Building insurance data is a tab within the Asset register and reports are able to be produced to identify what is insured and where the asset type is.

It has been recognised that further integration or awareness is required with:

- Finance – linking
  - Work orders to asset (capital and operating)
  - Asset Strategy/ Replacement details
- Customer requests
  - Link service requested to asset through work orders
- Mapping
  - Work orders and projects can be mapped to show what is being done, where and what time frames
- Records
  - ECM is a separate system to EDRMS
  - Survey and Design registers
- Works programming
  - Multiple software solutions are being utilised and not all integrate with OneCouncil
- Inspections
  - Electronically and spatially collected all details on asset from attributes, condition, risk, etc and
- Asset Management Plans
  - Digital Asset Management plans that are live and provide customer with details on Assets by type, Capital/operating and maintenance programs and future works

Council has purchased an integrated software solution and is implementing this over the current and next financial years. The success of this integration is considered essential for better asset management.

### 7. Asset Data

Asset Custodians are responsible for compiling a comprehensive and up-to-date Asset Information System, including monitoring asset condition, performance and monitoring and control of asset risk for Asset Details. Additionally ensuring an Asset Book (Capital value, Life expectancy and replacement rates and replacement cost) for capital Assets and ensuring Spatial mapping of where the Asset Type is.

Asset Data includes the following core data:

- Asset Description
- Asset Type/ class/ category
- Asset measurements
- Asset Construction material
- Asset Condition
- Whether asset is to be insured
- Asset Strategy – AMP what to do and when to it
- Replacement details – Asset life
- Physical location – required for stocktake
- Where it is spatially – Area Location - required for stocktake

Asset Data also has other non-core data to assist the Asset Custodians in managing the service provision from the assets and is configured based on Asset type for additional attribute fields.

It is expected that data accuracy will continuously improve as Asset Custodians mature in their roles.

Stocktake inspections, surveys and condition inspections are undertaken, and details must be updated in the Asset register and mapping solutions by the Asset Custodians

The current financial/costing system allows for Capital (Renewal, New, Growth or refurbish) or operating/ maintenance costs to be attributed to an asset through a work order to enable whole of life costing.

Further work on processes, procedures and forms are required to continuously improve how Asset Custodians are ensuring their Asset Information System is kept up to date and valid.

#### 7.1. Fair Valuation - Asset Revaluations by Financial Reporting categories

Asset revaluations are conducted on a regular basis, not being more than 5 years subject to capacity as

has been an issue with recent events from the 2019 to 2022 i.e. drought, bushfires, covid, extreme weather events (storms, tidal events and flooding), to assess the assets carrying value against the assets fair value at reporting date.

This has also been a requirement of [Office of Local Government](#) which mandated the process in 2006 with [circular 08-07](#) – Valuation of Property, plant & Equipment at fair value in accordance with Australian Accounting Standards Board [AASB116 Property, Plant & equipment](#).

The below table highlights revised time frames for revaluation with the intent to realign.

Category of Asset	Last revalued date:	Next revaluation				
		22ACT	23ACT	24ACT	25ACT	26ACT
Operational land	30/06/2021		Yes		Yes	
Community land	30/06/2018	Yes		Yes		Yes
Land under roads	30/06/2021				Yes	
Land improvements – non-depreciable	30/06/2016	Yes				
Land improvements – depreciable	30/06/2016	Yes				
Buildings – non-specialised	30/06/2019			Yes		
Buildings – specialised	30/06/2019			Yes		
Other structures	30/06/2016		Yes			
Roads	30/06/2021					Yes
Bridges	30/06/2021					Yes
Footpaths	30/06/2015	Yes			Yes	
Bulk earthworks (non-depreciable)	30/06/2021				Yes	
Stormwater drainage	30/06/2021					Yes
Water supply network	Full reval 30/06/2017	Yes				
Sewerage network	Full reval 30/06/2017	Yes				
Swimming pools	30/06/2016		Yes			
Other open space / recreational assets	30/06/2016		Yes			
Other infrastructure	30/06/2016	Yes				
Foreshore protection			Yes			
Library books	depreciate over 5 years					
Tip asset						
Investment Property	30/06/2021	Yes	Yes	Yes	Yes	Yes

### 7.2. Asset Stocktakes

The Asset Custodian is responsible for ensuring the asset exists, is performing to meet the agreed levels of service for the customer, there has been no significant changes and to update condition.

Stocktakes are currently required to be undertaken prior to revaluation of Assets by Financial Reporting Categories by the Asset Custodians.

Stocktake of Roads is to be undertaken by a detailed laser assessment and visual inspection.

Stocktake of all plant and equipment assets is to be undertaken no less than yearly and can be undertaken when servicing occurs.

Stocktake of intangible assets carried at cost is conducted on an annual basis.

The purpose of the stocktake is to verify the physical existence of items recorded in the asset register. It also seeks to identify assets that are under-utilised or those that are surplus to requirement and may require disposal. The stocktake also ensures that Asset Register and Asset Book details are true and correct. The Asset Accounting policy/ procedure will identify how to process and account for financial changes to Asset Book values.

## 8. Asset Management Plans

### 8.1. Introduction

The AM Strategy is developed by Technical Services for governance and Asset Custodians are responsible for individual Asset Management Plans.

Council has adopted [Asset Management Plans on Council's webpage](#).

However, the Asset Custodian Model has highlighted that not all Service Provisions/ assets have corresponding Asset Management Plans. The Proposed Structure for Asset Management Plans is detailed below:

Asset Management Plan	Asset Custodian
Administration & Depot Buildings	Building Services
Bereavement Facilities	Bereavement Services
Bridges & Major Culverts > 6 metres	District Engineers Coordinated by Roads Manager
Commercial Property	Building Services
Community Buildings	Building Services
Cultural Buildings	Building Services
Destination Parks Precincts	Swim, Sport & Fitness
Economic Development	Economic Development
Emergency Services Buildings	Building Services
Flood Mitigation Infrastructure	District Engineers Coordinated by Roads Manager
Holiday Haven Facilities	Holiday Haven
Natural Areas	Natural Resources
Natural Areas (Infrastructure)	District Engineers Coordinated by Roads Manager
Parks & Open Spaces	District Engineers Coordinated by Roads Manager
Pathways	District Engineers Coordinated by Roads Manager
Plant & Fleet	Plant & Fleet
Public Amenities (Toilets)	Building Services
Recycling & Waste	Recycling & Waste
Road Network	District Engineers Coordinated by Roads Manager
Showground Facilities	Swim, Sport & Fitness
Sporting Facilities	Swim, Sport & Fitness
Standalone Off Street Public Parking	District Engineers Coordinated by Roads Manager
Stormwater Infrastructure	District Engineers Coordinated by Roads Manager
Street Infrastructure	District Engineers Coordinated by Roads Manager
Waste Water Supply	Shoalwater
Water Supply	Shoalwater
Waterways Infrastructure	District Engineers Coordinated by Roads Manager

Asset Management Plans contain:

1. Executive Summary
2. Asset Description
3. Levels of Service
4. Future Demand
5. Lifecycle Management Plan
6. Risk Management Plan
7. Financial Summary
8. Plan for improvement and Monitoring

Reference: *Section 4.2, pg4/33, IMM 2015*

- A description of the asset category and the services delivered
- The key standards, systems and guidelines which influence asset management activities
- Levels of service (current and desired) and a system of performance measures
- Factors influencing future demand and the impacts of changing demand
- Management of risk
- Summary of life cycle strategies
- Long term cash flow projections
- Links to the Community Strategic Plan, Long Term Financial Plan, Delivery Program and Operational Plan, through capital and maintenance programs.

As indicated in the Asset Management Policy, Council is guided in the development of asset management by the IPWEA International Infrastructure Management Manual (2015) and has adopted the NAMS AMP Template for consistency with Shoalhaven referencing to be consistent across all AMP's.

### 8.2. AMP Recommendations

The following recommendations were included in adopted AMPs and require consideration. However, these have not been based on refined SLOS considerations but rather on preliminary community consultation and operational or efficiency grounds.

- Annual budget for all asset types should be prepared on an 'activity' basis not a 'resource' basis
- An appropriate occupation of council owned or managed land policy has been adopted and should be adhered to
- The mowing frequency (level of service) for passive recreation areas should be continually reviewed with the local community
- Monitoring and Improvement Programme – Asset Management Plans are dynamic documents

reflecting and responding to changes over time. Monitoring of the AMP is required to ensure compliance with the proposed improvement program milestone and to ensure compliance with adopted standards and procedures for condition and performance

### 9. Levels of Service

Levels of Service have been specified in most AMPs.

- The current Community Strategic Plan can realign AMPs to "what the community told us" and the resourcing strategy "what we can do and when we can do it"
- The current adopted AMPs were publicly advertised; however engagement through technology has improved to achieve a greater audience
- LOS surveys have been undertaken on Council's website in the past years with pictures and the respondents identifying if it is or is not acceptable
- Council also undertakes [Community Satisfaction surveys](#) to determine how we went and what we can do better

The AM Policy includes a provision –

- To agree on appropriate 'levels of service' asset performance

To achieve significant community engagement in the reviewing of sustainable 'levels of service' (SLOS) can be achieved with this Community Strategic Plan and "Get Involved Shoalhaven" where the Community "can have their say". This webpage has a timeline/ lifecycle to keep all that have an interest to be informed of the proposals to improve "service provision" which is ultimately good asset management.

Each Asset Custodian must undertake this process to understand the customers current and future demands, especially in relation to level of service provision.

The way that assets are managed in an organisation is a critical component of customer satisfaction. Customers expect the assets of Shoalhaven City Council to provide them with defined service levels. For example, a building that is clean, vibrant, in the right location, will make a difference to the community perception of what is a good service.

## 10. Asset Custodians

The Asset Custodian is required to manage assigned assets on behalf of the Asset Owner (usually, Council) given Levels of Service expectations and available funding.

Asset Custodians are:

- Bereavement Services
- Building Services
- Economic Development
- Holiday Haven Tourist Parks
- Natural Resources
- Plant & Fleet
- Recycling & Waste
- Roads Manager (District Engineers)
- Shoalwater
- Swim, Sport & Fitness

Key responsibilities for Asset Custodians are:

1. Establish (or adopt) technical and acceptable Levels of Service to be provided by an asset having regard to the Asset Owner's responsibility and ability to ultimately fund the adopted Levels of Service and the Asset Owner's understanding of the Service Owner/Provider and customer needs.
2. [Develop and implement Asset Management Plan\(s\)](#) and ensure they are updated annually and comprehensively reviewed (and adopted by the Asset Owner) at least every four years. Note: It may be necessary to outsource the development of parts of the initial AMP and comprehensive reviews of the AMP say every 5 years. The Asset Custodian will need to determine and resource this.
3. Compile a comprehensive and up-to-date Asset Information System, including monitoring asset condition and performance and monitoring and control of asset risks. Note: This database must be stored on a Corporate Approved Asset Management System which is audit able by and accessible to Senior Management. The initial development of this Information System may need to be outsourced or developed by a fixed term team. The Asset Custodian will need to arrange and resource this. Corporately, Council is migrating ALL asset register details to [Technology One](#)
4. Obtain and manage the maintenance budget for reactive and programmed works. Example replacement of roof sheeting, external paint

etc. An exception is for tenant / occupier responsibilities. Example is fit out specific to occupancy or service provided. Items identified in occupation agreement. Obtain and manage the operating budget and arrange for operations such as statutory test and inspections of fire compliance measures and lifts. etc. An exception is for tenant / occupier responsibilities (utilities, cleaning, security, etc.). If No tenant then wholly responsible.

5. Incorporate a Strategic Asset Development Plan, looking forward at least 10 years, into the Asset Management Plan (at Section 4 Future Demand). Asset Custodians are stakeholders in this strategic process; however, the Asset Owner will rely heavily on Strategic Asset Planners to undertake the extensive consultation and justification required for strategic asset investment or divestment. Note: Strategic Planning may be a project on its own and funding allocated to this process. Often strategic plans will be referred to within the AMP as a reference document, i.e. Business Plan, Management Plan, Growth Plan, etc. Also, Strategic Planning may have an impact on current and future Levels of Service, as well as technology changes and operating laws. (see Strategic Asset Planners below)
6. Document all of the above in an Asset Management Plan (that conforms to corporate standards) and obtain the Asset Owner's approval of the Plan. Prior to Asset Owner's approval, the Executive Team will be required to sign off on each Asset Plan; this will ensure that each plan has been considered widely within the organisation and all the relevant organisational stakeholders have contributed appropriately. Note: All AMPs will require sign off by the CEO (and appropriate GD's) and thus Strategic Asset Planners input to the AMP and collaboration with respect to Levels of Service will be assured before the plan is considered by Council.
7. Ensure draft budget allocations are proposed in accordance with the adopted Asset Management Plans and the resultant allocated budgets are expended (Operating, Capital including Major Projects). If required, refine the Asset Management Plans to reflect the actual annual asset expenditure (i.e., defer items within the 10-year timeframe and/or revise levels of service). Note: Council has a Major Projects and Contracts Section that can assist Asset Custodians deliver Strategic Capital Projects. An Asset Custodian cannot "outsource" or delegate this responsibility

unless agreed to in writing.

8. Prepare and supervise contracts, leases, conditions of use and other agreements (i.e. EPA licences etc). Note: Experts within Council can assist with this. Similar to safety, an Asset Custodian cannot "outsource" or delegate this responsibility.
9. Will be responsible for the asset creation standards and the acceptance of assets into Council ownership either from Contractor, Developer or Community constructed assets. (via a service level agreement between units of Council or directly inspecting)
10. Must ensure that all existing assets which require insurance are declared under the State-Wide Property Scheme and reviewed during the policy renewal. All newly constructed, purchased or acquired assets must be declared to the Insurance Claims Officer using the [State-Wide New Building Checklist](#)

## 11. Asset Management Improvement Plan (AMIP)

### 11.1. Introduction

An AM Improvement Plan details actions necessary to progress from the current situation to eventually achieving the expected outcomes of the CSP. The Improvement Plan therefore needs to fill any gap or deficiency in asset knowledge, systems, resources and service levels to meet these outcomes. The AM Plan covers the following groupings:

- AM preparation
- AM process improvement
- AM information system improvement
- AM data improvement
- AM organisation and training

The deficiencies in AM capability have been recognised by various methods including:

- Self-assessment tools for AM
- Comparison with 'best practice' AM publications e.g. International Infrastructure Management Manual
- Discussions with reference groups and
- Staff knowledge and experience

### 11.2. Priority Actions

#### 11.2.1. AM Preparation

- Ensure an asset service investment analysis is taken for all new and replaced or proposed to be replaced assets which includes whole of life costs

- Complete Asset Management Plans (AMPs) in a timely manner to inform the Resourcing Strategy – especially Long term financial plan
- Asset Custodians to review Business Plans to ensure they contain adequate interrelationship with good asset management
- Define current and ideal levels of service and performance measures for each asset management plan
- Undertake [Community engagement](#) to review levels of service and agree on the 'sustainable' level of service (SLOS) for each asset category
- Update financial and demand projections when reviewing AMPs
- Continuously update and review AMPs

#### 11.2.2. AM process improvement

- Document corporate responsibilities for the maintenance of asset information
- Document processes/procedures for updating asset information
- Establish appropriate valuation, depreciation and effective life procedures for each financial asset category
- Refine the procedure for recording asset acquisition and ensure project managers are educated to improve this procedure with reliable data
- Develop the procedure for recognition of contributed assets through the implementation of ADAC – Asset Design As Constructed
- Develop the procedure to ensure that annual operation/maintenance budgets include an allowance for additional costs arising from the addition of new assets through development, acquisition, dedication or leasing and/or licensing as well as an allowance to cover cost increases in line with indices relevant to each asset class
- Develop utilisation measures and record utilisation for all assets and recommend surplus assets example land and buildings
- Review the management & leasing arrangements for assets to determine service levels, rentals and sustainable subsidisation of each service provision in line with the Community Infrastructure Strategic Plan
- Workshop with stakeholders of community infrastructure various delivery models to seek best value outcomes

- Better define business case approach for service provision to determine quadruple bottom line outcomes i.e. social, environmental, financial and good governance
- Develop protocols for inputting AMP information into annual budget process for operational and capital works programs
- Develop strategies to meet financial challenges e.g. how fast to bridge the maintenance and renewal 'gap'; how much and how quickly to contribute to 'growth' assets

#### 11.2.3. AM information system improvement

- Link the financial system with AM database
- Improve links of the Geographic Information System (GIS) with Asset register
- Link all Maintenance Management Systems and Inspections software solutions with Asset Register
- Implement a replacement customer request system (Merit) to Asset register/ Work Planning
- Develop a Capital Works database to show the priority and whole of life costs of all identified future projects with projects able to be viewed graphically
- Provide definitions, data and links from the AM information system for statutory and financial reporting to allow automated and consistent completion of reports

#### 11.2.4. AM data improvement

- Undertake stocktakes as identified and more regular condition audits to all assets especially Road Network if impacted by events that may reduce customer satisfaction
- Determine and enter in Asset register the remaining life for all assets
- Document asset register replacement unit rate calculations and enter rates in Asset register
- Review annual renewal funding needs for all service provision/ precincts/ asset classes and revise the 10 Year Financial Plan
- Record works and cost information through work orders per asset/ service provision for optimum whole-of-life calculations
- Include proposed assets and predicted cash-flows in a Capital Works Database and link the database to a mapping system
- Record outcomes of statutory inspections per asset in Asset register

#### 11.2.5. AM organisation and training

- Review how we do business and current resource requirements for immediate needs (particularly for Asset Custodians to maintain concise asset registers)
- Review resource requirements for system functionality and maturity changes as to core data as Asset custodians mature
- Review the frequency of condition assessments and risk inspections for various asset categories and ensure adequate resources are available
- Develop training to ensure all Asset Custodians have Asset Management ingrained into "how they do Business" and it's not someone else's task/ responsibility. Asset Management will be treated same as "safety". Its everyone's responsibility
- Complete the integration of the AM system with corporate systems and processes/ procedures/ forms

## 12. Glossary

This glossary is provided for use with the Asset Management Policy, Asset Management Strategy and Asset Management Plans.

### Advance Asset Management

Asset Management which employs predictive modelling, risk management and optimised decision making techniques to establish asset lifecycle treatment options and related long term cash flow predictions.

### Asset

A resource controlled by Council to provide a service.

### Asset Book – Financial Asset

An asset shall be recognised in the statement of financial position when and only when:

- It is probable that the future economic benefits embodied in the asset will eventuate; and
- The asset possesses a cost or other value that can be measured reliably." Most transport / road infrastructure assets satisfy both criteria. Exceptions are land under roads and bulk earthworks. For network assets such as roads, the combined application of the concept of materiality and high variability of the road attributes across the network has resulted in the almost universal and correct practice that assets be broken into categories/ components and with Transport assets of roads - segments. Each asset has a current replacement value, written down

current replacement value, annual depreciation amount, and economic and remaining life.

### Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

### Asset category

Sub-group of assets within an asset classification hierarchy.

### Asset classification

The main asset types (Buildings, Land, Open Spaces, Stormwater, Transport) further categorised by (Asset Categories and asset components) which have different life expectancies and different replacement costs.

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

### Asset Component

Individual Assets in a hierarchy from Asset Classification/ Asset Category/ Asset component. Example Transport/ Road/ Wearing course (Surface).

### Asset Management

A systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of asset based on the combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

### Asset Management Framework

The overarching Asset Management Hierarchy and includes the Asset Management Policy, Strategy, Objectives, Plans.

### Asset Management Information Systems

A combination of processes, data, software and hardware applied to provide the essential outputs for effective Asset Management.

### Asset Management Plan (AMP)

Long term plans for infrastructure assets that outline the asset activities for each service area and resources applied to provide a defined level of service in the most cost effective way.

### Asset Register

A record of asset information including condition, construction, financial, historical, inventory and technical details.

### Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

### Asset Resilience

The ability of an asset to perform at an acceptable / desired level when subject to a hazard event.

### Average annual asset consumption (AAAC)\*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/ service potential) and totalled for each and every asset in an asset category or class.

### Benefit – Cost Analysis (BCA)

A decision technique that quantifies the benefits and costs in monetary terms over the life of the decision for the service provision. Usually for the life of the asset.

### Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

### Business Plan

A plan produced by the Asset Custodian for the service provision.

### Capital expansion expenditure

Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to

a new group of users. It is discretionary expenditure, which increases future operating, and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group, e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

#### **Capital expenditure**

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

#### **Capital expenditure - new**

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

#### **Capital expenditure - renewal**

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, e.g. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

#### **Capital expenditure - upgrade**

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, e.g. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

#### **Capital funding**

Funding to pay for capital expenditure.

#### **Capital grants**

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

#### **Capitalisation threshold**

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

#### **Carrying amount**

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

#### **Capital new expenditure**

Expenditure which creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

#### **Capital renewal expenditure**

Expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time, e.g. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing a road. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

#### **Capital upgrade expenditure**

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base, e.g. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility. Where capital projects involve a combination of

renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

#### **Capital Works**

The creation of new assets or an increase in the capacity of existing assets beyond their original design capacity or service potential.

#### **Carrying amount**

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

#### **Component**

An individual part of an asset which contributes to the composition of the whole and can be separated from or attached to an asset or a system.

#### **Condition**

The physical state of the asset measured by Very good, good, fair, poor, very poor or failed.

#### **Condition assessment**

The process of scheduled or periodic inspection, assessment, measurement and interpretation of the resultant data to record the condition of the asset and identify "what to do and when to do it".

#### **Consequence**

A result or effect or outcome of an event.

#### **Core asset management**

Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and long-term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision-making).

#### **Cost of an asset**

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, plus any costs necessary to place the asset into service. This includes one-off design and project management costs.

#### **Council**

Shoalhaven City Council.

#### **Critical assets**

Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non-critical assets.

#### **Current replacement cost (CRC)**

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

#### **Current replacement cost "As New" (CRC)**

The current cost of replacing the original service potential of an existing asset, with a similar modern equivalent asset, i.e. the total cost of replacing an existing asset with an as NEW or similar asset expressed in current dollar values.

#### **Depreciable amount**

The cost of an asset, or other amount substituted for its cost, less its residual value.

#### **Depreciated replacement cost (DRC)**

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

#### **Depreciation / amortisation**

The wearing out, consumption or other loss of value of an asset whether arising from use, passing of time or obsolescence through technological and market changes. It is accounted by the allocation of the cost (or revalued amount) of the asset less its residual value over its useful life.

#### **Disposal**

Activities necessary to dispose of decommissioned assets.

#### **Expenditure**

The spending of money on goods and services. Expenditure includes recurrent and capital.

### Facility

A complex comprising many assets which represent a single management unit for financial, operational, maintenance and other purposes.

### Fair value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

### Financing gap

A financing gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

### GIS

Geographical Information System, mapping and spatial location technology systems which show location and relationship to key geographical datum points.

### Heritage asset

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

### Impairment Loss

The amount by which the carrying amount of an asset exceeds its recoverable amount.

### Infrastructure assets

Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no market value.

### Investment property

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business (AASB 140.5).

### Level of service

The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost).

### Life Cycle Cost \*

1. Total LCC The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. Average LCC The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

### Life Cycle Expenditure

The Life Cycle Expenditure (LCE) is the actual or planned annual maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Expenditure to give an initial indicator of life cycle sustainability.

### Loans / borrowings

Loans result in funds being received which are then repaid over a period of time with interest (an additional cost). Their primary benefit is in 'spreading the burden' of capital expenditure over time. Although loans enable works to be completed sooner, they are only ultimately cost effective where the capital works funded (generally renewals) result in operating and maintenance cost savings, which are greater than the cost of the loan (interest and charges).

### Maintenance

All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal. It is operating

expenditure required to ensure that the asset reaches its expected useful life.

1. Planned maintenance - Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
2. Reactive maintenance - Unplanned repair work that is carried out in response to service requests and management/ supervisory directions.
3. Specific maintenance - Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.
4. Unplanned maintenance - Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

### Maintenance and renewal sustainability index

Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15 years).

### Maintenance expenditure

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

### Materiality

An item is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

### Modern equivalent asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques.

### Net present value (NPV)

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from e.g. the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

### New Works

New work expenditure is Capital Works expenditure, i.e. money spent on new works (development costs) and upgrades to an existing asset or on creating a new asset.

### Non-revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, e.g. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

### OLG

NSW Office of Local Government.

### Operations

Regular activities to provide services such as public health, safety and amenity, e.g. street sweeping, grass mowing and street lighting.

### Operating expenditure

Recurrent expenditure, which is continuously required excluding maintenance and depreciation, e.g. power, fuel, staff, plant equipment, on-costs and overheads.

### Operational Plan

Generally comprise detailed implementation plans and information with a 1-3 year outlook (short-term). The plans detail structure, authority, responsibilities, defined levels of service and emergency responses.

### Process

A structured, measured set of activities designed to produce a specific output.

### Rate of annual asset consumption \*

The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

**Rate of annual asset renewal \***

The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

**Rate of annual asset upgrade/new \***

A measure of the rate at which assets are being upgraded and expanded per annum with capital upgrade/new expenditure expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

**Reactive maintenance**

Unplanned repair work that carried out in response to service requests and management/supervisory directions.

**Recoverable amount**

The higher of an asset's fair value, less costs to sell and its value in use.

**Recurrent expenditure**

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operating and maintenance expenditure.

**Recurrent funding**

Funding to pay for recurrent expenditure.

**Rehabilitation**

See capital renewal expenditure definition above.

**Remaining Useful life**

Remaining useful life is determined for each individual asset from the condition rating. It is the time that the asset provides future economic benefit, from acquisition to expected replacement, renewal in full or replacement / disposal.

**Renewal**

Works or actions to upgrade, refurbish or replace components of an asset to restore it to near new and required functional condition, extending its current remaining life.

**Replacement cost**

The cost to replace the asset with a new current (modern equivalent) with same benefits.

**Residual value**

The net amount which an entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

**Resilience**

The concept is wider than natural disasters and covers the capacity to withstand disrupting and to effectively continue operations during a crisis by adapting to changing conditions.

**Revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, e.g. public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

**Risk management**

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

**Section or segment**

A self-contained part or piece of an infrastructure asset.

**Service**

A benefit gained from utilising or accessing an asset and the associated work done by Council staff or others associated with the Council.

**Service expectation**

The description of Level of Service available to users of an asset and any associated services, as described in consultation for developing and reviewing the Community Strategic Plan.

**Specific Maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

**Stakeholder**

A person; group; company or government department representing an interest in an asset; project or service utilising an asset.

**Sub-component**

Smaller individual parts that make up a component part.

**Useful life**

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the council. It is the same as the economic life.

**Value in Use**

The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate new cash flows, where if deprived of the asset its future economic benefits would be replaced.

**13. Review**

This Strategy will be reviewed:

- Within 12 months of the election of a new Council
- As directed by Council
- A change occurs to legislation that affects the policy

## Attachment 1 – AMIP Implementation Schedule

	Responsible Unit	Target Completion
<b>1. Better Information for Better Planning</b>		
a. Improve the accuracy and categorisation of the data and expenditure forecasts held for asset management planning.	Asset Custodians	Ongoing
b. Ensure optimum alignment between asset management planning and financial accounting and reporting in relation to assets, in particular the relationship between depreciation and asset renewal	Asset Custodians	Ongoing
c. Develop a forward estimate of our capacity to fund new services and new capital project works (by asset class) and confirm the extent to which this projected capacity will meet anticipated demands and ambitions.	Asset Custodians	Ongoing
i. Establish financial model	Asset Custodians	Ongoing
ii. Develop and test desired scenario	Asset Custodians	Ongoing
iii. Review all revenue sources and advise total financial capacity	Financial Services	Ongoing
d. Identify potential asset rationalisation opportunities which would ultimately facilitate the continued provision of services but reduce maintenance and ultimate renewal costs and engage the community on key issues associated with asset rationalisation.	Asset Custodians	Ongoing
<b>2. Systems Improvements</b>		
a. Define desirable AMP based renewal/strategic maintenance programs	Asset Custodians	Ongoing
b. Identify current spend and asset maintenance/renewal gap	Asset Custodians	Ongoing
c. Recognise in long term resource allocation the full and whole-of-life range of costs - capital & operation, and immediate and on-going, including depreciation - associated with proposed new initiatives.	Asset Custodians	Ongoing
d. Make full provision in the LTFP for Council's forecast Shoalhaven Contributions Plan obligations, consistent with actual and forecast developer contributions.	Asset Custodians	Ongoing
i. Adopt new Contributions Plan	Asset Custodians	Ongoing
ii. Review funding flexibility and deliverability and need	Asset Custodians	Ongoing
iii. Develop project plans for early/important projects	Asset Custodians	Ongoing
e. Develop and integrate processes and criteria for resource allocation to competing demands for City-growth and new initiatives projects.	Asset Custodians	Ongoing
<b>3. AM Preparation</b>		
a. Develop the Asset Management Strategy (AMS)	Asset Management Advisor	Ongoing
b. Define current levels of service and performance measures for each service provision/ precinct/ asset category.	Asset Custodians	Ongoing

	Responsible Unit	Target Completion
c. Develop risk management strategies for critical assets (OLG)	Asset Custodians	Ongoing
d. Update financial and demand projections in existing AMPs.	Asset Custodians	Ongoing
e. Ensure all assets are constructed and maintain to meet appropriate quality standards.	Asset Custodians	On-going
f. Align AMPs with and inform CSP and DP and OP)	Asset Custodians	Ongoing
g. Include long term and 10year financial projections in AMPs (OLG)	Asset Custodians	Ongoing
<b>4. Improve AM Processes</b>		
a. Implement a process to improve accuracy of asset details	Asset Custodians	Ongoing
b. Establish appropriate valuation, depreciation and effective life procedures for each asset category.	Asset Custodians	Ongoing
c. Refine the procedure for recording asset acquisition.	Asset Custodians	Ongoing
d. Establish a protocol for asset type identification	Asset Custodians	Ongoing
e. Develop a framework for applying a unique identifier to an asset	Asset Management Advisor	Ongoing
<b>5. Improve AM Systems</b>		
a. Review and improve the financial system with the AM database	Information Technology - Applications	2023
b. Link the Geographic Information System (GIS) with Asset Register, Projects and work Planning.	Information Technology	2023
i. Implement software solution to enable asset data to be viewable on GIS Viewer	Information Technology	2023
c. Link the external software solutions for Maintenance and Inspections with Asset Register	Information Technology	2023
d. Implement the customer request system to Asset Register.	Information Technology	2023
e. Adopt life cycle analyser tool and integrate into Council's reporting system	Asset Custodians	Ongoing
f. Integrate a corporate requesting system to be searchable from the corporate asset register	Information Technology	2023
<b>6. Improve AM Data</b>		
a. Document asset register unit rate calculations.	Asset Custodians	Ongoing
b. Record works and cost information per asset for optimum whole-of-life calculations.	Asset Custodians	Ongoing
c. Include proposed assets and predicted cash-flows in Asset register.	Asset Custodians	Ongoing
d. Record outcomes of statutory inspections per asset in Asset register	Asset Custodians	On-going



	Responsible Unit	Target Completion
e. Review AMPs for data reliability	Asset Custodians	Ongoing
f. Review AMPs for maintenance timing/requirements	Asset Custodians	Ongoing
g. Actions for AM Organisation and Training	Asset Custodians	Ongoing
h. Review resource requirements as AM system functionality and maturity changes	Asset Custodians	Ongoing
i. Review the frequency of condition assessments and risk inspections for various asset categories.	Asset Custodians	Ongoing
j. Develop training and succession plans for staff involved in AM	Asset Custodians	Ongoing
k. Complete the integration of the AM system with corporate systems and processes.	Asset Custodians	Ongoing



## Asset Management Policy

<b>Adoption Date:</b>	28/07/2009
<b>Amendment Date:</b>	15/05/2012, 15/04/2014, 12/12/2017, 27/06/2022
<b>Minute Number:</b>	MIN09.977, MIN12.524, MIN14.266, MIN17.1057, MIN22.425
<b>Review Date:</b>	01/12/2024
<b>Directorate:</b>	City Services
<b>Record Number:</b>	POL22/146

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### 1. Purpose

This policy provides a framework and strategic guidance for the management of infrastructure and other associated assets within Shoalhaven City Council.

The Asset Management Policy provides guidance for the Asset Management Strategy and [Asset Management Plans](#).

### 2. Scope

The Asset Management Policy applies to all infrastructure asset related activities undertaken by Shoalhaven City Council. This includes activities associated with:

- Buildings
- Land
- Open Spaces
- Plant & Equipment
- Water & Sewerage
- Stormwater and water quality devices
- Transport
- Telecommunication Infrastructure
- Flood mitigation
- Maritime infrastructure
- Coastal and estuary assets

### 3. Objectives

The primary objective of this Policy is to underpin Council's responsibility to achieve sustainable asset outcomes for the community, with consideration of the long term and cumulative effects of decisions and their impact on current and future generations. The detail of this consideration is captured in our Asset Management Plans.

In support of the Shoalhaven community's vision to *"foster a safe and attractive community for people to live, work, stay and play; where sustainable growth, development and environmental protection are managed to provide a unique and relaxed lifestyle"*, the objective of this Policy is to align Council's asset management activities with the following asset management principles:

#### Community benefit

- Continuously work toward an appropriate balance of community expectations and the resources of Council through the development and monitoring of agreed levels of service and appropriate community engagement;
- Improve the resilience of Council's infrastructure to support communities.
- Enhance the protection of the community against future natural hazards and climate change.

#### Financial Sustainability

- Asset planning decisions for infrastructure will consider the "Life Cycle Cost" of an asset including costs of construction, operation, maintenance and disposal.
- Asset planning decisions will be made in the context of a sustainable Long Term Financial Plan.

- Adopt a 'Renewal before Upgrade or New' philosophy for asset planning as appropriate. The intent of this philosophy is to ensure priority is given to sustainable management of renewals to deliver optimal asset lifecycle before implementing asset upgrades or new assets.

#### Environmental Sustainability

- Encourage the efficient use of resources in the planning and delivery of infrastructure activities.
- Embed protection of the natural environment into asset strategies and asset planning, utilising a risk-based approach in decision making.
- Acknowledge that climate adaptation and environmental protection considerations are fundamental to sustainable asset management.

#### Continuous Improvement

- Support the continuous improvement of Council's asset management practices by providing and maintaining systems and data necessary to achieve Policy outcomes and facilitate informed asset planning decisions based on reliable data and consistent with an Intermediate maturity (as defined in IIMM 2020).
- Continually develop and maintain digital platforms that enable community access to data where appropriate.

## 4. Asset Management Framework

The Asset Management Framework includes an Asset Management Policy (AM Policy), Asset Management Strategy (AM Strategy) and Asset Management Plan(s). Together, these documents drive the implementation of asset management across Shoalhaven City Council.



Figure 1: The Asset Management Framework (IIMM 2015)

## 5. Responsibilities

### Council's Elected Representatives

- Adoption of the Policy and asset management principles.

- Ensure that asset management principles are appropriately considered in decision making and incorporated into Council's financial management.
- Allocation of resources to implement adopted plans.

### Chief Executive Officer and Executive Team

- Identification of resources and development of sound asset management practices across the organisation.
- Overall responsibility for developing systems, policies and procedures and financial models.

### Asset Custodians

- Management of assets within the area of responsibility.
- Ensure the principles and objectives outlined in the Policy guide the development and maintenance of Asset Management Plans.
- Implementation of asset management activities that align with agreed service levels.

### Technical Services Department

- To provide leadership and coordination for the implementation of asset management principles across the Asset Custodians.
- To raise awareness and provide education of asset management across Council.
- To review and update the Asset Management Policy & Asset Management Strategy.
- To overview corporately and peer review individual AMP's.

### All Staff

- Asset management requires a whole of organisation approach and involves the participation of all Council staff.

## 6. Relevant Legislation

- [Local Government Act 1993](#)

## 7. Related Documents

- [International Infrastructure Management Manual \(IIMM\) - IPWEA 2020](#)
- [Australian Infrastructure Financial Management Manual \(AIFMM\) - IPWEA 2015](#)
- [OLG Integrated Planning and reporting Framework and Guidelines](#)
- NAMS+ - IPWEA
- Community Strategic Plan
- Delivery Program Operational Plan
- Asset Management Strategy (AMS)

- Asset Management Plans (AMPs) for specific asset classes
- Asset Accounting Policy

## 8. Review

The policy will be reviewed:

- Within 12 months of the date of the election of a new Council. (Statutory requirement)
- When a change to legislation affects this policy.
- As directed by Council.

## 9. Glossary

### Asset Management

A systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of asset based on the combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.

### Asset Management Framework

The overarching Asset Management Hierarchy and includes the Asset Management Policy, Strategy, Objectives, Plans.

### Asset Management Strategy

A document that specifies how the organisational objectives are to be converted into asset management objectives, the approach for developing asset management plans, and the role of the asset management system in supporting achievement of the asset management objectives.

### Asset Management Plan (AMP)

Long term plans for infrastructure assets that outline the asset activities for each service area and resources applied to provide a defined level of service in the most cost-effective way.

### Infrastructure assets

Physical assets that contribute to meeting the public's need for access to economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways, and meet the "Recognition Thresholds" specified in Council's Asset Accounting Policy. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained.

### Level of service

The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost).

### Life Cycle Cost

The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs. Alternatively referred to as "Whole of Life Cycle Cost".

### Long Term Financial Plan (LTFP)

A summary of the financial projections for the Council, including proposed operating and capital investment activities for a minimum of 10 years. The LTFP will be used to inform decision making during the development of the Delivery Program Operational Plan.



# Information Communications Technology Strategy

Information, systems and technology are major contributors in driving business change and decision making across a number of industries.

Local government is no exception to this requiring the use of new technologies and systems to support our workforce in delivering services and providing an outstanding customer experience.

Shoalhaven City Council is a large coastal council that offers its community a diverse range of service offerings from water supply through to tourism and accommodation. Council has recognised in recent years the value of refreshing systems moving away from multiple on premise, disconnected bespoke solutions to consolidated Cloud based offerings that centralise data and reporting as well as enabling flexible working and access anywhere, anytime.

Council has also been subject to a number of natural disasters in recent times from bushfires to major flood events damaging infrastructure and impacting supporting services. To create a more resilient environment, Council's existing Microwave network infrastructure which connects the majority of sites needs to be gradually upgraded and blended with more contemporary technologies such as satellite Internet, fibre and SD WAN.

Above all else, Council prides itself on delivering an exceptional customer experience and has recently created a centralised Customer Experience function to better serve the community. An opportunity exists to build on this investment through online self-service systems and channels to provide an opportunity to interact with Council 24/7 and create a more personalised customer experience.

Opportunities also exist to develop internal capabilities and maturity regionally through Council's Illawarra Shoalhaven Joint Organisation (ISJO) membership, collaborating with other Council's across areas of interest such as cyber security, CCTV management and Smart Cities.

Shoalhaven's ICT strategy outlines how we will address the factors and opportunities described above and build on the recent investment made in systems and technologies to create an exceptional customer experience.

## Elements of the ICT Strategy

### Vision Statement

At the centre of the ICT strategy is Council's vision statement.

'To create an exceptional customer experience through the delivery of a secure, efficient and innovative service'

The vision statement implies that regardless of what systems, technologies and solutions are provided - customer experience for our community is paramount and we as a Council must strive to set an exceptional standard for service delivery.

### Strategic Objectives

The ICT Strategy has five strategic objectives which have been derived from the following themes that are significant to Council and the community:

- Customer Experience
- Data
- Partnership
- Resiliency/Sustainability
- Mobility

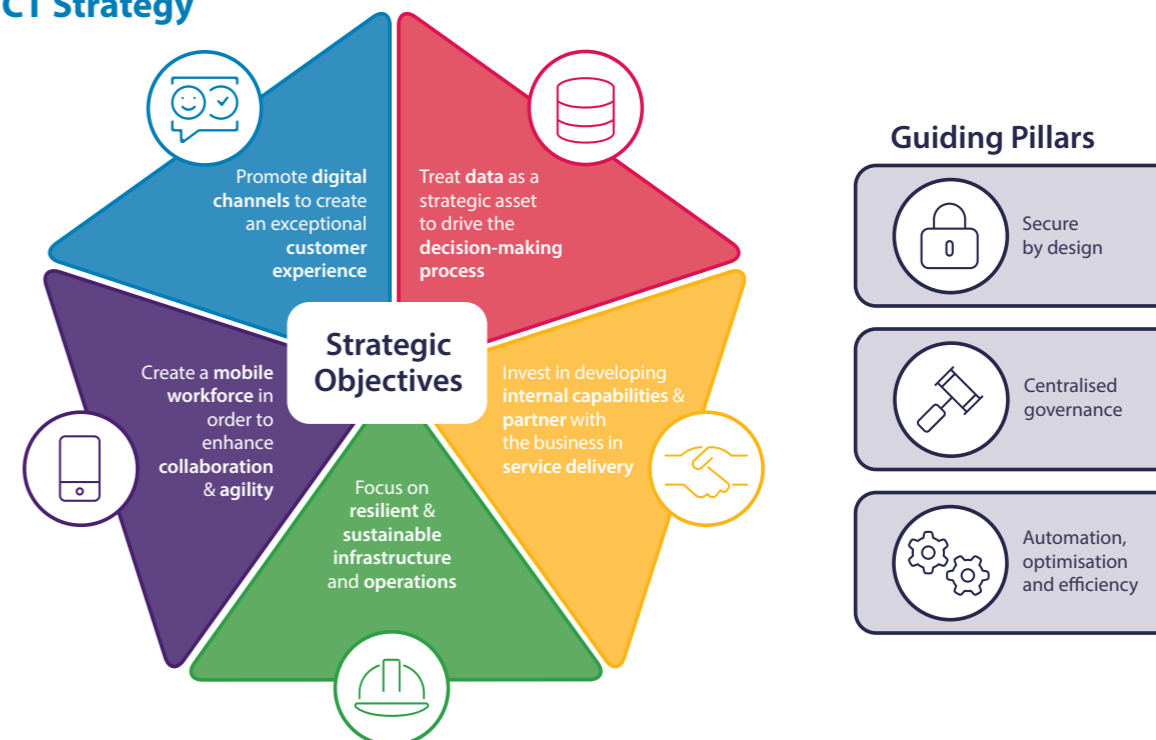
The strategic objectives will be used over the life of the ICT strategy to guide the adoption and investment in initiatives, projects and technologies.

### Guiding Pillars

The ICT Strategy is underpinned by three guiding pillars and it is expected that any initiatives, projects and technologies satisfy these pillars in the following ways:

- Demonstrated to be SECURE and doesn't expose Council to unnecessary risk
- Passes through a CENTRALISED GOVERNANCE process so visibility and requirements to support the solution can be maintained
- Creates measurable EFFICIENCIES and savings through OPTIMISATION or AUTOMATION

## The ICT Strategy



## Supporting Projects and Initiatives

### Promote DIGITAL CHANNELS to create an exceptional CUSTOMER EXPERIENCE

How we will achieve this objective	Projects/Initiatives
Promote solutions that allow the customer to self-service	<ul style="list-style-type: none"> <li>• Online request implementation</li> <li>• Bookings system refresh</li> <li>• IT Service Management (ITSM) platform review/refresh</li> <li>• Review/refresh of online mapping solution</li> </ul>
Create a single view of the customer and personalise service offerings based on our communities needs	<ul style="list-style-type: none"> <li>• Single view of the customer solution</li> </ul>
Collaboratively review and improve our customer service offerings	<ul style="list-style-type: none"> <li>• Establishment of a cross functional customer digital services working Group</li> <li>• Employ an agile/design thinking approach to solve problems and improve customer experience offerings</li> <li>• Website information architecture and content review</li> </ul>

### Treat data as a STRATEGIC ASSET to drive the DECISION-MAKING PROCESS

How we will achieve this objective	Projects/Initiatives
Take measures to identify key datasets and manage them to ensure their accuracy	<ul style="list-style-type: none"> <li>• Develop and implement a data governance and reporting framework across core systems and GIS</li> </ul>
Provide intelligent centralised reporting solutions	<ul style="list-style-type: none"> <li>• Implement intelligent/self-service reporting solutions to support operational and management reporting as well as strategic analysis/modelling</li> </ul>
Invest in 'Smart' initiatives in order gain insights and improve services	<ul style="list-style-type: none"> <li>• Adopt and invest in a Smart Cities strategy to derive insights</li> </ul>

### Invest in developing INTERNAL CAPABILITES AND PARTNER with the business in SERVICE DELIVERY

How we will achieve this objective	Projects/Initiatives
Proactive and strategic approach to partner with the business in service delivery	<ul style="list-style-type: none"> <li>Establishment of business partner model to support service provision</li> <li>Development of an information management strategic plan and staff education program</li> <li>Introduction of corporate GIS steering Group to improve governance and coordination</li> </ul>
Invest in staff through mentoring and capability uplift across core systems, technologies and methodologies	<ul style="list-style-type: none"> <li>Invest in professional development in core systems and technologies</li> <li>Engage external experts to help drive major projects and build in-house knowledge and capability</li> <li>Develop standardised methodologies and procedures around project management, change management and communications</li> </ul>
Partner with Council's within the region to further develop capability in specialised areas and share ideas	<ul style="list-style-type: none"> <li>Partner with Council's across the region to lift maturity and knowledge across:                             <ul style="list-style-type: none"> <li>Cyber Security</li> <li>Smart Cities/IoT</li> <li>CCTV Management</li> </ul> </li> </ul>

### Focus on RESILIENT AND SUSTAINABLE INFRASTRUCTURE AND OPERATIONS

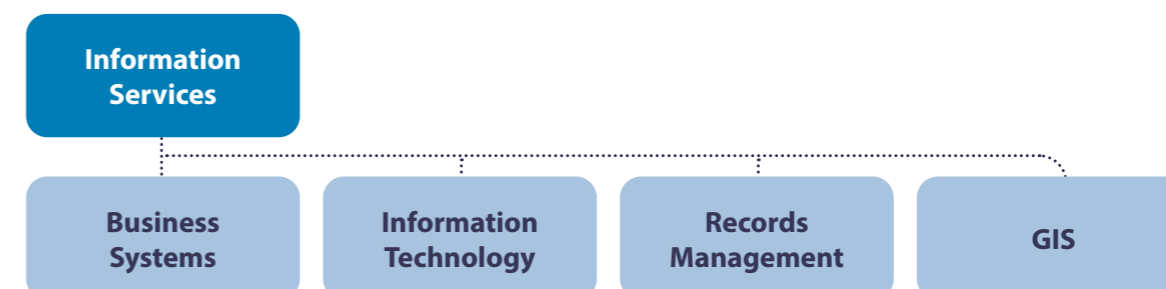
How we will achieve this objective	Projects/Initiatives
Invest in outsourcing technical complexity	<ul style="list-style-type: none"> <li>Implement a Cloud strategy to migrate systems that do not support staff in working anywhere, anytime</li> <li>Implement a cloud disaster recovery solution</li> </ul>
Review and standardise integration layers to make them more robust	<ul style="list-style-type: none"> <li>Identify key integration points and review standardised integration options</li> </ul>
Revitalise network connectivity with high bandwidth, lower cost technologies	<ul style="list-style-type: none"> <li>Progress SD WAN implementation</li> <li>Review and upgrade Council's corporate internet connection</li> <li>Wireless Internet (WiFi) Rollout</li> <li>Support the Recovery into Resilience Project (RRP) through the provision of satellite internet connections and interactive screens</li> </ul>

### Create a MOBILE WORKFORCE in order to enhance COLLABORATION AND AGILITY

How we will achieve this objective	Projects/Initiatives
Increase the rollout of mobile devices and systems so staff can work anywhere, anytime	<ul style="list-style-type: none"> <li>Increase the percentage of laptops or equivalent mobile devices to increase mobility</li> <li>Renew the mobile telecommunications contract</li> <li>Implement a position and role-based Identity framework to simplify, standardise and automate our access management demands</li> </ul>
Standardise, consolidate and improve Council's field mobility solution	<ul style="list-style-type: none"> <li>Consolidate and further develop Council's field mobility solutions across works, assets, and regulatory functions</li> </ul>
Enhance and uplift shared spaces to promote collaboration in the workforce	<ul style="list-style-type: none"> <li>Meeting room video conferencing refresh</li> </ul>

### Resourcing the Strategy

Council's Information Services Department will be primarily responsible for the delivery of this strategy. The department has four teams that will collaboratively work together to deliver the projects and initiatives outlined.



**Business Systems** – Responsible for strategically managing and driving the development of corporate information systems

**Information Technology** – Responsible for managing Council's IT infrastructure, service desk and telecommunications ensuring services levels meet the needs of the organisation

**Records Management** – Responsible for the management of Council records including storage, archiving, retention, and disposal

**GIS** – Responsible for the governance and management of corporate spatial data and mapping based solutions

Actions from this strategy will be incorporated into the Delivery Program Operational Plan with implementation progress reported through quarterly performance report.

# Long Term Financial Plan 2022-2032



## Chief Executive Officer **Message**

**I am pleased to present the Long Term Financial Plan 2032, a roadmap set by our Council, providing direction to the administration for the long term sustainable management of Council's resources.**

The Long Term Financial Plan has been prepared by Council to achieve the following financial outcomes:

- Maintain a balanced budget with no unrestricted cash deficits
- Provide a clear revenue path for all rates linked to specific expenditure proposals
- To ensure the adequacy that any proposed increase in services and/or assets is within the financial means of the Council
- To monitor the adequacy of funding for infrastructure maintenance and renewal and
- Use borrowings, where appropriate and financially responsible, to spread the funding of infrastructure across the generations of users

The administration of the Council is dedicated to the delivery of our responsibilities outlined in the following plan. Best practice financial management systems and practices will be maintained to enable timely and accurate recognition and reporting of performance issues with the plan, and that Council is provided with adequate advice and recommendations to mitigate or prevent any impact upon the long term sustainability of the Council.

We will ensure Council's considerations and decisions are supported by good governance arrangements that controls, resources and directs best practice within the administration of the Council. The implementation of the Service Review Program as established by the Council in the Delivery Program is a good opportunity to assess our services against best practice and is an opportunity to continually improve the services and infrastructure that Council provides.

Finally, I wish to thank the Mayor and Councillors for their dedication to ensuring the Long Term Financial Plan provides clear direction to the administration and enables a strong and sustainable future for our Council.

**Stephen Dunshea**  
*Chief Executive Officer*

## INTRODUCTION

The following Long-Term Financial Plan provides a roadmap for the achievement of Council's planned services and infrastructure while maintaining long-term financial sustainability and affordability for current and future generations. It is one of the three key resourcing strategies – alongside the Workforce Plan and the Asset Management Strategy - Council has established to ensure the vision and planned services and infrastructure as outlined in the Our Future – Shoalhaven 2032 is achieved.

### KEY POINTS OF THE PLAN

The plan includes the following considerations and determinations of the Council.

- Current and future planning context, including the projected socioeconomic profile of our region
- Alignment with other key plans and strategies
- Assumptions used to develop the plan
- Sensitivity analysis highlighting factors/assumptions most likely to affect the plan
- Financial modelling of projected income and expenditure, balance sheet and cash flow statements for the budgeted scenario, as well as two alternative scenarios
- Methods of monitoring financial performance

### PURPOSE OF THE LTFP

The purpose of the Long-Term Financial Plan is to outline how Council will resource the achievement of the vision and planned services outlined in the Our Future – Shoalhaven 2032, as well as the four-year Delivery Program. As such, it provides a framework for ensuring financial sustainability is at the core of decision making during the preparation and finalisation of the Our Future – Shoalhaven 2032 and the development of the Delivery Program.

In developing the Long-Term Financial Plan, due regard has been given to promoting the financial sustainability of the council through:

- progressive elimination of operating deficits
- establishment of a clear revenue path for all rates linked to specific expenditure proposals
- ensuring that any proposed increase in services and/or assets is within the financial means of the council
- to monitor the adequacy of funding for infrastructure maintenance and renewal and
- the use of borrowings, where appropriate and financially responsible.

In doing so, Council is ensuring compliance with the requirements of section 403 which requires a council to have a long-term resourcing strategy for the provision of the resources required to perform its functions (including implementing the strategies set out in the Community Strategic Plan – *Shoalhaven 2032* that it has responsibility for); and Chapter 3 of the Local Government Act which requires Council to consider the long term and cumulative effects of its decisions on future generations.

### FINANCIAL SUSTAINABILITY OBJECTIVES

The preparation of the Long Term Financial Plan has been guided by the following objectives to ensure the long term financial sustainability of Council is achieved:

- Council's services will produce sufficient operating surpluses to fund annual operations, renewal of Council's existing assets and fund existing borrowing requirements.

- Commencing a service review as outlined in the Delivery Program will inform decisions of sustainable range and levels of services, also reflected in the revision of Asset Management Plans.
- Significant business units will operate on a full cost pricing basis, including the provision of a dividend payment to Council's general fund.
- The feasibility of planned major investments will be investigated through the completion of feasibility and/or a business case (including a capital expenditure review in compliance with Office of Local Government guidelines).
- While seeking to set discretionary fees at full cost price, Council will consider the works and services provided, the comparable commercial value of the works and services provided, and the ability of residents to pay at the pricing level determined appropriate.
- Community service obligations will be provided where supported by a positive public interest assessment.
- The plan will be implemented through good governance arrangements and decision making for a sustainable future
- Borrowings will be used responsibly as a last resort (after exhausting other sources such as grants, reserves and contributions) to fund intergenerational assets and to support investments that provide a positive cost benefit assessment (as supported by a feasibility and/or business case).
- Best practice financial management systems and practices will be maintained to enable timely and accurate recognition and reporting of performance issues with the plan, and that Council is provided with adequate advice and recommendations to mitigate or prevent any impact upon the long term sustainability of the Council.

### INTEGRATED PLANNING AND REPORTING

The integrated planning and reporting framework (see Figure below) allows the Council to bring plans and strategies together in a way that supports a clear vision for the future and provides an agreed roadmap for delivering community priorities and aspirations. Shoalhaven City Council views this as a journey that they undertake in close consultation with the community. Engagement with the community is critical to understand the community's vision for the future and priorities to feed into key elements of the framework. In this way, decision making is informed through an evidence base and the representative views of the community, rather than specific interests or assumptions.

As one of four components of the resourcing strategy, the Long Term Financial Plan is situated within the framework to emphasis the important role that resource planning plays in delivering council's strategic objectives.

The Community Strategic Plan – *Shoalhaven 2032* has a direct link to the Delivery Program and Operational Plan, and is informed and supported by the financial, asset and workforce planning undertaken by Council as part of the resourcing strategy. It is important that any community-endorsed changes to council's strategic direction and priorities should also be informed, supported and reflected in resource planning and allocation.

### REVIEW CYCLE

Our Council will review the Long Term Financial Plan on an annual basis in line with the annual review of the Delivery Program and Operational Plan. This review will include an assessment of the previous year's performance to determine whether estimates were accurate, and assumptions were appropriate. Adjustments will be made if required.

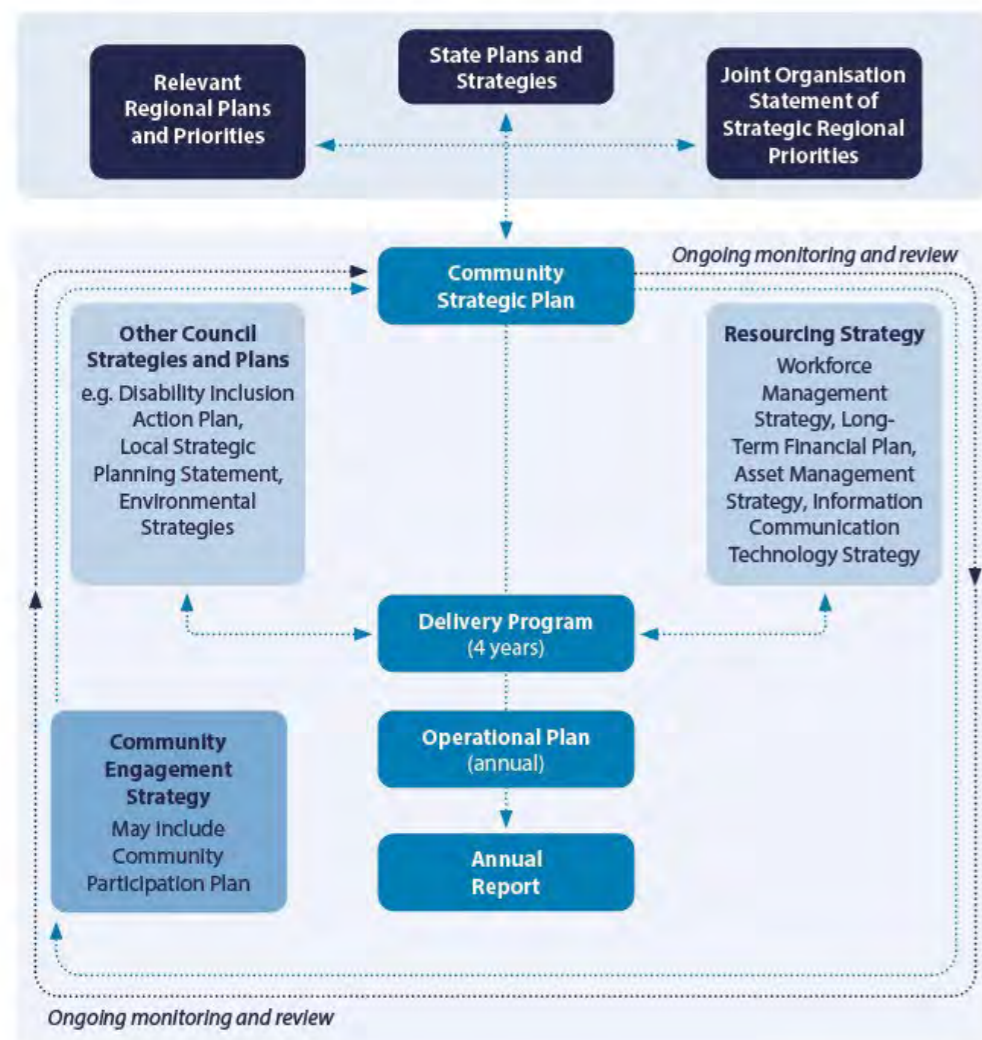
The assessment of performance will be based upon a range of financial indicators that are reported to the Council through the Quarterly Budget Review Statement and the Annual Financial Statements – see further description later in the plan.

The Quarterly Budget Review Statement provides a summary of council's financial position to the Council, so that budgetary adjustments may be made, if necessary. It is the mechanism by which community and councillors are informed of progress against Operational Plan (original budget) and last revised budget.



The Annual Financial Statements presents the council's operating results and financial position for the year, including schedules that report on key performance indicators, including measures to assess the long-term financial sustainability of the council.

**Figure – Integrated Planning and Reporting Framework**



## FINANCIAL ISSUES AND RISKS

The following issues and risks are highlighted as threats and/or constraints to the financial sustainability of Council.

### Economic Conditions

Council is impacted by the volatility of economic conditions. This has been experienced most significantly during the recent COVID-19 outbreak and the disasters of fire and flooding. The income earned by Council for a range of services was significantly reduced during the COVID-19 outbreak.

As such any further impacts leading to significant change from the market assumptions adopted (as outlined later in this plan) will require further revision by Council of planned investments and service expenditure.

### Rate Capping

The ability of Council to align rating revenue with the increased cost of providing services has been restrained by rate pegging. Rate pegging is a legislative instrument whereby the maximum increase in rating revenue is set by the Independent Pricing and Regulatory Tribunal – or IPART – the NSW State Government independent pricing regulator.

As an example, in developing the Long Term Financial Plan 2032, Council has been advised by IPART that the rate peg for 2022/23 will be 1.7% (indexation of 0.7% plus 1% for growth), while during the same period of time the ABS announced that over the twelve months to the March 2022 quarter the CPI rose 5.1%. The difference between the actual inflation impacting the cost of services and the rate peg must be addressed over the long term by Council through budgetary consideration of the range and levels of services.

Accordingly, any significant changes to the rate capping assumptions used for the Long Term Financial Plan will require Council to review this plan.

### Capping S7.11 Contribution Plans

The NSW State Government regulates a cap on the per lot contributions paid under a Section 7.11 plan (unless the plan is grandfathered) and limits the types of infrastructure that a council could levy for a plan. This limitation has required Councils to use other funding sources (including renewal of assets and funding services) in order to provide infrastructure Council is responsible to provide for new development. This is particularly important for areas of greenfield development, impacting on the Council's ability to fund infrastructure such as community centres, libraries and recreational facilities for greenfield development.

## CONTEXT

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The Long Term Financial Plan 2032 has been developed to respond to the resourcing requirements of the Our Future – Shoalhaven 2032, as well as the challenges, constraints and opportunities presented by the socio-economic context for our region.

As part of the Resourcing Strategy, the Long Term Financial Plan focuses on the funding requirements of the responsibilities of Shoalhaven City Council to achieve the vision for the community as outlined in Our Future – Shoalhaven 2032. The Asset Management Plan addresses how Council will acquire, operate, maintain and renew the physical assets necessary to deliver the planning services and infrastructure, while the Workforce Plan addresses how Council will recruit, develop and retain the necessary workforce and capabilities.

### SHOALHAVEN 2032

Shoalhaven 2032 is the roadmap devised by our community for the future of Shoalhaven City. The vision outlined in the plan for our community is:

*“We will work together in Shoalhaven to foster a safe & attractive community for people to live, work, stay & play; where sustainable growth, development & environmental protection are managed to provide a unique & relaxed lifestyle”.*

The plan also outlines the challenges expected by the Council to achieve the Vision:

*“Shoalhaven City is shaped by the extremes of our natural environment and the challenges of accessibility to appropriate housing and employment opportunities. These challenges are not unique to the Shoalhaven community, and we will need to work in collaboration to address them.”*

Our Future – Shoalhaven 2032 acknowledges that the COVID-19 pandemic has been an unexpected stress that we have had to cope with over the past two years along with the impact of bush fire and floods. The impact of COVID-19 and the recent disasters continues to present uncertainty and challenges to the preparation of the Long Term Financial Plan 2032.

The anticipated increase in frequency and severity of extreme storm events and droughts is a high risk to public infrastructure and assets, requiring Council to invest in mitigation and adaptation to continue to provide adequate and safe services and places to our community. In resourcing growth and development in our community, our investments in infrastructure and land use needs to consider the cumulative impacts of urban development on our environmental assets – our beaches, creeks and lagoons - including impacts of pollution and sedimentation and habitat loss.

The distance between settlements presents challenges in connecting communities, including single road access during emergencies. Our plan considered limited public transport connectivity in several areas and ensures continued investment in transport infrastructure to improve regional connections such as the Milton-Ulladulla bypass and Nowra bypass.

An important strategy underpinning the implementation of the plan will be the close monitoring of our financial performance and flexibility in our decision making to address the future unknown risks and uncertainties.

### SOCIOECONOMIC PROFILE FOR SHOALHAVEN

Outside of Sydney, Wollongong and Newcastle, the Shoalhaven is the second largest regionally based Council by population size in NSW. The region's economy supports an estimated workforce of almost 36,000 people, with a population estimated at almost 100,000<sup>1</sup>. Council's Economic Development Strategy expects the population to grow by at least another 20% by 2036, with around 7,400 new jobs to be created.

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<sup>1</sup> Shoalhaven Economic Development Strategy 2017 - 2026

The need to manage and fund the growth in services and infrastructure for a rapid population growth presents a significant challenge. With an expanding real estate sector now driving a new series of residential and commercial development opportunities which are likely to lead to even further growth.

Within the Long Term Financial Plan 2022-33 there are a limited range of mechanisms available to Council to fund and deliver community infrastructure. One of the mechanisms available to provide community infrastructure demanded or generated by new development is development contributions. Planned projects addressing growth that are to be part or fully funded pursuant to the development contributions provisions are outlined in the Contributions Plan 2019.

Other funding mechanisms within the Long Term Financial Plan to address the growth requirements include:

- General Revenue (i.e. rate income)
- Special Rate Levy
- Grant funding and
- Borrowings

In addition to the planned investments made by Shoalhaven City Council, partnering and advocating to other levels of government is considered an important mechanism to address the challenge of managing growth. The Shoalhaven's position as a gateway to the South Coast, and with close market access and available employment land stocks, places it as a meeting point for many regional, State and Federal programs. Along with organisations such as NSW Departments' of Premier & Cabinet and Planning & Environment, the Illawarra-Shoalhaven Joint Organisation and Regional Development Australia (Far South Coast and Illawarra), there are a range of partners that Council plans to work with to support and manage sustainable growth.

## ASSETS AND SERVICES

We provide a vast range of services and facilities to our community and provide more than just the standard “roads, rates and rubbish”. Council is part of the everyday life of our community, from the footpaths used each day to work or school, to the water that comes out of the tap, the roads that you drive on and the recreational activities that you enjoy.

The range and levels of service that Council provides significantly impacts upon the short and long term financial sustainability of the Council. It is important that Council continues to review the services we provide – as well as the assets required to deliver the services – to ensure affordability within the capacity of current and future generations. Council has established a Service Review Program which outlines the services that will be reviewed over the next four years.

The Long Term Financial Plan 2032 has been developed with the assumption of continued delivery of the current services, as well as enhancements outlined in the Delivery Program.

The services and assets included in the Long Term Financial Plan are outlined below.

### Footpaths, Roads and Traffic and Stormwater

- Service over 1,737 km of Council maintained roads
- Manage 246 road and pedestrian bridges, culverts and causeways
- Maintain 109 roundabouts.
- Maintain 247km of cycleways and footpaths

### Community Services, Events and Culture

- Support, facilitate and evaluate a program of events with and for community
- Support the tourism industry resulting in the delivery of high quality products and events
- Facilitate, coordinate and support community grants programs
- Plan for and provide family day care services for children aged 0-6 years
- Provide 5 libraries including 2 mobile libraries
- Provide the Entertainment centre which provides a range of entertainment opportunities.

### Environment and Sustainability

- Manage 40 of the 109 beaches in Shoalhaven and including over 220 beach access ways
- Help protect 152 threatened species.

### Regulatory Services

- Process approximately 100 development applications, certificates and approvals per week
- Investigate over 700 incidents each year.

### Water, Waste Water and Waste Services

- Manage 10 recycling and waste depots
- Manage 4 water treatment plants and 1,214km of pipes
- Provide 45 million litres of water each day to more than 48,000 households and businesses
- Manage 13 Wastewater treatment plants and 1,200km sewer mains

- Collect and treat more than 18 million litres of wastewater each day.

### Community Safety and Community Groups

- Deliver, monitor and maintain over 40 CCTV cameras in the Nowra, Sanctuary point, Bomaderry Areas
- Support 55 parkcare groups and 60 bushcare groups.

### Visitor Services

- Manage 12 holiday parks
- Drive \$900 million in visitor spend, resulting in an estimated 7,000 tourism related jobs
- Manage 2 visitor information centres and associated mobile services

### Corporate Support

Supporting the delivery of a range of services for our community is our efficient and effective Corporate support teams including:

- Finance and Procurement
- Human Resources, Work Health and Safety
- Business Assurance, Governance and Legal Services
- Information and Communications Technology
- Corporate Performance and Reporting
- Customer Experience
- Communication and Engagement, Internal Audit.

## STRATEGIC ALIGNMENT

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The Long Term Financial Plan is one of the four components of the resourcing strategy to delivering on the Community Strategic Plan - *Shoalhaven 2032*. The four components are:

- Long-Term Financial Planning
- Workforce Management Planning
- Asset Management Planning
- Information, Communication Technology Strategy.

### ALIGNMENT WITH OTHER RESOURCE STRATEGY ELEMENTS

#### Asset Management Strategy

Currently the Shoalhaven City Council is the custodian of community assets with a fair value of over \$3.8 Billion.

The Asset Management Strategy is a high level action plan with three main objectives:

- Align Council's asset base, and its associated levels of service, with the objectives contained in Our Future – Shoalhaven 2032
- Improve Council's Asset Management practices, and
- Assist in addressing improved long term sustainability of assets for future generations.

The key strategies outlined in the Asset Management Strategy that have been considered in the development of the Long Term Financial Plan 2032 include:

- Defining Sustainable Levels of Service (SLOS) with the community for all appropriate asset categories through the review of services (the service review program)
- Determining the effect of achieving/maintaining SLOS on Long Term Financial Plan
- Increasing allocations in the Long Term Financial Plan for asset renewal and for the maintenance backlog resulting from agreed SLOS.

#### Workforce Planning

The development of the Long Term Financial Plan has included workforce needs and requirements for the next 10 years. Adequate funding in the plan is provided to resource key workforce initiatives within the planning horizon to ensure Council can meet future workforce and organisational challenges.

#### Information, Communication Technology Strategy

Outlines opportunities to build on the recent investment made in systems and technologies to create an exceptional customer experience.

### OTHER COUNCIL PLANS AND STRATEGIES

Other relevant plans and strategies adopted by Council that impact upon the Long Term Financial Plan includes:

- **Acquisition of Land by Shoalhaven City Council** - provides sound, transparent criteria and procedures designed to minimise Council's exposure to risk and give due consideration to the community's best interests at all times when acquiring land.

- **Community Infrastructure Strategic Plan 2017 - 2036** - The Plan makes recommendations for the future provision, priorities and funding of community infrastructure at local, district and regional levels.
- **Community Service Obligations - Water Supply, Wastewater, Effluent, Trade Waste Services and Section 64 Contributions** - outlines Council's determining criteria for recognition of Community Service Obligation and the charging policy of water, wastewater, effluent, trade waste services and Section 64 contributions for approved Community Service Obligation organisations or projects.
- **Contributions Plan 2019** – "Development Contributions" or "Section 7.11 Contributions" are a levy that Council can impose on development consent to help fund the delivery of infrastructure that is needed for that development. In order to levy a contribution, Council must first adopt a Contributions Plan.
- **Investment Policy** - Provides a framework for making decisions concerning the appropriate investment of Council's funds, at the most favourable rate of interest available to it at the time to maximise returns, whilst having due consideration of risk, liquidity and security for its investments.
- **Nowra CBD Contributions Discount Subsidy** - Encourages the delivery of redevelopment within the Nowra CBD through the provision of a short term discount subsidy that is applied to the Nowra Car Parking Contributions Project.
- **Shoalhaven City Council Property Strategy** - assist Council in the efficient and effective management of this property portfolio and to ensure current and future community and operational needs are met.
- **Water and Sewerage Headworks Charges (Section 64 Contributions) - Assistance for Developments** - To assist all types of developments (subject to approval under the Environment Planning & Assessment Act) within the Shoalhaven Local Government area in relation to granting a concession to the calculated equivalent tenement loading imposed on the water supply and sewerage systems. This Policy was revised as a result of Council's resolution to provide further economic stimulus following the impacts of the Coronavirus.
- **Liquidity Contingency Plan** - establish liquidity monitoring framework and to set out the steps to be taken in the event that Council experiences a significant reduction in its liquidity position due to abnormal or extraordinary circumstances that would limit Council's ability to pay for its day-to-day operations and maintain services to the community.

# COUNCIL'S FINANCIAL POSITION

The following commentary and performance indicators outline and compare the historical financial position to the budgeted scenario and two alternative scenarios.

## Business As Usual Scenario (budgeted scenario for 2022/23)

A practical and affordable plan that maintains the current levels of service within funding constraints and without any additional special rate variations.

## Enhanced Asset Maintenance Scenario

Indicates the financial position for Council if there was additional operating maintenance expenditure to maintain Council's current level of service into the future and prevent deterioration of infrastructure assets. The estimated maintenance budget required is based upon condition modelling from the strategic asset modelling system in order to achieve a satisfactory standard.

## Enhanced Asset Maintenance and Renewal Scenario

In addition to funding the additional maintenance in Alternative Scenario One, this scenario addresses the roads backlog of \$280M over a ten-year period by funding additional \$38M per annum for roads renewals, and in doing so, treating all roads that are currently in a poor or very poor condition.

## HISTORICAL PERFORMANCE

Council continues to operate in the context of uncertainty with recent historical budgets being adopted with some flexibility and requiring a dynamic budget to ensure that the levels of service provided to the community remain unchanged with opportunities for expansion to be considered as and when the uncertainty decreases.

Whilst Council has historically prioritised renewal and maintenance of existing assets, the amount available for these activities has been insufficient. An average of 32% of Council's assets are beyond their expected life with many assets in a condition which is below the expected levels of service. This remains an ongoing fiscal challenge for Shoalhaven City Council, and many other councils in NSW, and is a key factor considered in Council's long-term financial and asset management strategic planning.

Council has historically used the additional funds from the introduction of the Special Rates Variation (SRV) to substantively address the asset maintenance backlog. As at 30 June 2022 there remains an estimated backlog of \$82M to bring assets to a satisfactory condition which meets the community's needs identified in the Our Future – Shoalhaven 2032. Council has also identified a current funding shortfall of \$10M annually to keep assets to a satisfactory condition into the future.

The following performance indicators provide an outline of Councils currently financial position.

## Operating Performance

Performance Measure	Consolidated			General Fund			Water Fund			Sewer Fund			Target
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>Operating performance ratio</b> Total continuing operating revenue excluding capital grants and contributions less operating expenses divided by Total continuing operating revenue excluding capital grants and contributions	1.97%	(8.44)%	(3.55)%	(4.36)%	(12.30)%	(5.96)%	6.69%	(16.99)%	(4.26)%	24.58%	12.52%	15.44%	> 0.00%

In previous financial years Council has reported a negative operating performance ratio, and while the ratio improved in 2020/21 financial year, it remained negative due to loss of revenue and additional expenditures associated with COVID-19 restrictions and financial assistance for the community provided by Council.

A negative operating position can not be maintained over the long term due to the need to produce sufficient cash after operating costs to renew assets, service borrowings and fund growth in services and assets.

The negative operating performance ratio is addressed in the Long Term Financial Plan through responsible control of service costs (implemented through the Service Review Program) and price setting of fees and charges.

## Own Sourced Revenue

Performance Measure	Consolidated			General Fund			Water Fund			Sewer Fund			Target
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>Own source operating revenue ratio</b> Total continuing operating revenue excluding all grants and contributions divided by Total continuing operating revenue	82.81%	81.11%	82.43%	80.2%	76.95%	83.16%	92.21%	85.82%	90.90%	94.2%	94.09%	93.56%	>60.00%

Council's Own Source Operating Revenue ratio has remained above the benchmark of 60%. Council has sufficient level of fiscal flexibility in the event of being faced with unforeseen events. This does not change throughout the planned horizon in the Long Term Financial Plan.

### Unrestricted Current Ratio

Performance Measure	Consolidated			General Fund			Water Fund			Sewer Fund			Target
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>Unrestricted current ratio</b> Current assets less all external restrictions divided by Current liabilities less specific purpose liabilities	2.44x	1.68x	1.53x	2.48x	1.67x	1.53x	15.31x	8.09x	16.21x	2.32x	2.17x	3.08x	>1.50x

The ratio indicates that Council currently projects to have \$1.53 (excluding restricted funds such as developer contributions, Water, Sewer and Grant monies) available to service every \$1 of liabilities as it falls due at the end of the year. It is important to note that upon preparation of the ratio, Council was yet to receive compensation for costs associated with the bushfires and other natural disasters which will significantly improve the ratio.

### Debt service cover ratio

Performance Measure	Consolidated			General Fund			Water Fund			Sewer Fund			Target
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>Debt service cover ratio</b> Operating result before capital excluding interest and depreciation/impairment/amortisation divided by Principal repayments plus borrowing costs	4.00x	2.56x	3.47x	4.32x	2.58x	4.02x	No debt	No debt	No debt	2.48x	2.05x	2.23x	>2.00x

A ratio of 3.47 x indicates that Council has sound ability of operating cash to service debt including interest and principal repayments which is well above industry benchmark of greater than 2 x. The ratio has improved historically in line with Council operational results.

### Rates and annual charges outstanding percentage

Performance Measure	Consolidated			General Fund			Water Fund			Sewer Fund			Target
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>Rates and annual charges outstanding percentage</b> Rates and annual charges outstanding divided by Rates and annual charges collectable	8.03%	8.44%	8.57%	6.41%	7.60%	6.88%	10.49%	10.23%	12.33%	10.94%	9.96%	11.70%	<10.00%

The percentage of outstanding rates and annual charges is 8.57% and is under the benchmark of 10%. Council did not charge interest on outstanding rates and annual charges during the 2020/2021 financial year and this policy has impacted the ratio.

### Cash expense cover ratio

Performance Measure	Consolidated			General Fund			Water Fund			Sewer Fund			Target
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>Cash expense cover ratio</b> Current year's cash and cash equivalents plus all term deposits divided by Monthly payments from cash flow of operating and financing activities	9.30 mths	7.65 mths	8.03 mths	7.15 mths	5.56 mths	2.51 mths	23.448 mths	32.09 mths	39.03 mths	10.39 mths	6.73 mths	7.03 mths	>3mths

For 2020/21, Council exceeded the benchmark with a ratio of 8.03 indicating that Council has sufficient cash as working capital to fund the day-to-day liabilities generated by normal operations.

### Buildings and infrastructure renewals ratio

Performance Measure	Consolidated			General Fund			Water Fund			Sewer Fund			Target
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>Buildings and infrastructure renewals ratio</b> Asset renewals divided by Depreciation, amortisation and impairment	58.85%	78.44%	75.72%	55.85%	81.31%	68.15%	32.52%	59.93%	131.42%	92.79%	86.61%	63.64%	>=100%

Council's Building and Infrastructure renewals ratio is outside of the benchmark. Although Council continues to maintain its asset renewal funding on a consistent level, the overall assets portfolio continues to increase, and as a result, the ratio has deteriorated. This is an indication that Council's buildings are likely to further deteriorate and if not addressed over the longer term will impact on the services provided by the buildings.

### Infrastructure backlog ratio

Performance Measure	Consolidated			General Fund			Water Fund			Sewer Fund			Target
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>Infrastructure backlog ratio</b> Estimated cost to bring assets to a satisfactory standard divided by Net carrying amount of infrastructure assets	3.17%	2.35%	2.86%	4.11%	2.56%	3.50%	1.85%	2.13%	1.88%	1.57%	1.82%	1.24%	<2.00%

Council's Infrastructure Backlog Ratio is above the benchmark of 2%. Council continues to focus on appropriate asset standards for renewal and maintenance. The increase is attributable to the roads revaluation increasing the value of the assets, and updated condition reporting on the road network.

Council has committed to the Service Review Program through which asset performance and levels of service will be reviewed, and a sustainable outcome determined to enable Council to renew and replace infrastructure in an optimal manner. Asset Management Plans will be updated to reflect the optimal operation, maintenance and renewal of assets.

### Asset maintenance ratio

Performance Measure	Consolidated	General Fund	Water Fund	Sewer Fund	Target
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<b>Asset maintenance ratio</b> Actual asset maintenance divided by Required maintenance	88.55%	87.97%	90.61%	80.41%	78.19%	81.98%	99.93%	99.95%	99.68%	99.995	99.97%	99.97%	>100%
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Council's Asset Maintenance Ratio has historically improved slightly but is lower than the benchmark. This indicates that the level of expenditure on the maintenance of infrastructure is not sufficient to prevent the backlog from growing.

### Cost to bring assets to agreed service level

Performance Measure	Consolidated			General Fund			Water Fund			Sewer Fund			Target
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	
<b>Cost to bring asset to agreed service level</b> Estimated cost to bring assets to an agreed service level set by Council divided by Gross replacement cost	0.94%	0.91%	1.03%	1.55%	1.14%	1.67%	0.03%	0.55%	0.01%	.01%	0.55%	0.01%	0.01%

The estimated cost to bring assets to an agreed level of service as set by Council has increased slightly due to changes in the value and condition of the asset portfolio.

## BUSINESS AS USUAL SCENARIO

The "Business as Usual Scenario" is an affordable plan for the delivery of current services and infrastructure. The plan does not significantly address the historical backlog in renewals and the cost to bring assets to agreed service levels.

Under this scenario Council will continue to meet the Operating Performance Ratio over the next ten years. Renewals are planned to increase during this period however will continue to be below what is required and not meet the benchmark.

The Infrastructure Renewal ratio will improve to 85.0% by 2031/2032, being under the benchmark of 100%, but gradually addressing the shortfall in funding allocated to renewal of assets.

Included in this scenario is a significant increase in planned asset maintenance - an increase of \$5.1M compared to 2021/22 budget. Despite an increase in maintenance, there is still a shortfall in funding to implement optimal asset maintenance, however the infrastructure backlog is addressed in outer years. Delaying asset maintenance and renewal of assets results in increased costs over the long term, as more invasive interventions are required to return the asset to acceptable performance and/or shorter useful life leading to early replacement of the asset.

It is expected in this scenario that the Service Review Program will deliver change to the established levels of services to enable Council to continue to provide the services and infrastructure that the community currently enjoys and has expressed demand for through the Our Future – Shoalhaven 2032 community engagement. However, changes to services will be necessary should additional revenue from grants or other external funding not be achieved necessary to address the required replacement and renewal of assets as they fall due.

As noted below in the Risk Management and Sensitivity Analysis section, a key risk to the achievement of this scenario is that actual cost of construction in the capital works plan is significantly higher than what has been estimated in this scenario. The capital works program will require regular monitoring and quarterly reporting to Council to enable action to be taken by Council in a timely manner to address variations from planned expenditure.

The following tables present the summary financial statements, capital works plan and the key performance indicators for the scenario.

### Summary of Financial Performance – Business as Usual Scenario

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)
<b>Summary of Operating Position</b>										
Total income from continuing operations	326,522	315,663	329,370	326,994	337,553	351,815	362,162	369,339	380,695	390,578
Total expenses from continuing operations	282,491	291,366	298,924	306,681	313,616	320,309	327,791	335,387	342,886	350,173
<b>Net Result</b>	<b>44,031</b>	<b>24,297</b>	<b>30,446</b>	<b>20,314</b>	<b>23,937</b>	<b>31,506</b>	<b>34,371</b>	<b>33,952</b>	<b>37,809</b>	<b>40,405</b>
<b>Net Result before grants and contributions provided for capital purposes</b>	<b>3,661</b>	<b>4,559</b>	<b>7,368</b>	<b>9,125</b>	<b>11,771</b>	<b>14,884</b>	<b>17,615</b>	<b>20,918</b>	<b>24,586</b>	<b>28,237</b>
<b>Summary of Financial Position</b>										
Current assets	164,496	167,919	168,321	162,078	169,601	171,560	177,560	182,155	183,588	193,906
Non-current assets	3,648,272	3,666,354	3,690,206	3,699,444	3,702,568	3,721,966	3,742,822	3,761,181	3,778,386	3,792,684
<b>Total Assets</b>	<b>3,812,768</b>	<b>3,834,273</b>	<b>3,858,527</b>	<b>3,861,522</b>	<b>3,872,169</b>	<b>3,893,526</b>	<b>3,920,382</b>	<b>3,943,336</b>	<b>3,961,974</b>	<b>3,986,590</b>
Current liabilities	96,382	99,531	100,697	100,409	100,126	100,556	101,472	103,013	98,759	77,954
Non-current liabilities	188,269	182,329	174,970	157,941	144,935	134,357	125,926	113,386	98,469	103,486
<b>Total Liabilities</b>	<b>284,651</b>	<b>281,860</b>	<b>275,667</b>	<b>258,350</b>	<b>245,061</b>	<b>234,913</b>	<b>227,398</b>	<b>216,399</b>	<b>197,228</b>	<b>181,440</b>
<b>Net Assets</b>	<b>3,528,117</b>	<b>3,552,413</b>	<b>3,582,860</b>	<b>3,603,172</b>	<b>3,627,108</b>	<b>3,658,613</b>	<b>3,692,984</b>	<b>3,726,937</b>	<b>3,764,746</b>	<b>3,805,150</b>



General Fund

Program Line Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL
1000002 - Asset Management	0	30,900	0	0	0	0	0	0	0	0	30,900
5000011 - Office Equipment	0	41,715	0	0	0	0	0	0	0	0	41,715
5000014 - Depot Improvements	700,000	319,300	71,854	51,943	54,351	56,846	0	0	0	0	1,254,294
5000018 - Destination Parks	0	103,000	417,021	0	0	0	0	0	0	0	520,021
5000022 - Shoalhaven Entertainment Centre	35,100	96,408	0	0	0	0	0	0	0	0	131,508
5000039 - Property Development	200,000	206,000	211,150	216,429	221,839	227,385	233,070	238,897	244,869	0	1,999,640
5000041 - Tennis Courts Capital	0	293,550	111,910	0	117,575	0	0	126,615	0	0	649,650
5000053 - Coastal Programme	2,467,550	1,294,710	1,243,146	1,273,683	1,781,371	1,813,399	1,639,065	873,765	781,133	512,022	13,679,844
5000054 - Estuary Programme	1,073,700	0	0	0	0	0	0	0	0	0	1,073,700
5000055 - Floodplain Programme	149,000	230,720	83,404	85,489	87,627	89,817	92,063	94,364	96,723	99,141	1,108,349
5000056 - Waterways Infrastructure	1,866,713	622,635	812,928	945,794	754,254	522,987	279,684	525,573	404,034	66,513	6,801,114
5000057 - Natural Areas Infrastructure	300,000	154,500	237,544	319,232	260,661	369,501	203,936	119,448	140,800	401,586	2,507,209
5000062 - Public Buildings	6,106,366	1,205,461	2,326,139	1,334,229	764,792	623,525	1,408,909	1,444,131	1,480,235	1,517,241	18,211,027
5000063 - Public Amenities	100,000	263,680	442,491	455,583	1,620,537	1,149,433	356,597	898,252	608,500	338,838	6,233,912
5000090 - Drainage	5,530,050	1,888,608	1,809,133	1,854,362	1,900,721	1,361,077	1,996,945	2,046,868	2,088,040	2,150,491	22,636,294
5000093 - Public Carpark Construction	2,226,193	2,193,900	12,375,595	64,929	110,920	5,879,108	5,826,752	0	0	0	28,677,397
5000096 - Pathways	7,946,850	2,306,389	3,338,506	1,976,193	2,156,993	2,422,500	1,358,546	1,376,300	1,442,541	2,037,059	26,361,877
5000136 - Industrial Land Development	9,920,000	4,140,600	3,716,240	15,496,299	3,926,559	5,502,728	4,008,806	4,825,716	3,819,961	2,535,009	57,891,917
5000142 - Economic Development Area Projects	8,548,514	41,200	0	0	0	0	0	0	0	0	8,589,714
5000148 - Bereavement Services Capital Expenditure	554,520	562,586	454,923	839,197	511,368	652,973	611,605	567,075	591,359	606,143	5,951,749
5000164 - Aquatics Capital Program	1,047,000	1,172,140	1,252,331	1,193,605	1,155,784	1,406,402	1,540,593	1,637,041	1,475,337	1,551,752	13,431,984
5000176 - General Program	0	35,550	0	0	0	0	0	0	0	0	35,550
5000177 - Passive Recreation	7,340,730	5,499,671	799,522	767,567	3,901,382	3,959,124	882,522	859,195	813,336	833,669	25,656,717
5000178 - Active Recreation	11,953,343	4,755,613	2,528,470	1,246,660	1,217,819	1,309,772	644,439	725,171	677,064	761,883	25,820,233
5000181 - Fleet & Mechanical Services Capital	806,216	153,032	0	0	0	0	0	0	0	0	959,248
5000185 - Library Furniture & Equipment	61,000	62,830	486,701	66,011	67,661	69,353	71,086	72,864	74,685	76,552	1,108,742
5000186 - Books & Audio Visual	414,000	426,420	437,081	448,008	459,208	470,688	482,455	494,516	506,879	519,551	4,658,806
5000220 - Community Services - Capital	450,000	30,900	31,673	32,464	33,276	34,108	34,961	35,835	36,730	37,649	757,595
5000221 - Shoalhaven Regional Gallery Capital	24,000	24,720	130,913	242,400	26,621	27,286	27,968	28,668	29,384	30,119	592,079
5000222 - Office Furniture and Equipment	0	42,230	43,286	44,368	45,477	46,614	47,779	48,974	50,198	51,453	420,379
5000224 - Tourism Projects	846,240	1,984,012	0	0	0	0	0	0	0	0	2,830,252
5000242 - SEC Capital	55,000	162,518	237,544	279,193	287,282	250,124	304,156	289,065	250,991	188,243	2,304,116
5000284 - Administrative Building Management - Capital	0	1,025,880	711,924	75,566	77,455	753,590	489,249	800,101	1,432,277	1,571,304	6,937,346

**TOTAL 178,559,810 74,514,099 77,411,619 63,961,560 62,527,414 69,780,539 75,161,105 76,904,205 72,394,038 69,411,969 820,626,358**

Water Fund

Program Line Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL
51000493 - Renewal / Replacement Works	7,039,000	2,621,350	3,573,714	5,394,487	7,193,145	4,530,655	8,408,004	7,746,230	7,939,886	10,648,293	65,094,763
51000499 - Other Asset Purchases	5,680,353	3,419,600	3,505,090	3,592,717	3,682,535	3,774,599	3,869,964	3,965,688	4,064,830	4,166,451	39,720,825
51000523 - New Works Growth	8,945,548	9,939,500	10,663,075	10,821,438	443,679	5,047,957	1,165,350	1,313,933	1,224,346	1,254,955	50,819,781
51000524 - New Works (Asset Enhancement)	7,141,984	1,103,954	522,596	427,447	438,133	3,859,868	2,791,014	2,860,790	2,932,309	3,005,617	25,083,713

Sewer Fund

**TOTAL 28,806,885 17,084,404 18,264,475 20,236,088 11,757,492 17,213,079 16,233,332 15,886,640 16,161,372 19,075,316 180,719,082**

Program Line Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL
52000512 - Renewal / Replacement Works	3,405,000	6,216,050	6,213,089	8,208,060	10,631,657	9,419,442	11,985,629	11,090,786	12,592,402	11,652,257	91,414,373
52000517 - Chargeable Private Works	50,000	51,500	52,788	54,107	55,460	56,846	58,268	59,724	61,217	62,748	562,658
52000518 - Other Asset Purchases	2,314,799	1,050,600	1,076,865	1,103,787	1,131,381	1,159,666	1,188,657	1,218,374	1,248,833	1,280,054	12,773,016
52000531 - New Works Growth	26,016,978	2,212,440	6,572,044	9,566,151	7,483,754	9,204,563	5,651,950	5,192,423	6,556,375	5,082,568	83,539,245
52000532 - New Works (Asset Enhancement)	7,784,784	8,904,350	8,757,446	3,511,556	3,599,345	4,712,564	7,161,079	7,340,106	7,584,825	7,711,698	67,067,754
<b>TOTAL</b>	<b>39,571,561</b>	<b>18,434,940</b>	<b>22,672,231</b>	<b>22,443,661</b>	<b>22,901,598</b>	<b>24,553,081</b>	<b>26,045,583</b>	<b>24,901,413</b>	<b>28,043,653</b>	<b>25,789,325</b>	<b>255,357,046</b>

Key Performance Indicators – Business as Usual Scenario

Indicator	Target	Fund	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
<b>Local Government Industry Indicators</b>													
Operating Performance Ratio	Greater than 0%	Consolidated	1.3%	1.5%	2.4%	2.9%	3.6%	4.4%	5.1%	5.9%	6.7%	7.5%	
		General	-0.1%	0.2%	0.9%	1.2%	1.8%	2.4%	2.9%	3.4%	4.0%	4.6%	
		Water	-1.7%	-0.9%	-1.1%	-0.9%	-0.7%	0.7%	1.2%	2.3%	3.4%	4.5%	
		Sewer	11.6%	11.5%	12.7%	13.3%	14.1%	15.0%	15.7%	16.4%	17.2%	17.8%	
Own Source Operating Revenue Ratio	Greater than 60%	Consolidated	81.3%	87.2%	86.6%	89.9%	89.8%	88.9%	88.9%	90.0%	90.1%	90.4%	
		General	81.7%	87.9%	87.0%	90.7%	90.5%	89.4%	89.5%	90.7%	90.8%	91.1%	
		Water	89.4%	91.9%	93.5%	93.5%	93.6%	93.6%	93.6%	93.6%	93.7%	93.7%	
		Sewer	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%	
Unrestricted Current Ratio	Greater than 1.5	Consolidated	2.00	2.01	2.22	2.20	2.33	2.32	2.41	2.23	2.32	2.32	3.44
		General	2.00	2.01	2.22	2.20	2.33	2.32	2.32	2.41	2.23	2.32	3.44
		Water	10.53	11.03	10.40	9.21	11.99	8.92	8.07	8.07	6.34	4.83	2.28
		Sewer	2.52	2.74	2.45	2.40	2.48	2.54	2.46	2.46	2.67	2.61	9.00
Debt Service Cover Ratio	Greater than 2.0	Consolidated	4.91	4.19	4.04	3.63	3.93	4.37	4.52	4.46	4.46	4.46	5.53
		General	4.94	3.68	3.70	3.06	3.32	3.73	3.78	3.78	3.62	3.58	4.68
		Water	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt
		Sewer	2.83	3.24	3.46	3.60	3.92	4.31	4.75	4.75	4.94	5.14	5.34
Debt Service Ratio	Less than 15%	Consolidated	9.1%	8.9%	9.7%	9.7%	9.1%	8.6%	8.4%	8.4%	8.4%	8.5%	6.9%
		General	6.2%	6.5%	6.9%	7.0%	6.6%	6.4%	6.4%	6.4%	6.4%	6.6%	5.0%
		Water	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt
		Sewer	16.3%	14.3%	13.6%	13.2%	12.3%	11.3%	10.4%	10.4%	10.1%	9.8%	9.5%
Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage	Less than 10%	Consolidated	8.9%	8.5%	8.3%	8.1%	7.9%	7.7%	7.5%	7.4%	7.4%	7.3%	7.1%
		General	8.0%	7.9%	7.8%	7.7%	7.6%	7.6%	7.5%	7.5%	7.4%	7.3%	7.2%
		Water	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
		Sewer	10.8%	9.9%	9.1%	8.5%	8.1%	7.7%	7.3%	7.3%	7.1%	6.8%	6.6%
Cash Expense Cover Ratio	Greater than 3 months	Consolidated	5.75	5.34	5.29	5.06	5.28	5.21	5.25	5.12	4.95	5.17	
		General	3.27	3.03	3.29	3.25	3.41	3.43	3.54	3.34	3.17	3.29	
		Water	18.14	15.74	14.91	12.23	12.55	11.59	10.93	10.85	11.00	10.26	
		Sewer	3.87	4.15	3.55	3.28	3.29	3.23	3.15	3.65	3.58	4.40	

Indicator	Target	Fund	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Infrastructure Asset Performance Indicators</b>												
Infrastructure Renewals Ratio	Greater than 100%	Consolidated General Water Sewer	100.8%	59.8%	52.7%	54.2%	68.3%	61.1%	77.3%	82.1%	84.7%	85.0%
			124.6%	70.8%	57.2%	64.2%	62.2%	73.7%	85.4%	86.0%	82.9%	
Infrastructure Backlog Ratio	Less than 2%	Consolidated General Water Sewer	94.9%	30.5%	40.3%	57.8%	75.8%	47.9%	86.6%	79.2%	80.4%	106.1%
			41.8%	48.4%	48.1%	74.8%	66.2%	81.3%	75.4%	83.7%	77.6%	
Asset Maintenance Ratio	Greater than 1x	Consolidated General Water Sewer	2.6%	2.6%	2.5%	2.4%	2.3%	2.3%	1.3%	1.4%	1.4%	1.4%
			3.2%	3.1%	3.0%	2.9%	2.7%	2.6%	1.2%	1.3%	1.3%	1.3%
Cost to bring assets to agreed service level	No Benchmark	Consolidated General Water Sewer	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93
			0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88
			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
			0.92%	0.92%	0.92%	0.92%	0.92%	0.91%	0.91%	0.91%	0.91%	0.92%
			1.48%	1.48%	1.48%	1.49%	1.50%	1.51%	1.51%	1.51%	1.52%	1.53%
			0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
			0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

## ENHANCED MAINTENANCE SCENARIO

The enhanced maintenance scenario fully funds the assets maintenance budget required to maintain Council's current level of service into the future and prevent deterioration of infrastructure assets. To achieve this we have used condition modelling from the Strategic Asset modelling system in order to achieve a satisfactory standard.

This scenario recurrently increases the operating expenditure progressively in the 2023/24 and 2024/25 financial years, as outlined below.

	2023/24 Cumulative Increase (\$'000s)	2024/25 Cumulative Increase (\$'000s)
New Assets Ongoing Maintenance	\$500	\$1,000
Parks and precincts maintenance shortfall	\$750	\$1,500
Road and Drainage Reserves Vegetation Maintenance	\$204	\$408
Community Buildings R&M	\$237	\$475
Admin. Buildings Programmed Maintenance	\$69	\$138
Grounds Maintenance	\$68	\$135
Works Depots Programmed Maintenance	\$55	\$111
Statutory Inspections	\$41	\$83
Emergency Services Programmed Maintenance	\$10	\$21
Entertainment Centre Maintenance	\$42	\$83
<b>Total</b>	<b>\$1,977</b>	<b>\$3,953</b>

As expenditure on asset maintenance is increased compared to the Business-as-Usual scenario, the Operating Performance Ratio remains above the benchmark in 2022/2023 and in future years. This projected performance does not allow for significant unanticipated adverse variations to operating income and expenditure in the early years of the plan. Under this scenario the service level provided to the community will improve as assets are maintained in line with requirements.

As noted below in the Risk Management and Sensitivity Analysis section, a key risk to the achievement of this scenario is that actual cost of construction in the capital works plan is significantly higher than what has been estimated in this scenario. The capital works program will require regular monitoring and quarterly reporting to Council to enable action to be taken by Council in a timely manner to address variations from planned expenditure.

The following tables summarise the financial position and the key performance indicators under this scenario.

Summary of Financial Performance – Enhanced Maintenance Scenario

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)
<b>Summary of Operating Position</b>										
Total income from continuing operations	326,522	315,663	329,370	326,994	337,553	351,815	362,162	369,339	380,695	390,578
Total expenses from continuing operations	282,491	293,343	302,928	310,782	317,815	324,608	332,193	339,894	347,502	354,899
<b>Net Result</b>	<b>44,031</b>	<b>22,320</b>	<b>26,442</b>	<b>16,213</b>	<b>19,738</b>	<b>27,207</b>	<b>29,969</b>	<b>29,445</b>	<b>33,193</b>	<b>35,679</b>
<b>Net Result before grants and contributions provided for capital purposes</b>	<b>3,661</b>	<b>2,582</b>	<b>3,364</b>	<b>5,024</b>	<b>7,572</b>	<b>10,585</b>	<b>13,213</b>	<b>16,411</b>	<b>19,970</b>	<b>23,511</b>
<b>Summary of Financial Position</b>										
Current assets	164,496	165,942	162,340	151,996	155,320	152,980	154,578	154,666	151,483	157,075
Non-current assets	3,648,272	3,666,354	3,690,206	3,699,444	3,702,568	3,721,966	3,742,822	3,761,181	3,778,386	3,792,684
<b>Total Assets</b>	<b>3,812,768</b>	<b>3,832,296</b>	<b>3,852,546</b>	<b>3,851,440</b>	<b>3,857,888</b>	<b>3,874,946</b>	<b>3,897,400</b>	<b>3,915,847</b>	<b>3,929,869</b>	<b>3,949,759</b>
Current liabilities	96,382	99,531	100,697	100,409	100,126	100,556	101,472	103,013	98,759	77,954
Non-current liabilities	188,269	182,329	174,970	157,941	144,935	134,357	125,926	113,386	98,469	103,486
<b>Total Liabilities</b>	<b>284,651</b>	<b>281,860</b>	<b>275,667</b>	<b>258,350</b>	<b>245,061</b>	<b>234,913</b>	<b>227,398</b>	<b>216,399</b>	<b>197,228</b>	<b>181,440</b>
<b>Net Assets</b>	<b>3,528,117</b>	<b>3,550,436</b>	<b>3,576,879</b>	<b>3,593,090</b>	<b>3,612,827</b>	<b>3,640,033</b>	<b>3,670,002</b>	<b>3,699,448</b>	<b>3,732,641</b>	<b>3,768,319</b>

Key Performance Indicators – Enhanced Maintenance Scenario

Indicator	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Local Government Industry Indicators</b>										
Operating Performance Ratio	1.3%	0.9%	1.1%	1.6%	2.3%	3.2%	3.8%	4.6%	5.4%	6.2%
	-0.1%	-0.6%	-0.5%	-0.2%	0.4%	1.0%	1.5%	2.1%	2.7%	3.3%
	-1.7%	-0.9%	-1.1%	-0.9%	-0.7%	0.7%	1.2%	2.3%	3.4%	4.5%
	11.6%	11.5%	12.7%	13.3%	14.1%	15.0%	15.7%	16.4%	17.2%	17.8%
Own Source Operating Revenue Ratio	81.3%	87.2%	86.6%	89.9%	89.8%	88.8%	88.9%	90.0%	90.1%	90.4%
	81.7%	87.9%	87.0%	90.7%	90.5%	89.4%	89.5%	90.7%	90.8%	91.1%
	89.4%	91.9%	93.5%	93.5%	93.6%	93.6%	93.6%	93.7%	93.7%	93.7%
	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%
Unrestricted Current Ratio	2.00	1.97	2.08	1.97	2.00	1.89	1.89	1.67	1.67	2.36
	2.00	1.97	2.08	1.97	2.00	1.89	1.89	1.67	1.67	2.36
	10.53	11.03	10.40	9.21	11.99	8.92	8.07	6.34	4.83	2.28
	2.52	2.74	2.45	2.40	2.48	2.54	2.46	2.67	2.61	9.00
Debt Service Cover Ratio	4.91	4.20	3.97	3.56	3.86	4.30	4.45	4.38	4.39	5.43
	4.94	3.57	3.49	2.86	3.11	3.52	3.56	3.40	3.37	4.41
	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt
	2.83	3.24	3.46	3.60	3.92	4.31	4.75	4.94	5.14	5.34
Debt Service Ratio	9.1%	8.9%	9.7%	9.7%	9.1%	8.6%	8.4%	8.4%	8.5%	6.9%
	6.2%	6.5%	6.9%	7.0%	6.6%	6.4%	6.4%	6.4%	6.6%	5.0%
	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt
	16.3%	14.3%	13.6%	13.2%	12.3%	11.3%	10.4%	10.1%	9.8%	9.5%
Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage	8.9%	8.5%	8.3%	8.1%	7.9%	7.7%	7.5%	7.4%	7.3%	7.1%
	8.0%	7.9%	7.8%	7.7%	7.6%	7.6%	7.5%	7.4%	7.3%	7.2%
	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
	10.8%	9.9%	9.1%	8.5%	8.1%	7.7%	7.3%	7.1%	6.8%	6.6%
Cash Expense Cover Ratio	5.75	5.20	4.79	4.38	4.58	4.54	4.65	4.74	4.58	4.99
	3.27	2.91	2.95	2.73	2.70	2.75	2.89	2.91	2.75	3.05
	18.14	15.74	14.91	12.23	12.55	11.59	10.93	10.85	11.00	10.26
	3.87	4.15	3.55	3.28	3.29	3.23	3.15	3.65	3.58	4.40

Indicator	Target	Fund	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Infrastructure Asset Performance Indicators</b>												
Infrastructure Renewals Ratio	Greater than 100%	Consolidated	100.8%	59.8%	52.7%	54.2%	68.3%	61.1%	77.3%	82.1%	84.7%	85.0%
		General	124.6%	70.8%	57.2%	51.1%	64.2%	62.2%	73.7%	85.4%	86.0%	82.9%
Infrastructure Backlog Ratio	Less than 2%	Water	94.9%	30.5%	40.3%	57.8%	75.8%	47.9%	86.6%	79.2%	80.4%	106.1%
		Sewer	41.8%	48.4%	48.1%	60.3%	74.8%	66.2%	81.3%	75.4%	83.7%	77.6%
Asset Maintenance Ratio	Greater than 1x	Consolidated	2.6%	2.6%	2.5%	2.4%	2.3%	2.3%	1.3%	1.4%	1.4%	1.4%
		General	3.2%	3.1%	3.0%	2.9%	2.7%	2.6%	1.2%	1.2%	1.3%	1.3%
Cost to bring assets to agreed service level	No Benchmark	Water	1.8%	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%	1.9%	2.0%	2.0%
		Sewer	1.2%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%	1.4%
Asset Maintenance Ratio	Greater than 1x	Consolidated	0.93	0.93	0.96	1.02	1.07	1.13	1.18	1.24	1.29	1.35
		General	0.88	0.88	0.93	1.03	1.14	1.25	1.35	1.46	1.57	1.67
Cost to bring assets to agreed service level	No Benchmark	Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
		Sewer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Asset Maintenance Ratio	Greater than 1x	Consolidated	0.92%	0.92%	0.92%	0.92%	0.92%	0.91%	0.91%	0.91%	0.91%	0.92%
		General	1.48%	1.48%	1.48%	1.49%	1.50%	1.50%	1.51%	1.51%	1.52%	1.53%
Cost to bring assets to agreed service level	No Benchmark	Water	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
		Sewer	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

## ENHANCED MAINTENANCE AND RENEWAL SCENARIO

This scenario outlines the financial position of the Council if in addition to funding sufficient maintenance (as in the Enhanced Maintenance Scenario above), Council addresses the roads renewal backlog across the next 10 years. In doing so, this scenario eliminates roads that are in a poor and very poor condition.

We estimate that Council will need additional \$38M/annum spend on the roads to address the backlog in road renewal treatments.

Same as in the previous scenario, the expenditure on asset maintenance is increased compared to the Business-as-Usual scenario, the Operating Performance Ratio, whilst still met, is very close to not meeting the benchmark in 2022/2023 and 2023/2024. This projected performance does not allow for significant unanticipated adverse variations to operating income and expenditure in those two years. The Ratio improves in the outer years.

With increased expenditure on asset renewal as well as asset maintenance, Council will progressively address its current infrastructure backlog and meet the benchmark over the period of the Plan.

With significant increased expenditure on asset maintenance and renewal, under this scenario Council will have liquidity concerns as the unrestricted current ratio and the cash expense cover ratio is not met over the period on the Plan.

Under this scenario, Council will need to undertake further borrowings to supplement its cashflow and will need to improve its operating income and expenditure position to enable servicing of increased borrowings. The Service Review Program will assist Council in determining the optimal and affordable mix of services to enable it to remain financially sustainable over the long-term.

As noted below in the Risk Management and Sensitivity Analysis section, a key risk to the achievement of this scenario is that actual cost of construction in the capital works plan is significantly higher than what has been estimated in this scenario. The capital works program will require regular monitoring and quarterly reporting to Council to enable action to be taken by Council in a timely manner to address variations from planned expenditure.

The following tables summarise the financial position and the key performance indicators under this scenario.

Summary of Financial Performance – Enhanced Maintenance and Renewal Scenario

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)	(\$,000s)
<b>Summary of Operating Position</b>										
Total income from continuing operations	326,522	315,663	329,370	326,994	337,553	351,815	362,162	369,339	380,695	390,578
Total expenses from continuing operations	282,491	293,343	302,928	310,782	317,815	324,608	332,193	339,894	347,502	354,899
<b>Net Result</b>	<b>44,031</b>	<b>22,320</b>	<b>26,442</b>	<b>16,213</b>	<b>19,738</b>	<b>27,207</b>	<b>29,969</b>	<b>29,445</b>	<b>33,193</b>	<b>35,679</b>
<b>Net Result before grants and contributions provided for capital purposes</b>	<b>3,661</b>	<b>2,582</b>	<b>3,364</b>	<b>5,024</b>	<b>7,572</b>	<b>10,585</b>	<b>13,213</b>	<b>16,411</b>	<b>19,970</b>	<b>23,511</b>
<b>Summary of Financial Position</b>										
Current assets	164,496	126,802	83,082	31,617	-7,209	-52,752	-95,437	-140,740	-190,448	-232,544
Non-current assets	3,648,272	3,705,494	3,769,464	3,819,823	3,865,097	3,927,698	3,992,837	4,056,587	4,120,317	4,182,303
<b>Total Assets</b>	<b>3,812,768</b>	<b>3,832,296</b>	<b>3,852,546</b>	<b>3,851,440</b>	<b>3,857,888</b>	<b>3,874,946</b>	<b>3,897,400</b>	<b>3,915,847</b>	<b>3,929,869</b>	<b>3,949,759</b>
Current liabilities	96,382	99,531	100,697	100,409	100,126	100,556	101,472	103,013	98,759	77,954
Non-current liabilities	188,269	182,329	174,970	157,941	144,935	134,357	125,926	113,386	98,469	103,486
<b>Total Liabilities</b>	<b>284,651</b>	<b>281,860</b>	<b>275,667</b>	<b>258,350</b>	<b>245,061</b>	<b>234,913</b>	<b>227,398</b>	<b>216,399</b>	<b>197,228</b>	<b>181,440</b>
<b>Net Assets</b>	<b>3,528,117</b>	<b>3,550,436</b>	<b>3,576,879</b>	<b>3,593,090</b>	<b>3,612,827</b>	<b>3,640,033</b>	<b>3,670,002</b>	<b>3,699,448</b>	<b>3,732,641</b>	<b>3,768,319</b>

Key Performance Indicators – Enhanced Maintenance and Renewal Scenario

Indicator	Target	Fund	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Local Government Industry Indicators</b>												
Operating Performance Ratio	Greater than 0%	Consolidated General Water Sewer	1.3% -0.1% -1.7% 11.6%	0.9% -0.6% -0.9% 11.5%	1.1% -0.5% -1.1% 12.7%	1.6% -0.2% -0.9% 13.3%	2.3% 0.4% -0.7% 14.1%	3.2% 1.0% 0.7% 15.0%	3.8% 1.5% 1.2% 15.7%	4.6% 2.1% 2.3% 16.4%	5.4% 2.7% 3.4% 17.2%	6.2% 3.3% 4.5% 17.8%
Own Source Operating Revenue Ratio	Greater than 60%	Consolidated General Water Sewer	81.3% 81.7% 89.4% 95.8%	87.2% 87.9% 91.9% 95.8%	86.6% 87.0% 93.5% 95.8%	89.9% 90.7% 93.5% 95.8%	89.8% 90.5% 93.6% 95.8%	88.8% 89.4% 93.6% 95.8%	88.9% 89.5% 93.6% 95.8%	90.0% 90.7% 93.7% 95.8%	90.1% 90.8% 93.7% 95.8%	90.4% 91.1% 93.7% 95.8%
Unrestricted Current Ratio	Greater than 1.5	Consolidated General Water Sewer	2.00 2.00 10.53 2.52	1.05 1.05 11.03 2.74	0.24 0.24 10.40 2.45	-0.80 -0.80 9.21 2.40	-1.78 -1.78 11.99 2.48	-2.82 -2.82 8.92 2.54	-3.79 -3.79 8.07 2.46	-4.32 -4.32 6.34 2.67	-5.26 -5.26 4.83 2.61	-9.13 -9.13 2.28 9.00
Debt Service Cover Ratio	Greater than 2.0	Consolidated General Water Sewer	4.91 4.94 No Debt 2.83	4.20 3.57 No Debt 3.24	3.97 3.49 No Debt 3.46	3.56 2.86 No Debt 3.60	3.86 3.11 No Debt 3.92	4.30 3.52 No Debt 4.31	4.45 3.56 No Debt 4.75	4.38 3.40 No Debt 4.94	4.39 3.37 No Debt 5.14	5.43 4.41 No Debt 5.34
Debt Service Ratio	Less than 15%	Consolidated General Water Sewer	9.1% 6.2% No Debt 16.3%	8.9% 6.5% No Debt 14.3%	9.7% 6.9% No Debt 13.6%	9.7% 7.0% No Debt 13.2%	9.1% 6.6% No Debt 12.3%	8.6% 6.4% No Debt 11.3%	8.4% 6.4% No Debt 10.4%	8.4% 6.4% No Debt 10.1%	8.5% 6.6% No Debt 9.8%	6.9% 5.0% No Debt 9.5%
Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage	Less than 10%	Consolidated General Water Sewer	8.9% 8.0% 11.2% 10.8%	8.5% 7.9% 11.2% 9.9%	8.3% 7.8% 11.2% 9.1%	8.1% 7.7% 11.2% 8.5%	7.9% 7.6% 11.2% 8.1%	7.7% 7.6% 11.2% 7.7%	7.5% 7.5% 11.2% 7.3%	7.4% 7.4% 11.2% 7.1%	7.3% 7.3% 11.2% 6.8%	7.1% 7.2% 11.2% 6.6%
Cash Expense Cover Ratio	Greater than 3 months	Consolidated General Water Sewer	5.75 3.27 18.14 3.87	3.21 0.96 15.74 4.15	0.89 -0.84 14.91 3.55	-1.40 -2.88 12.23 3.28	-3.08 -4.71 12.55 3.29	-4.99 -6.44 11.59 3.23	-6.66 -8.00 10.93 3.15	-8.30 -9.64 10.85 3.65	-10.12 -11.39 11.00 3.58	-11.68 -12.96 10.26 4.40

Indicator	Target	Fund	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Infrastructure Asset Performance Indicators</b>												
Infrastructure Renewals Ratio	Greater than 100%	Consolidated General Water Sewer	100.8% 124.6% 94.9% 41.8%	117.0% 163.0% 30.5% 48.4%	109.3% 148.5% 40.3% 48.1%	110.3% 141.5% 57.8% 60.3%	123.9% 153.7% 75.8% 74.8%	116.1% 150.8% 47.9% 66.2%	131.8% 161.4% 86.6% 81.3%	136.1% 172.3% 79.2% 75.4%	138.1% 172.0% 80.4% 83.7%	137.8% 168.1% 106.1% 77.6%
Infrastructure Backlog Ratio	Less than 2%	Consolidated General Water Sewer	2.6% 3.2% 1.8% 1.2%	2.5% 3.0% 1.8% 1.2%	2.4% 2.9% 1.8% 1.3%	2.3% 2.7% 1.8% 1.3%	2.2% 2.6% 1.9% 1.3%	2.1% 2.4% 1.9% 1.3%	1.2% 1.1% 1.9% 1.3%	1.3% 1.1% 1.9% 1.3%	1.3% 1.1% 2.0% 1.4%	1.3% 1.1% 2.0% 1.4%
Asset Maintenance Ratio	Greater than 1x	Consolidated General Water Sewer	0.93 0.88 1.00 1.00	0.93 0.88 1.00 1.00	0.96 0.93 1.00 1.00	1.02 1.03 1.00 1.00	1.07 1.14 1.00 1.00	1.13 1.25 1.00 1.00	1.18 1.35 1.00 1.00	1.24 1.46 1.00 1.00	1.29 1.57 1.00 1.00	1.35 1.67 1.00 1.00
Cost to bring assets to agreed service level	No Benchmark	Consolidated General Water Sewer	0.92% 1.48% 0.01% 0.01%	0.92% 1.48% 0.01% 0.01%	0.91% 1.46% 0.01% 0.01%	0.90% 1.45% 0.01% 0.01%	0.89% 1.44% 0.01% 0.01%	0.89% 1.43% 0.01% 0.01%	0.88% 1.41% 0.01% 0.01%	0.87% 1.40% 0.01% 0.01%	0.87% 1.40% 0.01% 0.01%	0.86% 1.39% 0.01% 0.01%

## RISKS MANAGEMENT AND SENSITIVITY ANALYSIS

### RISKS

The following risks have been identified as the major threats to the successful outcomes of implementing the Long Term Financial Plan.

#### Certainty of Revenue Streams

Projections of revenue streams over the period of the Long Term Financial Plan are based upon historical trends, anticipated economic conditions, planned pricing, known grants and current statutory prices.

Furthermore, the rates increase has been assumed to be the rate peg at 2.5% from 2023/24 onwards, plus growth of 0.5%.

#### Expenditure Estimates

During the preparation period of this LTFP there were significant inflationary pressures being experienced nationwide. The inflationary pressures were assumed to be mostly due to supply constraints and international affairs. Projections for operating expenditure from 2023/4 onwards is based on the assumption that CPI will return to Reserve Bank of Australia target of 2-3%. Extended periods of higher inflation remains a risk to the accuracy of operating expenditure projections.

Interest rates on borrowings that are significantly above the assumed rates will impact the plan. As noted above, during the preparation of this plan there were significant inflationary pressures resulting in an increase in interest rates increasing from a record low base. This plan assumes that the interest rates on borrowings will rise to a historical trend of 4%. It should be noted however that current borrowings that Council has committed to include low interest borrowings organised through TCorp, supported by the State Government. Low interest borrowings include a cost sharing arrangement with the State Government bearing responsibility for 50% of interest costs. Council is therefore partly protected from full impact of future increases in interest on borrowings.

Capital expenditure estimates are based upon best information at hand during the planning of the projects. Further detailed planning, including design and cost estimation, and significant increases in construction costs may result in capital expenditure that is significantly different to that outlined in the Long Term Financial Plan.

Cost of construction for future capital works is assumed to increase based on projected indexation of 2-3%, in line with the Reserve Bank of Australia CPI target range. Higher costs of construction than projected is a significant risk and a major risk to the accuracy of the projected financial position for Council.

The outcome of service reviews undertaken in line with Integrated Planning and Reporting requirements may impact assumptions and will need to be captured in future reviews of this Plan.

#### Impairment and Early Deterioration of Assets

Council maintains current asset management plans that outlines the sustainable and responsible management of assets. The planned treatment of assets for renewals and replacement is based upon the predicted lifecycle of the assets. However, there is a range of variability amongst asset groups, and despite routine inspections, assets can deteriorate faster than the projected lifecycle, requiring earlier treatment of assets – that is, early deterioration of assets.

Earlier deterioration of assets is a threat to the planned expenditure on assets, and while mostly immaterial, can be significant depending upon the replacement value and criticality of the asset.

Furthermore, events such as disasters can impact significantly upon assets, which results in the need to impair the asset (right down the value of the asset). If the impairment of the assets is significant to require the replacement or renewal, the expenditure will not be included in the Long Term Financial Plan. Although Council is funded under

certain circumstances for disasters, there is a significant risk that Council will need to fund all or at least majority of the replacement cost.

### Section 7.11 Cash Reserves

Council has prepared the Contributions Plan in line with projected development. However, actual development may occur at different timing, and construction of assets triggered by development may be necessary without required funding available in the Section 7.11 cash reserve.

Council continues to review Section 7.11 plans to ensure cash flow is consistent with the timing of planned capital works programs. Plans are assessed for cash shortfalls and if required other funding sources identified.

The Section 7.11 cap placed on contributions from developers and the removal of some infrastructure (non-essential) able to be funded through Section 7.11 has made delivering Greenfield sites challenging.

### SENSITIVITY ANALYSIS

The following assessment has been completed upon the major assumptions included in the preparation of the Long Term Financial Plan. The tables below indicates the impact to the relevant financial element due to a change in an assumption included in the Plan.

Financial Element	Change	Impact
<b>Revenue</b>		
Rates and Annual Charges	Reduction in the rates by 1%	-1,677,000
User Charges and Fees	Reduction on charges and fees by 1%	-906,000
Investment Interest	Interest rate increased by 1%	1,588,000
<b>Operating Expenditure</b>		
Employee benefits	Employee costs increase by 1% higher	943,000
Materials and contracts	Costs increase by 1% higher	913,000
<b>Capital Expenditure</b>		
Total construction costs	Costs increase by 1% higher	2,370,000

### PERFORMANCE MONITORING

Our Council will review the Long Term Financial plan on an annual basis in line with the annual review of the Delivery Program and Operational Plan. This review will include an assessment of the previous year's performance to determine whether estimates were accurate, and assumptions were appropriate. Adjustments will be made if required.

The assessment of performance will be based upon a range of financial indicators that are reported to the Council through the Quarterly Budget Review Statement and the Annual Financial Statements.

The Quarterly Budget Review Statement provides a summary of Council's financial position to the Council, so that budgetary adjustments may be made, if necessary. It is the mechanism by which community and councillors are informed of progress against Operational Plan (original budget) and last revised budget.

The Annual Financial Statements presents the council's operating results and financial position for the year, including schedules that report on key performance indicators, including measures to assess the long-term financial sustainability of the council.

Council will monitor and report against the following indicators:

- Operating Performance Ratio
- Own Source Revenue Ratio
- Building and Infrastructure Asset Renewal Ratio
- Infrastructure Backlog Ratio
- Asset Maintenance Ratio
- Debt Service Ratio
- Debt Service Cover Ratio
- Unrestricted Current Ratio
- Rates & Outstanding Charges Ratio
- Cash Expense Cover Ratio
- Available Working Capital

In accordance with the Liquidity Contingency Plan, Following Liquidity Ratios will be reported on a monthly basis:

- Unrestricted Current Ratio
- Cash Expense Cover Ratio
- Cash Expense Cover Ratio Excluding External Restrictions
- Unrestricted Cash Balance



# FINANCIAL STATEMENTS – BUSINESS AS USUAL SCENARIO

## STATEMENT OF COMPREHENSIVE INCOME - CONSOLIDATED

INCOME STATEMENT - CONSOLIDATED	FORWARD PLAN										
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
Balances as at 30 June	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates and Annual Charges	167,655	173,730	179,580	185,014	190,612	196,377	202,317	208,434	214,735	221,224	
User Charges and Fees	90,636	94,336	98,086	101,448	104,697	107,984	111,484	115,475	119,530	123,147	
Interest and Investment Revenue	3,019	3,105	3,191	3,272	3,355	3,441	3,529	3,619	3,710	3,805	
Other Revenues	4,058	4,169	4,284	4,392	4,501	4,614	4,729	4,847	4,968	5,092	
Grants and Contributions provided for Operating Purposes	20,784	20,585	21,151	21,680	22,222	22,777	23,347	23,930	24,529	25,142	
Grants and Contributions provided for Capital Purposes	40,370	19,738	23,078	11,189	12,166	16,622	16,756	13,034	13,223	12,168	
<b>Total Income from Continuing Operations</b>	<b>326,522</b>	<b>315,663</b>	<b>329,370</b>	<b>326,995</b>	<b>337,553</b>	<b>351,815</b>	<b>362,162</b>	<b>369,339</b>	<b>380,695</b>	<b>390,578</b>	
<b>Expenses from Continuing Operations</b>											
Employee Benefits and On-Costs	94,264	95,331	97,232	99,173	101,152	103,171	105,230	107,330	109,472	111,657	
Borrowing Costs	6,150	6,190	5,971	5,743	5,196	4,786	4,494	4,287	3,965	3,423	
Materials and Contracts	91,274	94,777	98,245	101,722	105,072	108,169	111,573	115,014	118,499	121,953	
Depreciation and Amortisation	75,135	78,970	80,935	83,088	84,818	86,371	88,237	90,041	91,767	93,478	
Other Expenses	15,668	16,098	16,541	16,955	17,378	17,812	18,257	18,715	19,183	19,662	
Fair value decrement on investment property	0	0	0	0	0	0	0	0	0	0	
<b>Total Expenses from Continuing Operations</b>	<b>282,491</b>	<b>291,366</b>	<b>298,924</b>	<b>306,681</b>	<b>313,616</b>	<b>320,309</b>	<b>327,791</b>	<b>335,387</b>	<b>342,886</b>	<b>350,173</b>	
<b>Net Operating Result</b>	<b>44,031</b>	<b>24,297</b>	<b>30,446</b>	<b>20,314</b>	<b>23,937</b>	<b>31,506</b>	<b>34,371</b>	<b>33,952</b>	<b>37,809</b>	<b>40,405</b>	
<b>Net Operating Result before grants and contributions provided for capital purposes</b>	<b>3,661</b>	<b>4,559</b>	<b>7,368</b>	<b>9,125</b>	<b>11,771</b>	<b>14,884</b>	<b>17,615</b>	<b>20,918</b>	<b>24,586</b>	<b>28,237</b>	

## STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED	FORWARD PLAN										
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
Balances as at 30 June	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	60,250	57,673	65,962	66,884	72,407	71,366	72,365	66,960	63,393	63,711	
Investments	77,775	83,775	73,775	68,775	70,775	73,775	78,775	88,775	93,775	103,775	
Receivables	22,979	22,979	22,980	22,980	22,980	22,980	22,981	22,981	22,981	22,981	
Inventories	2,562	2,562	2,562	2,562	2,562	2,562	2,562	2,562	2,562	2,562	
Other	930	930	930	930	930	930	930	930	930	930	
<b>Total Current Assets</b>	<b>164,496</b>	<b>167,919</b>	<b>166,209</b>	<b>162,131</b>	<b>169,654</b>	<b>171,613</b>	<b>177,613</b>	<b>182,208</b>	<b>183,641</b>	<b>193,959</b>	
<b>Non-Current Assets</b>											
Investments	6,000	0	0	0	0	0	0	0	0	0	
Receivables	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	
Inventories	6,289	6,073	1,195	3,289	1,060	3,948	2,888	1,742	1,460	418	
Infrastructure, Property, Plant & Equipment	3,626,306	3,650,604	3,681,445	3,686,425	3,691,778	3,708,288	3,730,204	3,749,709	3,767,196	3,782,536	
Investment Property	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	
Intangible Assets	558	558	558	558	558	558	558	558	558	558	
Right of use assets	76	76	76	76	76	76	76	76	76	76	
<b>Total Non-Current Assets</b>	<b>3,648,272</b>	<b>3,666,354</b>	<b>3,692,318</b>	<b>3,699,391</b>	<b>3,702,515</b>	<b>3,721,913</b>	<b>3,742,769</b>	<b>3,761,128</b>	<b>3,778,333</b>	<b>3,792,631</b>	
<b>TOTAL ASSETS</b>	<b>3,812,768</b>	<b>3,834,273</b>	<b>3,858,527</b>	<b>3,861,522</b>	<b>3,872,169</b>	<b>3,893,526</b>	<b>3,920,382</b>	<b>3,943,336</b>	<b>3,961,974</b>	<b>3,986,590</b>	
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	30,868	30,868	30,868	30,868	30,868	30,868	30,868	30,868	30,868	30,868	
Income received in advance	0	0	0	0	0	0	0	0	0	0	
Contract liabilities	11,638	11,638	11,638	11,638	11,638	11,638	11,638	11,638	11,638	11,638	
Lease liabilities	83	83	83	83	83	83	83	83	83	83	
Borrowings	18,428	21,577	22,743	22,455	22,172	22,602	23,518	25,059	20,805	0	
Employee benefit provision	34,092	34,092	34,092	34,092	34,092	34,092	34,092	34,092	34,092	34,092	
Provisions	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	
<b>Total Current Liabilities</b>	<b>96,382</b>	<b>99,531</b>	<b>100,697</b>	<b>100,409</b>	<b>100,126</b>	<b>100,556</b>	<b>101,472</b>	<b>103,013</b>	<b>98,759</b>	<b>77,954</b>	
<b>Non-Current Liabilities</b>											
Borrowings	182,108	176,168	168,809	151,780	138,774	128,196	119,765	107,225	92,308	97,325	
Employee benefit provision	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	1,162	
Provisions	4,999	4,999	4,999	4,999	4,999	4,999	4,999	4,999	4,999	4,999	
<b>Total Non-Current Liabilities</b>	<b>188,269</b>	<b>182,329</b>	<b>174,970</b>	<b>157,941</b>	<b>144,935</b>	<b>134,357</b>	<b>125,926</b>	<b>113,386</b>	<b>98,469</b>	<b>103,486</b>	
<b>TOTAL LIABILITIES</b>	<b>284,651</b>	<b>281,860</b>	<b>275,667</b>	<b>258,350</b>	<b>245,061</b>	<b>234,913</b>	<b>227,398</b>	<b>216,399</b>	<b>197,228</b>	<b>181,440</b>	
<b>NET ASSETS</b>	<b>3,528,117</b>	<b>3,552,413</b>	<b>3,582,860</b>	<b>3,603,172</b>	<b>3,627,108</b>	<b>3,658,613</b>	<b>3,692,984</b>	<b>3,726,937</b>	<b>3,764,746</b>	<b>3,805,150</b>	
<b>EQUITY</b>											
Retained Earnings	1,727,221	1,751,517	1,781,964	1,802,276	1,826,212	1,857,717	1,892,088	1,926,041	1,963,850	2,004,254	
Revaluation Reserves	1,800,896	1,800,896	1,800,896	1,800,896	1,800,896	1,800,896	1,800,896	1,800,896	1,800,896	1,800,896	
Other reserves	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL EQUITY</b>	<b>3,528,117</b>	<b>3,552,413</b>	<b>3,582,860</b>	<b>3,603,172</b>	<b>3,627,108</b>	<b>3,658,613</b>	<b>3,692,984</b>	<b>3,726,937</b>	<b>3,764,746</b>	<b>3,805,150</b>	

STATEMENT OF CASH FLOWS - CONSOLIDATED

	FORWARD PLAN									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>STATEMENT OF CASH FLOWS - CONSOLIDATED</b>										
Balances as at 30 June										
<b>Cash Flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates and Annual Charges	167,655	173,730	179,580	185,014	190,612	196,377	202,317	208,434	214,735	221,224
User Charges and Fees	90,635	94,336	98,086	101,448	104,697	107,984	111,484	115,475	119,530	123,147
Interest and Investment Revenue	3,019	3,105	3,191	3,272	3,355	3,441	3,529	3,619	3,710	3,805
Grants and Contributions	61,154	40,323	44,229	32,869	34,388	39,399	40,103	36,964	37,752	37,310
Other Revenues	4,058	4,169	4,284	4,391	4,501	4,614	4,729	4,847	4,968	5,092
<b>Payments:</b>										
Employee Benefits and On-Costs	(94,263)	(95,331)	(97,232)	(99,173)	(101,152)	(103,171)	(105,230)	(107,330)	(109,472)	(111,657)
Borrowing Costs	(6,150)	(6,190)	(5,971)	(5,743)	(5,196)	(4,786)	(4,494)	(4,287)	(3,965)	(3,423)
Materials and Contracts	(91,274)	(94,777)	(98,244)	(101,722)	(105,071)	(108,169)	(111,574)	(115,013)	(118,500)	(121,953)
Waste Levy	(11,781)	(12,105)	(12,438)	(12,749)	(13,067)	(13,394)	(13,729)	(14,072)	(14,424)	(14,785)
Other Expenses	(3,887)	(3,993)	(4,104)	(4,206)	(4,311)	(4,418)	(4,529)	(4,643)	(4,759)	(4,877)
<b>Net Cash Provided from Operating Activities</b>	<b>119,166</b>	<b>103,267</b>	<b>111,380</b>	<b>103,402</b>	<b>108,755</b>	<b>117,877</b>	<b>122,607</b>	<b>123,993</b>	<b>129,576</b>	<b>133,883</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of Investment Securities	69,000	0	10,000	5,000	0	2,000	0	0	0	0
Sale of Real Estate	4,900	4,357	8,594	13,402	6,156	2,615	5,069	5,972	4,102	3,577
Sale of Infrastructure, Property, Plant & Equipment	2,973	2,624	2,855	3,079	3,088	3,163	3,278	3,320	3,525	2,923
Other	0	0	0	0	0	0	0	0	0	0
Deferred debtors receipts	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>										
Purchase of Investment Securities	0	0	0	0	(2,000)	(5,000)	(5,000)	(10,000)	(5,000)	(10,000)
Purchase of Infrastructure, Property, Plant & Equipment	(237,019)	(105,892)	(114,632)	(91,146)	(93,259)	(106,044)	(113,431)	(112,866)	(112,779)	(111,741)
Purchase of Real Estate Assets	(9,920)	(4,141)	(3,716)	(15,496)	(3,927)	(5,503)	(4,009)	(4,826)	(3,820)	(2,535)
<b>Net Cash Provided from Investing Activities</b>	<b>(170,066)</b>	<b>(103,052)</b>	<b>(96,899)</b>	<b>(85,161)</b>	<b>(89,942)</b>	<b>(108,769)</b>	<b>(114,093)</b>	<b>(118,400)</b>	<b>(113,972)</b>	<b>(117,776)</b>
<b>Cash Flows from Financing Activities</b>										
<b>Receipts:</b>										
Proceeds from Borrowings & Advances	21,080	15,637	15,384	5,426	9,166	12,024	15,087	12,519	5,888	5,017
<b>Payments:</b>										
Repayment of borrowings & Advances	(18,129)	(18,428)	(21,577)	(22,743)	(22,455)	(22,172)	(22,602)	(23,518)	(25,059)	(20,805)
<b>Net Cash Provided from Financing Activities</b>	<b>2,951</b>	<b>(2,791)</b>	<b>(6,193)</b>	<b>(17,317)</b>	<b>(13,289)</b>	<b>(10,148)</b>	<b>(7,515)</b>	<b>(10,999)</b>	<b>(19,171)</b>	<b>(15,788)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(47,949)</b>	<b>(2,576)</b>	<b>8,288</b>	<b>924</b>	<b>5,524</b>	<b>(1,040)</b>	<b>999</b>	<b>(5,406)</b>	<b>(3,567)</b>	<b>319</b>
Plus: Cash & Equivalents - beginning of year	108,199	60,250	57,673	65,962	66,884	72,407	71,366	72,365	66,960	63,393
<b>Cash &amp; Equivalents - end of year</b>	<b>60,250</b>	<b>57,674</b>	<b>65,961</b>	<b>66,886</b>	<b>72,408</b>	<b>71,367</b>	<b>72,365</b>	<b>66,959</b>	<b>63,393</b>	<b>63,712</b>

	FORWARD PLAN									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INCOME STATEMENT - GENERAL FUND</b>										
Balances as at 30 June										
<b>Income from Continuing Operations</b>										
<b>Revenue:</b>										
Rates and Annual Charges	114,726	119,075	123,143	126,879	130,727	134,690	138,773	142,978	147,309	151,770
User Charges and Fees	63,399	65,704	68,371	70,615	72,703	74,786	77,035	79,728	82,434	84,651
Interest and Investment Revenue	3,803	3,910	4,018	4,119	4,223	4,330	4,439	4,551	4,666	4,784
Other Revenues	4,052	4,163	4,278	4,385	4,494	4,607	4,722	4,840	4,961	5,085
Internal Revenue	60,323	61,982	63,686	65,278	66,910	68,583	70,298	72,055	73,856	75,703
Grants and Contributions provided for Operating Purposes	20,784	20,585	21,151	21,680	22,222	22,777	23,347	23,930	24,529	25,142
Grants and Contributions provided for Capital Purposes	34,306	14,423	18,198	6,162	6,989	11,290	11,263	7,376	7,396	6,166
<b>Total Income from Continuing Operations</b>	<b>301,393</b>	<b>289,842</b>	<b>302,845</b>	<b>299,118</b>	<b>308,268</b>	<b>321,063</b>	<b>329,877</b>	<b>335,458</b>	<b>345,151</b>	<b>353,301</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits and On-Costs	78,372	79,139	80,723	82,338	83,986	85,667	87,381	89,130	90,914	92,733
Borrowing Costs	2,790	3,015	3,064	3,060	2,739	2,541	2,446	2,426	2,299	1,959
Materials and Contracts	72,584	74,931	77,448	79,945	82,331	84,688	87,133	89,714	92,328	94,870
Depreciation and Amortisation	48,031	50,625	51,841	53,155	54,083	55,079	56,164	57,304	58,364	59,373
Other Expenses	15,695	16,127	16,570	16,985	17,409	17,844	18,290	18,748	19,216	19,697
Internal Expenses	49,800	51,155	52,562	53,876	55,223	56,603	58,018	59,469	60,955	62,479
Fair value decrement on investment property	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses from Continuing Operations</b>	<b>267,272</b>	<b>274,992</b>	<b>282,208</b>	<b>289,359</b>	<b>295,771</b>	<b>302,422</b>	<b>309,432</b>	<b>316,791</b>	<b>324,076</b>	<b>331,111</b>
<b>Net Operating Result</b>	<b>34,121</b>	<b>14,850</b>	<b>20,637</b>	<b>9,759</b>	<b>12,497</b>	<b>18,641</b>	<b>20,445</b>	<b>18,667</b>	<b>21,075</b>	<b>22,190</b>
<b>Net Operating Result before grants and contributions provided for capital purposes</b>	<b>(185)</b>	<b>427</b>	<b>2,439</b>	<b>3,597</b>	<b>5,508</b>	<b>7,351</b>	<b>9,182</b>	<b>11,291</b>	<b>13,679</b>	<b>16,024</b>



STATEMENT OF COMPREHENSIVE INCOME – WATER FUND

INCOME STATEMENT - WATER FUND	FORWARD PLAN									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Balances as at 30 June	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>										
<b>Revenue:</b>										
Rates and Annual Charges	4,495	4,644	4,798	4,944	5,096	5,251	5,412	5,577	5,748	5,923
User Charges and Fees	23,109	24,327	25,282	26,272	27,301	28,370	29,481	30,636	31,837	33,085
Interest and Investment Revenue	959	911	878	900	923	947	971	996	1,021	1,047
Other Revenues	6	6	6	6	7	7	7	7	7	7
Internal Revenue	2,383	2,448	2,516	2,579	2,643	2,709	2,777	2,846	2,918	2,990
Grants and Contributions provided for Operating Purposes	0	0	0	0	0	0	0	0	0	0
Grants and Contributions provided for Capital Purposes	3,664	2,843	2,334	2,404	2,476	2,550	2,627	2,706	2,787	2,871
<b>Total Income from Continuing Operations</b>	<b>34,616</b>	<b>35,179</b>	<b>35,814</b>	<b>37,105</b>	<b>38,446</b>	<b>39,834</b>	<b>41,275</b>	<b>42,768</b>	<b>44,318</b>	<b>45,923</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits and On-Costs	6,565	6,696	6,830	6,967	7,106	7,248	7,393	7,541	7,692	7,846
Borrowing Costs	0	0	0	0	0	0	0	0	0	0
Materials and Contracts	7,839	8,239	8,734	9,218	9,712	10,006	10,467	10,836	11,217	11,605
Depreciation and Amortisation	10,688	11,149	11,534	11,925	12,322	12,514	12,869	13,128	13,394	13,663
Other Expenses	38	39	40	41	42	43	44	45	47	48
Internal Expenses	6,346	6,520	6,700	6,867	7,039	7,215	7,395	7,580	7,769	7,964
Fair value decrement on investment property	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses from Continuing Operations</b>	<b>31,476</b>	<b>32,643</b>	<b>33,838</b>	<b>35,018</b>	<b>36,221</b>	<b>37,026</b>	<b>38,168</b>	<b>39,130</b>	<b>40,119</b>	<b>41,126</b>
<b>Net Operating Result</b>	<b>3,140</b>	<b>2,536</b>	<b>1,976</b>	<b>2,087</b>	<b>2,225</b>	<b>2,808</b>	<b>3,107</b>	<b>3,638</b>	<b>4,199</b>	<b>4,797</b>
<b>Net Operating Result before grants and contributions provided for capital purposes</b>	<b>(524)</b>	<b>(307)</b>	<b>(358)</b>	<b>(317)</b>	<b>(251)</b>	<b>258</b>	<b>480</b>	<b>932</b>	<b>1,412</b>	<b>1,926</b>

STATEMENT OF FINANCIAL POSITION – WATER FUND

STATEMENT OF FINANCIAL POSITION - WATER FUND	FORWARD PLAN									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Balances as at 30 June	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	16,851	14,295	19,184	17,594	18,009	17,733	17,082	17,557	18,575	17,536
Investments	25,342	26,954	16,954	11,954	13,954	11,954	11,954	11,954	11,954	11,954
Receivables	4,072	2,882	2,882	2,882	2,882	2,882	2,882	2,882	2,882	2,882
Inventories	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207
Other	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>47,472</b>	<b>45,338</b>	<b>40,227</b>	<b>33,637</b>	<b>36,052</b>	<b>33,776</b>	<b>33,125</b>	<b>33,600</b>	<b>34,618</b>	<b>33,579</b>
<b>Non-Current Assets</b>										
Investments	1,612	0	0	0	0	0	0	0	0	0
Receivables	473	473	473	473	473	473	473	473	473	473
Inventories	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	400,126	405,937	412,540	420,721	420,023	424,586	427,810	430,426	433,046	438,307
Investment Property	0	0	0	0	0	0	0	0	0	0
Intangible Assets	30	30	30	30	30	30	30	30	30	30
Right of use assets	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Current Assets</b>	<b>402,241</b>	<b>406,440</b>	<b>413,043</b>	<b>421,224</b>	<b>420,526</b>	<b>425,089</b>	<b>428,313</b>	<b>430,929</b>	<b>433,549</b>	<b>438,810</b>
<b>TOTAL ASSETS</b>	<b>449,713</b>	<b>451,778</b>	<b>453,270</b>	<b>454,861</b>	<b>456,578</b>	<b>458,865</b>	<b>461,438</b>	<b>464,529</b>	<b>468,167</b>	<b>472,389</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Payables	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212
Income received in advance	0	0	0	0	0	0	0	0	0	0
Contract liabilities	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings	0	0	0	0	0	0	0	0	0	0
Employee benefit provision	0	0	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>
<b>Non-Current Liabilities</b>										
Borrowings	0	0	0	0	0	0	0	0	0	0
Employee benefit provision	0	0	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>	<b>2,212</b>
<b>NET ASSETS</b>	<b>447,501</b>	<b>449,566</b>	<b>451,058</b>	<b>452,649</b>	<b>454,366</b>	<b>456,653</b>	<b>459,226</b>	<b>462,317</b>	<b>465,955</b>	<b>470,177</b>
<b>EQUITY</b>										
Retained Earnings	231,371	233,436	234,928	236,519	238,236	240,523	243,096	246,187	249,825	254,047
Revaluation Reserves	216,130	216,130	216,130	216,130	216,130	216,130	216,130	216,130	216,130	216,130
Other reserves	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EQUITY</b>	<b>447,501</b>	<b>449,566</b>	<b>451,058</b>	<b>452,649</b>	<b>454,366</b>	<b>456,653</b>	<b>459,226</b>	<b>462,317</b>	<b>465,955</b>	<b>470,177</b>

**STATEMENT OF CASH FLOWS – WATER FUND**

STATEMENT OF CASH FLOWS - WATER FUND	FORWARD PLAN									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Balances as at 30 June	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates and Annual Charges	4,495	4,644	4,798	4,944	5,096	5,251	5,412	5,577	5,748	5,923
User Charges and Fees	23,109	24,327	25,282	26,272	27,301	28,370	29,481	30,636	31,837	33,085
Interest and Investment Revenue	959	911	878	900	923	947	971	996	1,021	1,047
Grants and Contributions	3,664	2,843	2,334	2,404	2,476	2,550	2,627	2,706	2,787	2,871
Other Revenues	6	6	6	6	7	7	7	7	7	7
Internal Revenue	2,383	2,448	2,516	2,579	2,643	2,709	2,777	2,846	2,918	2,990
<b>Payments:</b>										
Employee Benefits and On-Costs	(6,565)	(6,696)	(6,830)	(6,967)	(7,106)	(7,248)	(7,393)	(7,541)	(7,692)	(7,846)
Borrowing Costs	0	0	0	0	0	0	0	0	0	0
Materials and Contracts	(7,839)	(8,239)	(8,734)	(9,218)	(9,712)	(10,006)	(10,467)	(10,836)	(11,217)	(11,605)
Waste Levy	0	0	0	0	0	0	0	0	0	0
Other Expenses	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(47)	(48)
Internal Expenses	(6,346)	(6,520)	(6,700)	(6,867)	(7,039)	(7,215)	(7,395)	(7,580)	(7,769)	(7,964)
<b>Net Cash Provided from Operating Activities</b>	<b>13,828</b>	<b>13,685</b>	<b>13,510</b>	<b>14,012</b>	<b>14,547</b>	<b>15,322</b>	<b>15,976</b>	<b>16,766</b>	<b>17,593</b>	<b>18,460</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of Investment Securities	15,000	0	10,000	5,000	0	2,000	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	120	124	127	130	133	136	140	143	147	151
Other	1,119	1,190	0	0	0	0	0	0	0	0
<b>Payments:</b>										
Purchase of Investment Securities	0	0	0	0	(2,000)	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(28,807)	(17,084)	(18,264)	(20,236)	(11,757)	(17,213)	(16,233)	(15,887)	(16,161)	(19,075)
<b>Net Cash Provided from Investing Activities</b>	<b>(12,568)</b>	<b>(15,770)</b>	<b>(8,137)</b>	<b>(15,106)</b>	<b>(13,624)</b>	<b>(15,077)</b>	<b>(16,093)</b>	<b>(15,744)</b>	<b>(16,014)</b>	<b>(18,924)</b>
<b>Cash Flows from Financing Activities</b>										
<b>Receipts:</b>										
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>										
Repayment of borrowings & Advances	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	(458)	(471)	(484)	(496)	(508)	(521)	(534)	(547)	(561)	(575)
<b>Net Cash Provided from Financing Activities</b>	<b>(458)</b>	<b>(471)</b>	<b>(484)</b>	<b>(496)</b>	<b>(508)</b>	<b>(521)</b>	<b>(534)</b>	<b>(547)</b>	<b>(561)</b>	<b>(575)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>802</b>	<b>(2,556)</b>	<b>4,889</b>	<b>(1,590)</b>	<b>415</b>	<b>(276)</b>	<b>(651)</b>	<b>475</b>	<b>1,018</b>	<b>(1,039)</b>
Plus: Cash & Equivalents - beginning of year	16,049	16,851	14,295	19,184	17,594	18,009	17,733	17,082	17,557	18,575
<b>Cash &amp; Equivalents - end of year</b>	<b>16,851</b>	<b>14,295</b>	<b>19,184</b>	<b>17,594</b>	<b>18,009</b>	<b>17,733</b>	<b>17,082</b>	<b>17,557</b>	<b>18,575</b>	<b>17,536</b>

**STATEMENT OF COMPREHENSIVE INCOME – SEWER FUND**

INCOME STATEMENT - SEWER FUND	FORWARD PLAN									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Balances as at 30 June	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>										
<b>Revenue:</b>										
Rates and Annual Charges	48,434	50,011	51,639	53,191	54,789	56,436	58,132	59,879	61,678	63,531
User Charges and Fees	4,127	4,305	4,433	4,561	4,693	4,828	4,968	5,111	5,259	5,411
Interest and Investment Revenue	379	390	401	411	421	432	443	454	465	477
Other Revenues	0	0	0	0	0	0	0	0	0	0
Internal Revenue	1,798	1,847	1,898	1,946	1,994	2,044	2,095	2,148	2,201	2,256
Grants and Contributions provided for Operating Purposes	0	0	0	0	0	0	0	0	0	0
Grants and Contributions provided for Capital Purposes	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	3,131
<b>Total Income from Continuing Operations</b>	<b>57,138</b>	<b>59,025</b>	<b>60,917</b>	<b>62,732</b>	<b>64,598</b>	<b>66,522</b>	<b>68,504</b>	<b>70,544</b>	<b>72,643</b>	<b>74,806</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits and On-Costs	10,270	10,475	10,685	10,899	11,117	11,339	11,566	11,797	12,033	12,274
Borrowing Costs	3,488	3,231	2,907	2,683	2,457	2,245	2,048	1,861	1,666	1,464
Materials and Contracts	11,393	12,169	12,639	13,151	13,635	14,097	14,611	15,116	15,624	16,164
Depreciation and Amortisation	16,416	17,196	17,560	18,008	18,413	18,778	19,204	19,609	20,009	20,442
Other Expenses	35	36	37	38	39	40	41	42	43	44
Internal Expenses	6,772	6,958	7,149	7,328	7,511	7,699	7,891	8,089	8,291	8,498
Fair value decrement on investment property	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses from Continuing Operations</b>	<b>48,374</b>	<b>50,065</b>	<b>50,977</b>	<b>52,107</b>	<b>53,172</b>	<b>54,198</b>	<b>55,361</b>	<b>56,514</b>	<b>57,666</b>	<b>58,886</b>
<b>Net Operating Result</b>	<b>8,764</b>	<b>8,960</b>	<b>9,940</b>	<b>10,625</b>	<b>11,426</b>	<b>12,324</b>	<b>13,143</b>	<b>14,030</b>	<b>14,977</b>	<b>15,920</b>
<b>Net Operating Result before grants and contributions provided for capital purposes</b>	<b>6,364</b>	<b>6,488</b>	<b>7,394</b>	<b>8,002</b>	<b>8,725</b>	<b>9,542</b>	<b>10,277</b>	<b>11,078</b>	<b>11,937</b>	<b>12,789</b>

STATEMENT OF FINANCIAL POSITION – SEWER FUND

STATEMENT OF FINANCIAL POSITION - SEWER FUND Balances as at 30 June	2022/23	2023/24	2024/25	2025/26	2026/27	FORWARD PLAN				
	\$'000	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	10,685	12,097	10,364	9,730	9,914	9,862	9,729	11,803	11,843	15,268
Investments	1,938	2,753	2,753	2,753	2,753	2,753	2,753	2,753	2,753	2,753
Receivables	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405
Inventories	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>19,028</b>	<b>21,255</b>	<b>19,522</b>	<b>18,888</b>	<b>19,072</b>	<b>19,020</b>	<b>18,887</b>	<b>20,961</b>	<b>21,001</b>	<b>24,426</b>
<b>Non-Current Assets</b>										
Investments	815	0	0	0	0	0	0	0	0	0
Receivables	1,071	1,071	1,071	1,071	1,071	1,071	1,071	1,071	1,071	1,071
Inventories	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	648,937	650,073	655,079	659,407	663,785	669,446	676,171	681,344	689,257	694,479
Investment Property	0	0	0	0	0	0	0	0	0	0
Intangible Assets	53	53	53	53	53	53	53	53	53	53
Right of use assets	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Current Assets</b>	<b>650,876</b>	<b>651,197</b>	<b>656,203</b>	<b>660,531</b>	<b>664,909</b>	<b>670,570</b>	<b>677,295</b>	<b>682,468</b>	<b>690,381</b>	<b>695,603</b>
<b>TOTAL ASSETS</b>	<b>669,904</b>	<b>672,452</b>	<b>675,725</b>	<b>679,419</b>	<b>683,981</b>	<b>689,590</b>	<b>696,182</b>	<b>703,429</b>	<b>711,382</b>	<b>720,029</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Payables	2,715	2,715	2,715	2,715	2,715	2,715	2,715	2,715	2,715	2,715
Income received in advance	0	0	0	0	0	0	0	0	0	0
Contract liabilities	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings	4,833	5,045	5,268	5,160	4,968	4,761	4,948	5,143	5,345	0
Employee benefit provision	0	0	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>7,548</b>	<b>7,760</b>	<b>7,983</b>	<b>7,875</b>	<b>7,683</b>	<b>7,476</b>	<b>7,663</b>	<b>7,858</b>	<b>8,060</b>	<b>2,715</b>
<b>Non-Current Liabilities</b>										
Borrowings	75,463	70,418	65,150	59,990	55,022	50,261	45,313	40,170	34,825	34,825
Employee benefit provision	0	0	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Current Liabilities</b>	<b>75,463</b>	<b>70,418</b>	<b>65,150</b>	<b>59,990</b>	<b>55,022</b>	<b>50,261</b>	<b>45,313</b>	<b>40,170</b>	<b>34,825</b>	<b>34,825</b>
<b>TOTAL LIABILITIES</b>	<b>83,011</b>	<b>78,178</b>	<b>73,133</b>	<b>67,865</b>	<b>62,705</b>	<b>57,737</b>	<b>52,976</b>	<b>48,028</b>	<b>42,885</b>	<b>37,540</b>
<b>NET ASSETS</b>	<b>586,893</b>	<b>594,274</b>	<b>602,592</b>	<b>611,554</b>	<b>621,276</b>	<b>631,853</b>	<b>643,206</b>	<b>655,401</b>	<b>668,497</b>	<b>682,489</b>
<b>EQUITY</b>										
Retained Earnings	445,207	452,588	460,906	469,868	479,590	490,167	501,520	513,715	526,811	540,803
Revaluation Reserves	141,686	141,686	141,686	141,686	141,686	141,686	141,686	141,686	141,686	141,686
Other reserves	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EQUITY</b>	<b>586,893</b>	<b>594,274</b>	<b>602,592</b>	<b>611,554</b>	<b>621,276</b>	<b>631,853</b>	<b>643,206</b>	<b>655,401</b>	<b>668,497</b>	<b>682,489</b>

STATEMENT OF CASH FLOWS – SEWER FUND

STATEMENT OF CASH FLOWS - SEWER FUND Balances as at 30 June	2022/23	2023/24	2024/25	2025/26	2026/27	FORWARD PLAN				
	\$'000	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Cash Flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates and Annual Charges	48,434	50,011	51,639	53,191	54,789	56,436	58,132	59,879	61,678	63,531
User Charges and Fees	4,127	4,305	4,433	4,561	4,693	4,828	4,968	5,111	5,259	5,411
Interest and Investment Revenue	379	390	401	411	421	432	443	454	465	477
Grants and Contributions	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	3,131
Other Revenues	0	0	0	0	0	0	0	0	0	0
Internal Revenue	1,798	1,847	1,898	1,946	1,994	2,044	2,095	2,148	2,201	2,256
<b>Payments:</b>										
Employee Benefits and On-Costs	(10,270)	(10,475)	(10,685)	(10,899)	(11,117)	(11,339)	(11,566)	(11,797)	(12,033)	(12,274)
Borrowing Costs	(3,488)	(3,231)	(2,907)	(2,683)	(2,457)	(2,245)	(2,048)	(1,861)	(1,666)	(1,464)
Materials and Contracts	(11,393)	(12,169)	(12,639)	(13,151)	(13,635)	(14,097)	(14,611)	(15,116)	(15,624)	(16,164)
Waste Levy	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)
Other Expenses	(6,772)	(6,958)	(7,149)	(7,328)	(7,511)	(7,699)	(7,891)	(8,089)	(8,291)	(8,498)
<b>Net Cash Provided from Operating Activities</b>	<b>25,180</b>	<b>26,156</b>	<b>27,500</b>	<b>28,633</b>	<b>29,839</b>	<b>31,102</b>	<b>32,347</b>	<b>33,639</b>	<b>34,986</b>	<b>36,362</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of Investment Securities	4,000	0	0	0	0	0	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	100	103	106	108	111	114	117	119	122	125
Other	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>										
Purchase of Infrastructure, Property, Plant & Equipment	(39,572)	(18,435)	(22,672)	(22,444)	(22,902)	(24,553)	(26,046)	(24,901)	(28,044)	(25,789)
<b>Net Cash Provided from Investing Activities</b>	<b>(35,472)</b>	<b>(18,332)</b>	<b>(22,566)</b>	<b>(22,336)</b>	<b>(22,791)</b>	<b>(24,439)</b>	<b>(25,929)</b>	<b>(24,782)</b>	<b>(27,922)</b>	<b>(25,664)</b>
<b>Cash Flows from Financing Activities</b>										
<b>Receipts:</b>										
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>										
Repayment of borrowings & Advances	(5,416)	(4,833)	(5,045)	(5,268)	(5,160)	(4,968)	(4,761)	(4,948)	(5,143)	(5,345)
Other Financing Activity Payments	(1,536)	(1,579)	(1,622)	(1,663)	(1,704)	(1,747)	(1,790)	(1,835)	(1,881)	(1,928)
<b>Net Cash Provided from Financing Activities</b>	<b>(6,952)</b>	<b>(6,412)</b>	<b>(6,667)</b>	<b>(6,931)</b>	<b>(6,864)</b>	<b>(6,715)</b>	<b>(6,551)</b>	<b>(6,783)</b>	<b>(7,024)</b>	<b>(7,273)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(17,244)</b>	<b>1,412</b>	<b>(1,733)</b>	<b>(634)</b>	<b>184</b>	<b>(52)</b>	<b>(133)</b>	<b>2,074</b>	<b>40</b>	<b>3,425</b>
<b>Plus: Cash &amp; Equivalents - beginning of year</b>	<b>27,929</b>	<b>10,685</b>	<b>12,097</b>	<b>10,364</b>	<b>9,730</b>	<b>9,914</b>	<b>9,862</b>	<b>9,729</b>	<b>11,803</b>	<b>11,843</b>
<b>Cash &amp; Equivalents - end of year</b>	<b>10,685</b>	<b>12,097</b>	<b>10,364</b>	<b>9,730</b>	<b>9,914</b>	<b>9,862</b>	<b>9,729</b>	<b>11,803</b>	<b>11,843</b>	<b>15,268</b>



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