

# Draft Resourcing Strategy

2022-26

2024-25 Version



# 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

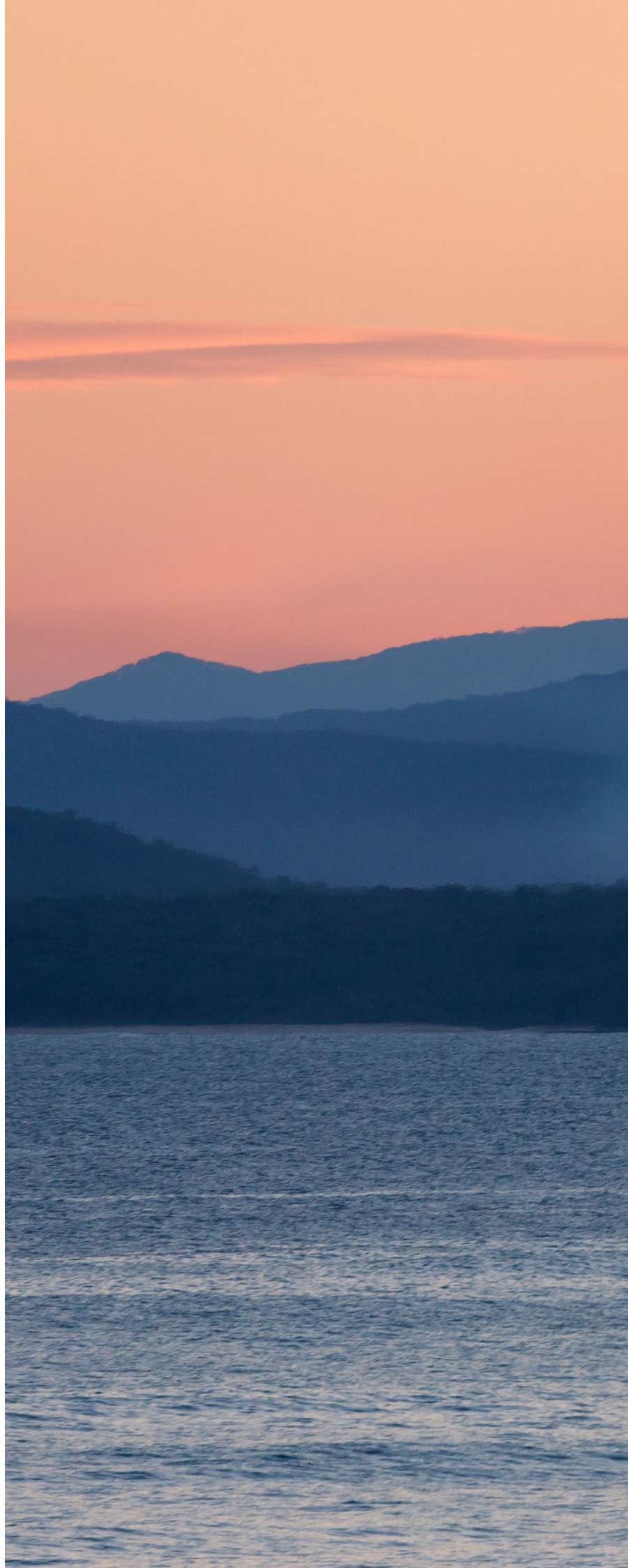
*We are mindful of and care about the feelings, wishes and rights of others*

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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 \$5.5 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 2025-2034**

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 deliver 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.

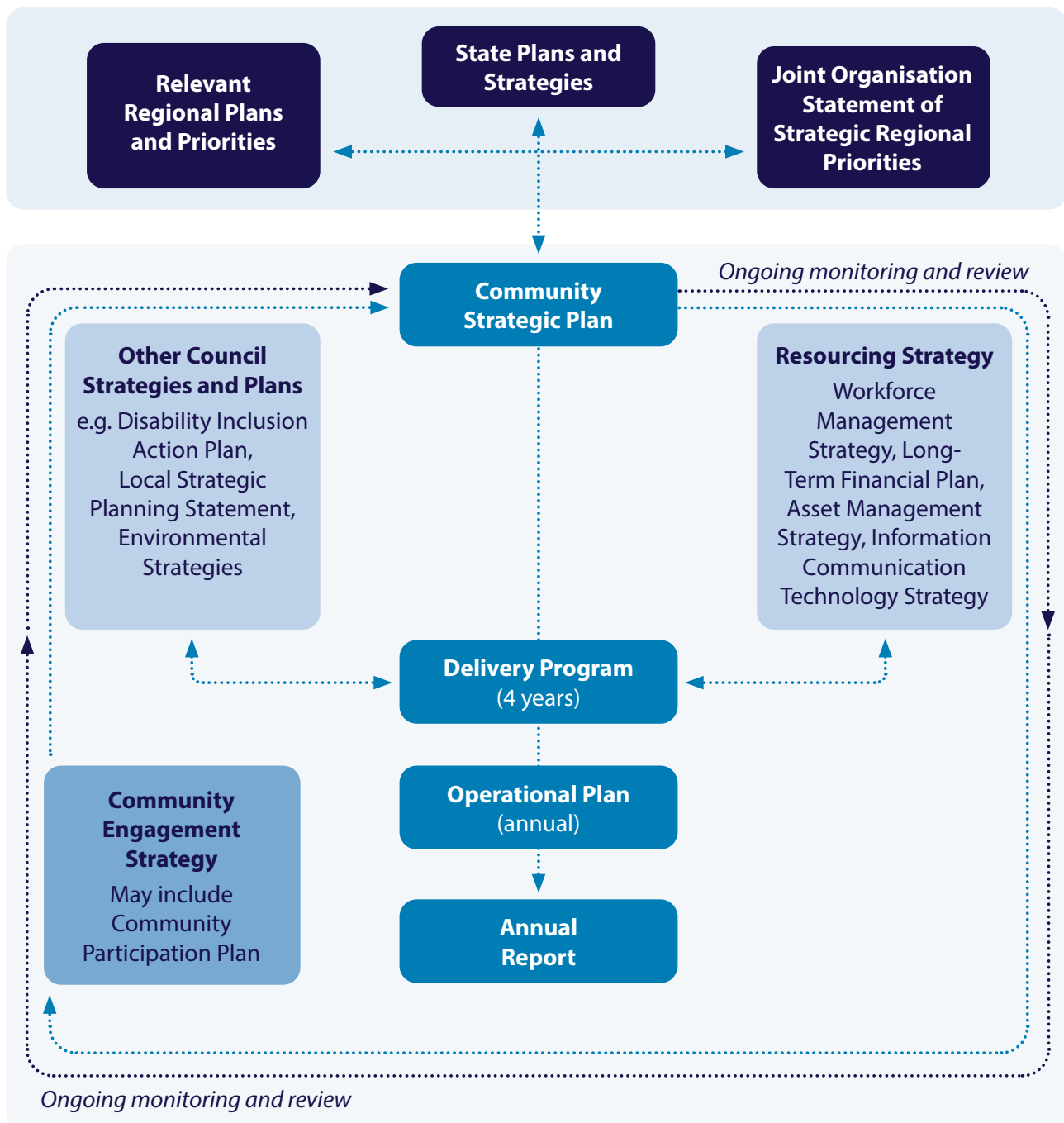
While Council will use the plan to develop its objectives and actions, not everything in the plan is Council's responsibility. Other government and non-government organisations can and will use the CSP to align their activities to meet Shoalhaven's needs.

## **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 2022-26

2024/25 Version





# Workforce Management Strategy

**The Workforce Management Planning 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 Management Planning 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.

Given that employee costs are approximately one third of total operating expenses for the Council, how the Council plan and manages the workforce will have a significant impact upon the Council's financial sustainability. Furthermore, the capability, performance and productivity of the workforce are essential components of achieving long term financial sustainability for the Council. Therefore, the following plan for the management of the workforce as been developed to integrate with the other resourcing plans – Long Term Financial Plan, the Asset Management Strategy and the ICT Strategy – to enable the Council to deliver on the Community Strategic Plan in an approach that is financially sustainable.

In response to the recommendations of the Financial Sustainability Review amendments to the Workforce Management Planning Strategy have included strategies to enhance the asset management and project management capabilities across the workforce, as well as general improvements to the financial acumen at all levels of management.

Consistent with the other resourcing plans, the following plan includes three potential scenarios that the Council may decide to adopt – the base case scenario (no increase in rates above the rate peg) and two additional scenarios that include an increase in the rates above the rate peg. The rate peg is the maximum percentage increase that the Council is allowed to increase the general rate revenue and is determined by the Independent Pricing and Regulatory Tribunal (IPART). While enhancements to asset management, project management and financial management are essential for all three scenarios, with additional revenue through a special rate variation (increase above the rate peg) the Council will need to enhance the workforce capability to deliver the additional works, including the need to plan, deliver and report on the additional investments made.

## Workforce Trends & Needs

As at November 2023, Shoalhaven City Council had a total headcount of 1556 staff (includes 403 casuals). Staff are distributed across seven areas as shown in Table 1. Full-time equivalent numbers in Table 1 exclude casual positions.

Group	Headcount	Percentage of workforce (%)	Full time Equivalent (includes fixed-term excludes casuals)	Percentage of FTE (%)
CEO	18	1.16	15	1.36
City Performance	188	12.08	146	13.24
Shoalhaven Water	238	15.30	214	19.40
City Services	431	27.70	405	36.72
City Development	177	11.38	141	12.78
City Lifestyles	452	29.05	145	13.15
City Futures	52	3.34	37	3.35
<b>Total</b>	<b>1,556</b>	<b>100%</b>	<b>1,103</b>	<b>100%</b>

## Age

Shoalhaven has an ageing workforce, with 40% of staff aged 50 or older. 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 46.4% 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.

Age	Total (%)	CEO Group (%)	City Performance (%)	City Lifestyles (%)	Shoalhaven Water (%)	City Services (%)	City Futures (%)	City Development (%)
16 – 19	5.53	0.0	0.0	17.0	1.7	0.5	0.0	0.0
20 – 29	15.36	11.1	12.2	20.6	19.7	12.1	7.7	10.2
30 – 39	18.54	11.1	18.6	15.9	17.6	20.2	13.5	25.4
40 – 49	20.57	22.2	25.5	15.7	21.4	20.9	26.9	23.7
50 – 59	25.19	33.3	29.3	16.8	26.9	30.2	25.0	27.1
60 - 69	13.20	5.6	14.4	11.5	11.8	15.3	21.2	12.4
70+	1.61	16.7	0.0	2.4	0.8	0.9	5.8	1.1

Annual permanent turnover for 2022/23 was 15.61%. This included 159 permanent exits from an average of permanent staff of 1022.5 for the year. The permanent headcount at 30 June 2023 was 1024. The turnover can be compared to the national turnover rate of 15% for Local Government and close to 20% turnover rate for rural areas.

## Gender

The overall percentage of women in the Shoalhaven City Council workforce as at November 2023 was 44%. As Table 3 displays, the percentage of women is highest in the City Performance, and lowest in Shoalhaven Water.

<i>Table 3. Gender Diversity</i>		
Directorate	Women (%)	Men (%)
CEO Group	63	37
City Performance	70	30
Shoalhaven Water	16	84
City Services	22	78
City Lifestyles	61	39
City Futures	75	25
City Development	55	45
<b>Total Workforce</b>	<b>44%</b>	<b>56%</b>

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

<i>Table 4. Gender Balance in Management Levels</i>		
Directorate	Women	Men
Supervisors/Managers = 234	99 (42%)	135 (58%)
Senior Managers (Grade 13 <sup>^</sup> ) = 78	26 (33%)	52 (67%)



## 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, ATSI 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:

- Plan and deliver services and infrastructure as efficiently as possible
- Research and implement best practice and productivity improvements
- Collect, access and analyse data and information in making good decisions
- 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 Planning 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.

## 1. 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	2022/23	2023/24	2024/25	2025/26
Align strategic language about future direction in all relevant documents	1. Review key strategic documents, to ensure alignment and consistency  2. 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	1. Cascade organisational strategies into team and individual work plans  2. 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	✓	✓	✓	

## 2. 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	2022/23	2023/24	2024/25	2025/26
Align structure to support future direction of Council.	1. 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 (Human Resources)  SLT	✓	✓	✓	
	2. Commence review of those areas not changed in most recent restructure.	Higher levels of lateral integration can be observed		✓	✓	✓	
	3. Assess and quantify the benefits of offering more roles with flexible working arrangements or part-time/ casual arrangements to better meet the needs of council and staff within the structure	SCC developed and reported on metrics to align workforce to business strategy		✓	✓	✓	✓

## 3. 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. The resourcing requirements will be assessed to enable the delivery of the scenarios in the Long Term Financial Plan (LTFP) and Asset Management Strategy (AMS) as well as the strategies and actions listed in the delivery program and operational plan.



Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Forecasting and resourcing needs	1. Actively forecast human resourcing trends at enterprise level throughout the year taking into account peak periods and staff leave	Resourcing needs are identified in advance and can be planned for	EMT  SLT  People & Culture (Human Resources)		✓	✓	✓
	2. Forecast resourcing required to deliver the additional capital scenarios (Scenarios 2 and 3) presented in the LTFP and AMS	Resourcing needs are identified to enable the delivery of the additional capital works in Scenarios 2 and 3 presented in the LTFP and AMS			✓	✓	✓
	3. Complete a Council wide resourcing assessment to determine the staffing level required to deliver the different scenarios as outlined in the LTFP, Asset Management Strategy, Delivery Program and Operational Plan	Resourcing requirements for all Integrated Planning and Reporting documents are completed for each of the three scenarios.				✓	✓
	4. Identify the resourcing gaps where positions are required, vacancies need to be filled, additional training is required, or where current positions may have additional capacity	Resourcing gaps and additional capacity are identified				✓	✓

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Implementation of Strategically Aligned Recruitment Practices	1. Re-define the recruitment processes to align with the workforce plan	Standardised recruitment practices are utilised through SCC	People & Culture (Human Resources)	✓			
	2. Develop consistent processes for including both internal and external applicants in the recruitment process			✓			
Ensure recruitment practices deliver a diverse workforce that is representative of the Community	1. Develop practices to attract the recruitment of minority groups and work with community organisations to increase application rates	Higher representation of Aboriginal and Torres Strait Islander, minority groups and people with a disability in applicant pools	People & Culture (Human Resources)	✓	✓		
	2. Partner with employment providers to ensure recruitment practices are inclusive of people with a disability			✓	✓		
Develop and refine strategies to attract and recruit staff	1. Develop an Employee Value Proposition seeking staff input.	Employee Value Proposition (EVP) developed	People & Culture (Human Resources & Workplace Learning)		✓	✓	✓
	2. Investigate options to develop stronger and more positive brand recognition for Council	Staff survey shows staff awareness of EVP and positive brand association		✓	✓	✓	✓
	3. 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		✓	✓	✓	✓

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Review of Remuneration offering	1. Undertake a review and update of the salary table, benefits, reward and recognition program.	Updated salary table and remuneration system every 4 years  Reward & Recognition program implemented	People & Culture (Human Resources)	✓	✓	✓	

## 4. 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	2022/23	2023/24	2024/25	2025/26
Organisation-wide approach to succession planning	1. Council to develop a Succession strategy and guidelines for all key roles	Number of internal staff applying for roles is increasing  Numbers of internal verses external appointment (based on merit)	People & Culture (Human Resources & Workplace Learning)  SLT		✓	✓	✓
	2. Develop a targeted succession plan for City Services to address the high percentage of aged workers	Age profile of City Services is more balanced			✓	✓	
	3. Use Performance Review process to assist employees identify their careers paths and the milestones they need to achieve the outcomes	Numbers of internal promoted is increasing over time (based on merit)			✓	✓	✓



Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Ensure effective knowledge management processes are core to operational approach	1. Implement mentoring programs and internal professional development sessions run by subject matter experts  2. Involve experienced staff in developing training materials and 'handover guides' for new staff or those who may take over in the future staff	Council will have formalised processes for retaining key knowledge from experienced and retiring staff	People & Culture (Workplace Learning)  SLT		✓	✓	✓
Refresh Transition to Retirement Support Services	1. Review the existing Planned Departure Program to support staff as they transition to retirement	Knowledge is retained within SCC	People & Culture (Human Resources & Workplace Learning)	✓			

## 5. 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. Financial sustainability and asset management will be integrated into Council's training programs.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Capability Framework aligned to Strategic Workforce Plan	1. Develop a capability framework aligned to the Workforce Plan and use this when assessing professional development needs of staff and future recruitment needs  2. 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 (Workplace Learning)		✓	✓	
Create strong focus on Leadership Development Opportunities	Continue roll-out of a leadership program to support staff to experience different leadership roles and grow their leadership skills	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 secondments, education sessions and role shadowing.	People & Culture (Workplace Learning)  EMT	✓	✓	✓	✓

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Proactively develop Leaders	1. Implement leadership development program for middle management staff including consideration of a 360degree assessment process	Self-Assessments of Leaders pre and post development programs show increase in confidence and capability	People & Culture (Workplace Learning)		✓	✓	
	2. Implement coaching and mentoring program	360degree process shows perceptions of leaders have improved		✓	✓	✓	
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 (Human Resources & Workplace Learning)	✓	✓	✓	✓
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 (Human Resources & Workplace Learning)	✓	✓	✓	✓

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Leadership capabilities clearly defined	1. Leadership capability framework developed that clearly aligns with strategic direction  2. Integrate into the performance management processes.	Integration of leadership capability framework into the performance management processes	People & Culture (Workplace Learning)	✓	✓	✓	
Financial sustainability training	Financial sustainability strategies identified in the financial sustainability review are integrated into the employee induction, Councillor induction program and the leadership development program	Financial sustainability strategies are integrated in training programs	People & Culture (Workplace Learning)		✓	✓	
Asset management and project management training to empower the Councillors and workforce to excel in managing and delivering infrastructure	1. Develop asset management training program covering strategic, technical and operational elements across the lifecycle of an asset and deliver to Councillors and identified staff.  2. Support the implementation of a new Project Management Framework with a gap analysis and training framework.	The asset management and project management training programs are developed and delivered to all Councillors and identified staff	People & Culture (Workplace Learning)  EMT		✓	✓	✓

## 6. 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	2022/23	2023/24	2024/25	2025/26
Capability Uplift for Staff Engagement with Community	1. Provide training for best ways to manage community expectations and hold effective conversation with stakeholders  2. 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 (Workplace Learning)  Media & Communications Manager	✓	✓	✓	✓
Ensure SCC is an inclusive employer and is representative of the Shoalhaven community	1. Work with community organisations to increase application rates from diverse segments of the community  2. 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 (Human Resources)  Community Connections	✓	✓	✓	



## 7. 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. The workforce will adhere to the strategies outlined in the Financial Sustainability Review to ensure that the future financial targets are met and the Asset Management principles are embedded into the workforce culture.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Proactively work on enhancing and aligning Councils culture to align with strategic direction	1. Develop Corporate behaviours aligned to core values  2. Involve staff to refresh the values and develop behaviours that align to the future culture  3. Include the corporate 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 (Human Resources & Workplace Learning)  SLT	✓	✓	✓	✓
Financial sustainability culture	1. Financial sustainability strategies identified in the financial sustainability review are communicated by leaders to the workforce	Staff response to survey questions on importance and observed culture that supports the financially sustainable approach.	EMT  SLT		✓	✓	✓

Strategy	Actions	Success	Accountable	2022/23	2023/24	2024/25	2025/26
	<p>2. Executive to be role models by leading discussions and making day to day decisions consistent with a financially sustainable approach.</p> <p>Budget managers are to be made responsible and accountable for their performance against budget</p>		<p>EMT</p> <p>SLT</p>		✓	✓	✓
Asset management culture	1. The asset management principals of community benefit, financial sustainability, environmental sustainability, and continuous improvement are integrated into Council's workforce culture	The asset management principles are communicated to the workforce and are part of the induction training and the asset management training program.	<p>People &amp; Culture (Human Resources &amp; Workplace Learning)</p> <p>EMT</p> <p>SLT</p>		✓	✓	✓

## 8. 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	2022/23	2023/24	2024/25	2025/26
Strategy is part of core shared language	<p>1. Communication session is conducted with managers and leaders regarding the SCC strategies in the CSP and Resourcing Strategies and the requirements to cascade goals to teams and individuals</p> <p>2. Common language is used and promoted throughout SCC regarding strategy and its role</p>	<p>Staff have a shared language regarding strategy</p> <p>Sessions on cascading strategy are completed.</p>	<p>CEO</p> <p>EMT</p> <p>Media &amp; Communications Manager</p>		✓	✓	

## 9. 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	2022/23	2023/24	2024/25	2025/26
Enable the workforce through the provision of technology and systems that allow them to work flexibly anywhere, anytime.	1. Work in collaboration with the Information Services team to ensure technology and systems deployed support flexible working arrangements, with remote system access as opposed to working offline.	Increase in percentage of mobile/laptops in the device fleet and number of SaaS/ Cloud based systems.	People & Culture (Human Resources)  Information Technology	✓			
Empower staff through effective learning and development programs/approaches centered around technology and systems.	1. 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 (Workplace Learning)  Information Technology	✓	✓	✓	✓







# Asset Management Strategy 2022-26

2024/25 Version



# Asset Management Strategy

<b>Adoption Date:</b>	15/05/2012
<b>Amendment Date:</b>	15/04/2014, 18/07/2017, 27/06/2022, 10/11/2023 ( <i>draft</i> )
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<b>Directorate:</b>	City Services
<b>Record Number:</b>	POL22/147

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# 1 Executive Summary

## 1.1 Introduction

Shoalhaven City Council offers a broad range of services, with many of them enabled by our infrastructure assets. The replacement cost of these assets, for which Council is the custodian of, is \$6.6 billion, as reported in the June 2023 Financial Statements.

The purpose of the Asset Management Strategy is to provide strategic direction for Asset Management at Council. The Asset Management Strategy is a dynamic high-level action plan that will adapt in response to the evolving strategic objectives of Council, aimed at meeting customer service needs. The essential stages in this process involve understanding community requirements, service expectations and legislative requirements, analysing strategic trends, evaluating potential asset impacts, and identifying gaps in the necessary asset knowledge for enhancing Asset Management Plans.

The strategy identifies assets that are critical to Council's operations, and includes specific actions required to improve Council's asset management capability.

## 1.2 Asset Management Objectives

Council's Asset Management Objectives have been identified as follows:

- Ensure the alignment of asset service provision and Levels of Service (LoS) with community expectations and priorities, as outlined in the Community Strategic Plan 2032 (CSP).
- Establish a structured and effective approach to developing Council's Asset Management Plans (AMPs) that adheres to best practices, supporting informed decision-making.
- Enhance and streamline Council's Asset Management practices to optimise the efficiency, and effectiveness of the Asset Management System.
- Contribute to the long-term financial sustainability of assets, safeguarding them for future generations by implementing strategic asset management practices and financial planning.

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.

## 1.3 Establishing a Corporate Approach

Recognising that asset management is a corporate responsibility, not solely a technical one, is imperative. A robust asset management framework relies on collaboration across various teams within Council. Several key areas where a corporate approach is essential include:

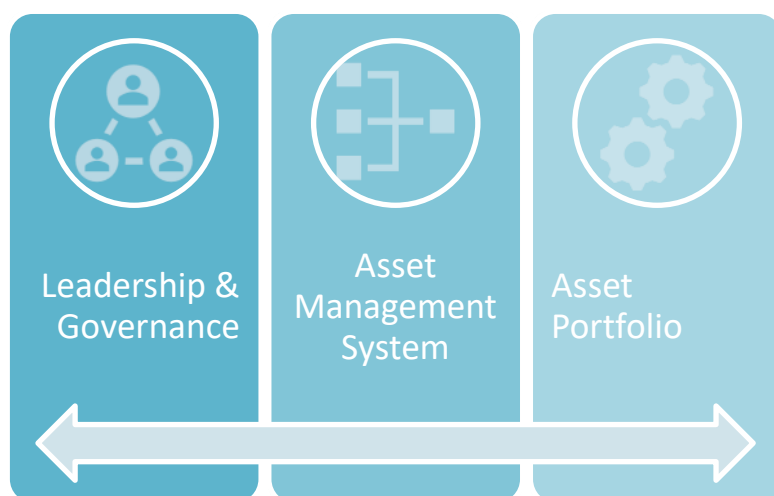
- Community involvement in establishing what is desired for service provisions and standards from the Community Strategic Plan and other strategic plans.
- Reliable information and systems.
- Comprehensive Asset Management Planning undertaken by the Asset Strategic Planner and the Asset Custodian.
- Rigor in financial and asset assessments to determine present costs, affordability, and the optimal timing for asset renewal, replacement, or upgrades.
- Performance measurement of asset management. To advise 'How much we did, How well we did it, and the associated costs'.

To develop a strong corporate approach to Asset Management a cross-directorate Enterprise Asset Management (EAM) Steering Committee has been established to define and review the Improvement Plan. The EAM Steering Committee has previously been referred to as the EAM Oversight Group and is comprised of key asset management leaders from across the organisation.

#### 1.4 Asset Management Vision

The strategy addresses three components of an effective asset management approach: leadership and governance, the asset management system, and asset portfolio management.

All three components are interrelated, and each must be successfully delivered for the others to succeed. The Asset Management Vision is supported by strategic outcomes that have been developed with consideration to each of these components.



Our vision can be realised through the embodiment of effective leadership and sound governance. Our leadership team is dedicated to instilling a culture marked by accountability, transparency, and excellence. In doing so, we aim to foster an inclusive and collaborative work environment where our team can truly flourish. Our philosophy centres on empowering our staff, enabling them to unleash their full potential, and thereby delivering high-quality services to our community.

Our systematic approach is anchored in processes and systems designed to consistently provide quality services to our customers and community. We hold an unwavering commitment to ongoing improvement, continually refining our processes and systems, enabling the delivery of quality services.

Effective asset management is imperative for the comprehensive management of assets throughout their entire lifecycle, spanning from acquisition to disposal. While overarching objectives are determined by leadership and governance, and the asset management system provides essential tools and support, the proficient management of the asset portfolio demands expertise in comprehending and overseeing these assets. At Council, we recognise that embracing an asset lifecycle management approach is a pivotal strategy for enhancing asset management and controlling lifecycle costs, improving asset reliability and performance, by ensuring that assets are maintained and replaced at the opportune moment.

The strategic outcomes, targeted through the implementation of this strategy, are outlined in the following table.

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## **1.5 Integration with the Long Term Financial Plan**

The following Asset Management Strategy has been prepared to integrate with the Long Term Financial Plan, Workforce Management Strategy and the ICT Strategy, with particular focus on responding to the financial sustainability challenges outlined in the Financial Sustainability Review. The Asset Management Strategy may differ depending upon which scenario the Council decides to implement. Three scenarios are considered as follows:

### **1.5.1 Scenario One – Base Model**

The Base Model (Scenario One) is a planned approach to the continued delivery of services and provision of infrastructure based on a revenue base that does not increase the general rates income above the projected rate peg (as set by IPART) and current service charges only increasing each year by the projected annual indexation.

The capital works program, being constrained by the cash generated from operations (including rates, grants, and charges) and financing (borrowings) activities, is below what is necessary to maintain the current levels of service provided by the infrastructure. Assets such as roads, buildings and stormwater are expected to deteriorate over time, requiring future Councils to make decisions on rationalisation of assets when assets begin to fail. This is not considered to be a sustainable approach over the long term.

### **1.5.2 Scenario Two – 8% SRV**

The Enhanced Asset Investment – 8% SRV (Scenario Two) entails an increased commitment to investing in the renewal and replacement of assets. This higher level of investment is strategically designed to ensure the sustained functionality of our assets, while also factoring in the present capacity of Council. There is an increased investment in roads, to address part of the backlog, as well as increased investment in buildings, stormwater, footpaths and open space over the 10 years.

Scenario Two is presumed to be funded through the introduction of a special rate variation in general rates, increasing the general rate in year 1 by 8%, inclusive of the rate peg (a permanent increase). The general rate increase in the following years, returns to the projected rate peg approved by IPART.

Whilst balancing the need to increase Council's unrestricted cash, this scenario provides a modest additional funding. The additional funding is predominantly allocated to urgent roads renewals, however, to ensure pavement renewals are durable the first year is anticipated to have a higher focus on scoping and design activities for implementation in later years.

This scenario increases investment in Roads greater than the base scenario, but around 40% lower than the renewal requirements to begin addressing the existing backlog. This scenario would enable additional investment to be allocated to Buildings and Open Spaces; however this is even more limited than the investment in Roads.

The current investment in water and sewer assets continues in this scenario, however it will be important for this to be reviewed in detail, to ensure that the current pricing model enables adequate infrastructure investment to maintain the existing levels of service into the future.

### **1.5.3 Scenario Three – 12% SRV**

The Enhanced Asset Investment – 12% SRV (Scenario Three) entails an increased commitment to investing in the renewal and replacement of assets, as identified in Scenario Two, and is incrementally closer to approaching Council's asset renewal requirements. It is

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important to note that just meeting current renewal requirements does not adequately address the backlog which has been growing from recent under-investment.

Scenario Three is presumed to be funded through the introduction of a special rate variation in general rates increasing the general rate in year 1 by 12%, inclusive of the rate peg (a permanent increase) and general rate increase in the following years, returning to the projected rate peg approved by IPART.

As with Scenario Two, there is a balance needed in ensuring an increase in Council's unrestricted cash. However, given the larger increase in general rates the amount available to invest in critical assets increases, with a similar initial focus on urgent road renewals.

The current investment in water and sewer assets continues in this scenario, however it will be important for this to be reviewed in detail, to ensure that the current pricing model enables adequate infrastructure investment to maintain the existing levels of service into the future.



Component of Asset Management Vision	Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
Leadership & Governance	Integrated Planning Framework	Council and Executive Leadership Team maintain an ongoing commitment to review and uphold an integrated Resourcing Strategy. This strategy serves as the foundation for delivering the Community Strategic Plan. The Resourcing Strategy encompasses the Long-Term Financial Plan, Workforce Management Plan, Asset Management Strategy and Asset Management Plans. All plans are aligned with organisational and service objectives, and the allocation of resources.		
	Asset Management Policy and Strategy	<p>Council's decisions on policy and strategy are clearly documented and communicated effectively throughout the organisation. Both demonstrate a high level of Asset Management maturity, based on Council's self-assessment.</p> <p>The Policy and Strategy clearly outline the asset management objectives to be implemented, and responsibilities and accountability are clear and understood across the organisation. This framework is further fortified by a culture that places a high value on asset management, primarily aimed at enhancing the asset management system and optimising the management of asset portfolios. They are subject to regular review and updates to ensure their continued relevance and effectiveness in steering our endeavors.</p>		
	Service Planning	Service planning is a core component of the integrated planning framework. Council's decision on the services offered and the levels of service are informed by asset management impacts and whole of life costing for acquisition and upgrading assets.		
		Decisions will likely need to be made on a reduction in the range of services offered and/or levels of service to be sustainable over the medium and long term. Rationalisation of assets will need to be considered.	Sufficient funding is available to maintain current levels of service. No funding is available to enhance levels of service.	Sufficient funding is available to maintain current levels of service, however there is an element of risk in the initial years of this scenario, and Council will develop mitigation plans to reduce this where possible.
	Enterprise Asset Management Steering Committee	<p>With the establishment of the Enterprise Asset Management Steering Committee, we will seek to enhance our accountability, collaboration, and strategic thinking towards the implementation of our Asset Management Strategy.</p> <p>The Committee will be pivotal in maintaining the alignment of our asset management performance with our strategic objectives.</p>		
	Decision Making	The decisions taken by both the Council and the management are aligned with the Asset Management Policy, Asset Management Strategy, and the adopted scenario of the Long-Term Financial Plan. Decisions are evidence based and guided by the Enterprise Asset Management Steering Committee. To substantiate the necessity for new assets or upgrades, comprehensive business cases are employed, adopting a holistic "whole of life" perspective. The Enterprise Project Management Office (ePMO) assesses and provides advice on the suitability of projects for inclusion into the annual budget and LTFP based on the described scope, strategic alignment, stakeholder engagement, delivery risks and operational interdependencies.		

Component of Asset Management Vision	Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
	Asset Management Culture	Our Workforce Management Plan holds a pivotal role in nurturing a workplace culture that embodies the finest principles of asset management. Across the organisation we understand our strategy, objectives and goals. We look for opportunities to collaborate on joint improvement initiatives, working towards the achievement of shared goals. We adhere to clearly defined processes and procedures and have a continuous improvement and proactive approach in all that we do. We ensure that roles and responsibilities are clearly defined and understood, with a clear line of accountability throughout the asset lifecycle, to further strengthen our asset management practices.		
	Resource Allocation	Resources are constrained and allocated to address priorities based on asset criticality and risk.	Sufficient funding is available to maintain current levels of service. No funding is available to enhance levels of service.	Sufficient funding is available to maintain current levels of service, however there is an element of risk in the initial years of this scenario, and Council will develop mitigation plans to reduce this where possible.
	Performance Framework	To effectively manage risk, we are committed to providing regular reporting on performance against established objectives and performance targets to both Council and management. This reporting will encompass a thorough assessment of the strategic, tactical, and operational aspects of our asset management practices. By adopting a comprehensive approach to performance reporting, we aim to facilitate well-informed decision-making and prompt intervention when needed.		
Asset Management System	Asset Management Information System (AMIS)	Council has obtained an effective setup of the asset management information system. This includes a well-structured asset register, accurate asset valuations, efficient works programming, streamlined works scheduling and ticketing processes, as well as comprehensive reporting capabilities.		
	GIS Mapping	Enhancing the GIS capability to boost the precision of asset mapping is a top priority. This involves harmonizing GIS data and systems with asset categorisation, the Asset Register, capital projects, and work planning, all aimed at optimising spatial strategic planning.		
	Asset Strategy Team	Improved leadership, offering strong support, and prioritising comprehensive training and skill development, ensuring that Asset Management proficiency is solid among our asset management team. Establishment of the Asset Strategy Team empowers our existing resources to provide more informed guidance, and enhanced support for decision-making processes, ultimately elevating the management of our asset portfolios.		
	Asset Management Plans	We have a defined process and timeframe for updating our Asset Management Plans, which is adhered to. Our planning is strong and supported by cyclic revisions of demand projections. We have improved planning through scheduling of condition assessments, inspections, operations, maintenance, and renewal/replacement activities, defined by our funding constraints.		
	Data Driven Asset Planning	In our pursuit of data-driven asset planning, we envision a future where every decision is powered by insights derived from a wealth of information. Our vision is to foster a culture where data is not just a tool, but the cornerstone of our strategic asset planning, ensuring that our organisation thrives through informed choices, innovation, and sustainability. With data as our compass, we're committed to building a smarter, more resilient future for our assets and the services they provide to our community.		

Component of Asset Management Vision	Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
	Processes & Procedures	Council has quality processes and procedures that are efficient and consistent, enabling improved data.		
	Asset Valuations	Recognition and measurement of asset valuations are consistent with the enhanced asset management planning, including the measurement of fair value and depreciation expense based on enhanced understanding of useful lives and deterioration of assets.		
		Asset valuations are planned with the aim of addressing asset data deficiencies. Asset condition assessments are undertaken by adequately skilled and trained inspectors to provide reliable condition assessments. The asset condition assessments are used to update the asset register and GIS mapping in a timely manner.		
	Training and Development	Our vision for training and development is to create a dynamic and empowered workforce that excels in managing our infrastructure and resources. We aspire to foster a culture of continuous learning, where every team member is equipped with the knowledge and skills necessary to optimise the performance and longevity of our assets. Through robust training and development, we will empower our workforce to drive efficiency, sustainability, and excellence in asset management, benefiting both our organisation and the community we serve.		
Asset Portfolio	Understanding the Assets	Councillors, management, and officers have a good understanding of the current state of our assets, including access to accurate information on condition, capacity, functionality, criticality, common asset failure causes, risk, future demand, lifecycle deterioration. An Annual whole of Council report, <i>State of the Assets</i> is presented to Council, in addition to cyclic workshops on asset classes within Council's Asset Portfolio.		
	Asset Inspections	Condition and maintenance inspections are planned and scheduled with relevant updates applied to the asset register in a timely manner. Reactive inspections are undertaken as required to respond in a timely manner to damage or defects.		
	Planning	Asset Strategy Team maintains current Asset Management Plans that plan to deliver on the asset management objectives outlined in this Strategy. Planning is based upon better understanding of the assets and access to improved data within the AMIS and GIS.		
		Enhanced scheduling of maintenance aims to transition from a high reliance upon reactive works to a target balance of 70% scheduled & 30% reactive works. Council acknowledges that some assets are run to fail and therefore the response will always be reactive, as well as reactive maintenance being a requirement of a weather event or disaster management situation.		
	Acquisition	Acquisition of assets (including construction) is based upon enhanced planning and understanding of service needs. Decision gateways have been developed within the Project Lifecycle Management (PLM) system administered by the ePMO to ensure the acquisition of assets does not progress unless funding and other considerations are acceptable to proceed.		

Component of Asset Management Vision	Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
	Operations	In our vision for operations in asset management, we recognise the importance of adapting to the current funding landscape while striving for excellence. We envision a future where our resource allocation and utilisation are optimised to achieve maximum efficiency, even in the face of existing budget constraints. Our commitment to innovation and smart practices will ensure that we make the most of the resources available, maintaining and enhancing the performance and longevity of our assets.		
	Maintenance	We acknowledge that maintenance resources are currently constrained, leading to accelerated asset deterioration, which necessitates more frequent interventions, however despite this, our investment in asset renewals remains at its current level. This situation underscores the imperative of shifting our focus towards critical assets, prioritising them for optimised maintenance strategies. Our vision is to not only address these constraints effectively but to transform them into an opportunity for innovative and targeted asset management.	In the coming year, we acknowledge the potential for increased maintenance needs in both buildings and open space asset classes. While this presents a challenge, we are committed to implementing robust mitigation plans to minimise these risks. Additional investment in later years for the renewal of roads, buildings, stormwater, footpaths, open space, and maritime assets, will yield benefits by reducing maintenance requirements. Our vision is to leverage the additional investment to ensure that our overall asset portfolio is not only well-maintained but also poised for long-term sustainability and efficiency.	An initial reduction in asset renewal investment may increase maintenance needs across a range of asset classes, making it imperative to shift focus towards critical assets, prioritising them for optimised maintenance strategies. This will be a temporary constraint, with increased renewal investment in the later part of the 10-year yielding benefits by reducing maintenance requirements. Our vision is to leverage the additional investment to ensure that our overall asset portfolio is not only well-maintained but also poised for long-term sustainability and efficiency.
	Renewal/Replacement	Renewals and replacement of assets are constrained at the current levels.	Renewals and replacement of assets are constrained in year 1.	Renewals and replacement of assets are constrained in the initial years, but increase in outer years, particularly in our roads.
	Disposal	Asset rationalisation is to be considered to reduce the funding burden on maintenance and renewals mitigating risks that assets will deteriorate to an unacceptable condition.	Disposals will occur when assets are renewed, with consideration to minimal asset rationalisation, with minimal impact to the current overall asset portfolio.	



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## 2 Introduction

Shoalhaven City Council (Council) is the custodian of assets with a replacement cost of nearly \$6.6 billion funded by a revenue generated from the rateable population of over 109,600. The asset management approach by the Council is essential to continue to maintain the services and infrastructure that provide the liveability that our community and visitors enjoy and value.

A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement, while at the same time providing growth assets to enable and meet the demand of growth and changing demands from the community. Infrastructure assets such as roads, drains, bridges, water and sewerage networks and public buildings present challenges, particularly given the age, as a large portion of the infrastructure is nearing end of life and requiring a higher level of investment than historically provided. Assets such as buildings and recreational facilities need to meet the changing demands of what is considered necessary for a contemporary liveable environment.

While age is a strong basis of an assets condition, the actual useful life can vary significantly based on exposure to the local environment and the intensity of the use of the assets. Assessing the condition of assets, estimating the remaining useful life of the asset, and planning for the renewal or replacement is a core requirement of modern Councils. Financing the planned renewals and replacements can be a significant challenge, requiring planning for cash availability to address large peaks and the discipline to accumulate reserves during troughs.

The demand for new and improved services adds to the planning and financing complexity. The creation of new assets also presents challenges in funding the ongoing operating, maintenance, and replacement costs necessary to provide the needed service over the assets' full life cycle.

The lack of funding to address all demands is a reality for all local governments. Planning and prioritisation is essential, as is the need to prolong the life of assets without exposing the community and the Council to unacceptable risks associated with ageing assets.

### 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 Asset Management Strategy Purpose

Council must account for and plan for all the existing assets under its control, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.

The Asset Management Strategy must:

- include the council-adopted Asset Management Policy,
- identify assets that are critical to Council's operations and outline risk management strategies for these assets, and
- include specific actions required to improve Council's asset management capability and projected resource requirements and timeframes.

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## 2.3 Legislative Requirements

The NSW Integrated Planning and Reporting (IP&R) Framework guides planning and reporting requirements, which are set out in the Local Government Act 1993 (the Act) and the Local Government (General) Regulation 2021 (the Regulation).

The main components of the Framework include:

- Community Strategic Plan
- Resourcing Strategy, including 3 inter-related documents:
  - Long-Term Financial Plan
  - Workforce Management Plan
  - Asset Management Strategy
- Delivery Program
- Operational plan
- Annual Report

Council is governed by the principles of the Local Government Act 1993 (NSW), which require councils to consider asset management as part of their [Resourcing Strategies](#).

Following is an extract from the Local Government Act 1993 (NSW):

### **403 Resourcing strategy**

- (1) A council must have a long-term strategy (called its resourcing strategy) for the provision of the resources required to implement the strategies established by the community strategic plan that the council is responsible for.*
- (2) The resourcing strategy is to include long-term financial planning, workforce management planning and asset management planning.*

Following is an extract from the Local Government (General) Regulation 2021:

### **196A Integrated planning and reporting guidelines—the Act, s 406**

*A council must comply with the integrated planning and reporting guidelines in the document entitled Integrated Planning and Reporting Guidelines for Local Government in NSW, published on the website of the Department, as in force from time to time.*

[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 regarding 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.

### 2.4 Roles & Responsibilities

Shoalhaven City Council is currently operating within 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. Responsibility for AMP's is being transitioned over to the Asset Strategy Team to facilitate improved coordination of AMP updates consistent with corporate priorities.

Council has defined the roles of Technical Services and Asset Custodian within the Asset Management System, identifying the following responsibilities.

The responsibility 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 responsibility 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 supporting roles provided by Information Services and Financial Services teams, are responsible for providing:

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

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While Council acknowledges that the initial identification of roles in asset management and operation is a positive step, there is a recognised opportunity for further enhancement in this regard.

## **2.5 Asset Management System**

An Asset Management system must include:

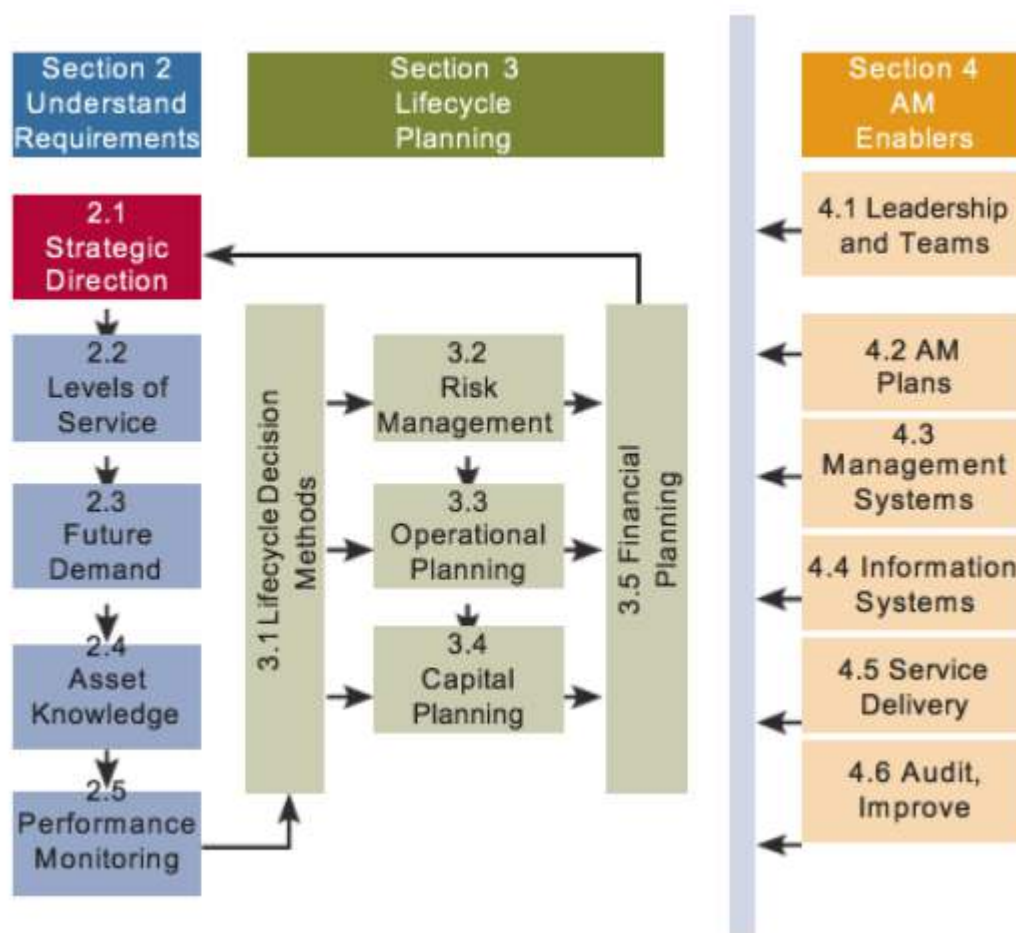
- Organisational context
- Leadership & governance
- Asset registers
- Asset condition assessments
- Asset maintenance and management systems
- Strategic planning capabilities
- Predictive modelling
- Deterioration modelling
- Risk analysis and management
- Lifecycle costing
- Performance evaluation
- Improvement Plan

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.

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

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





## 2.6 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

Council has the following 37 Asset Management Plans published on the website, (not all are current).

Administration Buildings	Cultural Centres	Shoalhaven Animal Shelter
Aquatic Facilities	Drainage	Shoalhaven Entertainment Centre
Arts & Crafts Buildings	Early Childhood Services	Streetscapes

Bridges & Culverts	Emergency Services	Surf Lifesaving Clubs
Bus Shelters	Flood Mitigation Drainage Structures	Traffic Facilities
Bushwalks	Footpaths and Cycleways	Transport Infrastructure (Sealed Roads)
Car Parks - Commercial	Kerb and Gutter	Transport Infrastructure (Unsealed Roads)
Cemeteries	Libraries	Wastewater Supply
Coastal & Estuary Assets	Parks & Reserves	Water Supply
Commercial Buildings	Parks & Reserves - Playgrounds	Waterways Infrastructure (Boating Facilities)
Communications Facilities	Public Amenities	Works Depots
Community Buildings	Public Halls & Community Centres	Shoalhaven Animal Shelter
Courts - Tennis & Netball	Scout & Guide Club Facilities	Shoalhaven Entertainment Centre

It should be noted that Council's Financial Statements report on the Financial Asset Class, which is different to the Asset Class, and different again to the Asset Management Plan structure.

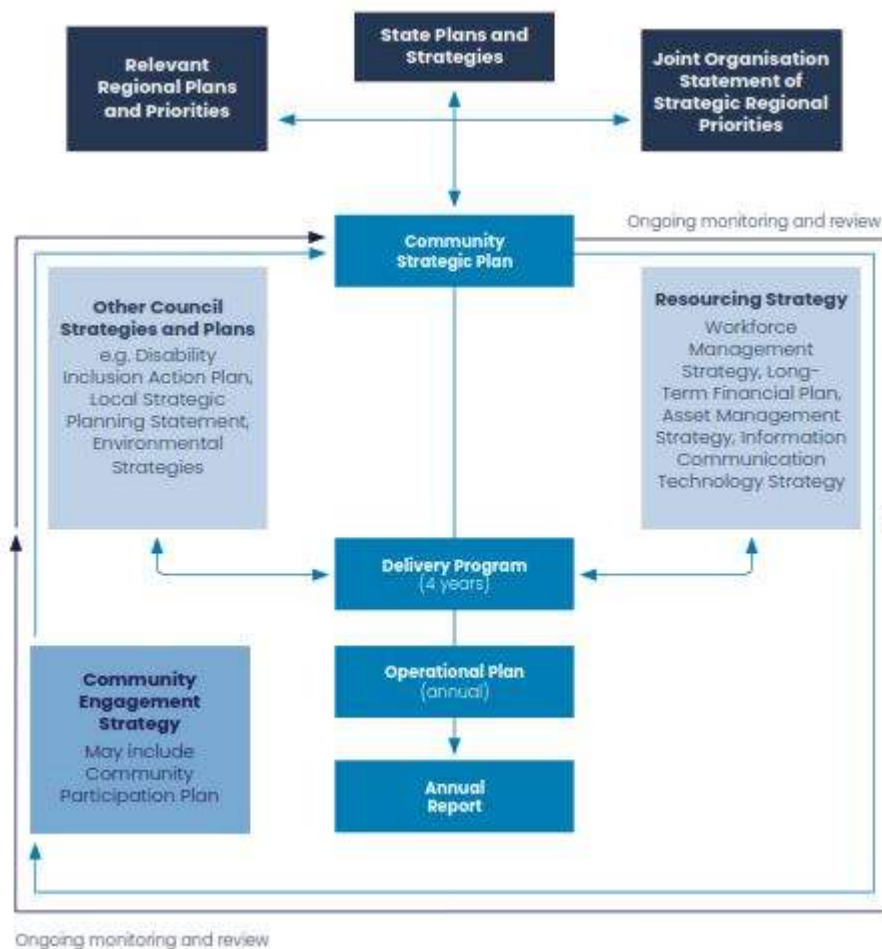
### 3 Strategic Alignment

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.

The [Office of Local Government Integrated Planning and Reporting framework](#) extract below demonstrates that all IP&R documents should connect and integrate well together. The documents need to be developed in an iterative way, with each informing development of the others.

The Asset Management Strategy demonstrates how the asset portfolio will achieve Council’s vision and goals in a sustainable way. To demonstrate this, the strategy needs to document the current state and identify how sustainable Council’s assets are to achieve the vision set by the CSP, considering what the gap is, and what improvements are required to achieve this.



Referencing the above diagram, Asset Management Plans align with the service provisions to meet the 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*.

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### 3.1 Community Strategic Plan

Within the Community Strategic Plan, the vision for the future is identified as:

*“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”.*

Council’s CSP identifies the following four themes based on the community priorities:

- Resilient, safe, accessible, and inclusive communities.
- Sustainable, liveable environments.
- Thriving local economies that meet community needs.
- Effective, responsible, and authentic leadership.

### 3.2 Asset Management Policy

Asset Management is understanding the community’s desired level of service 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 primary objective of the Asset Management 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, the objective of the 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.

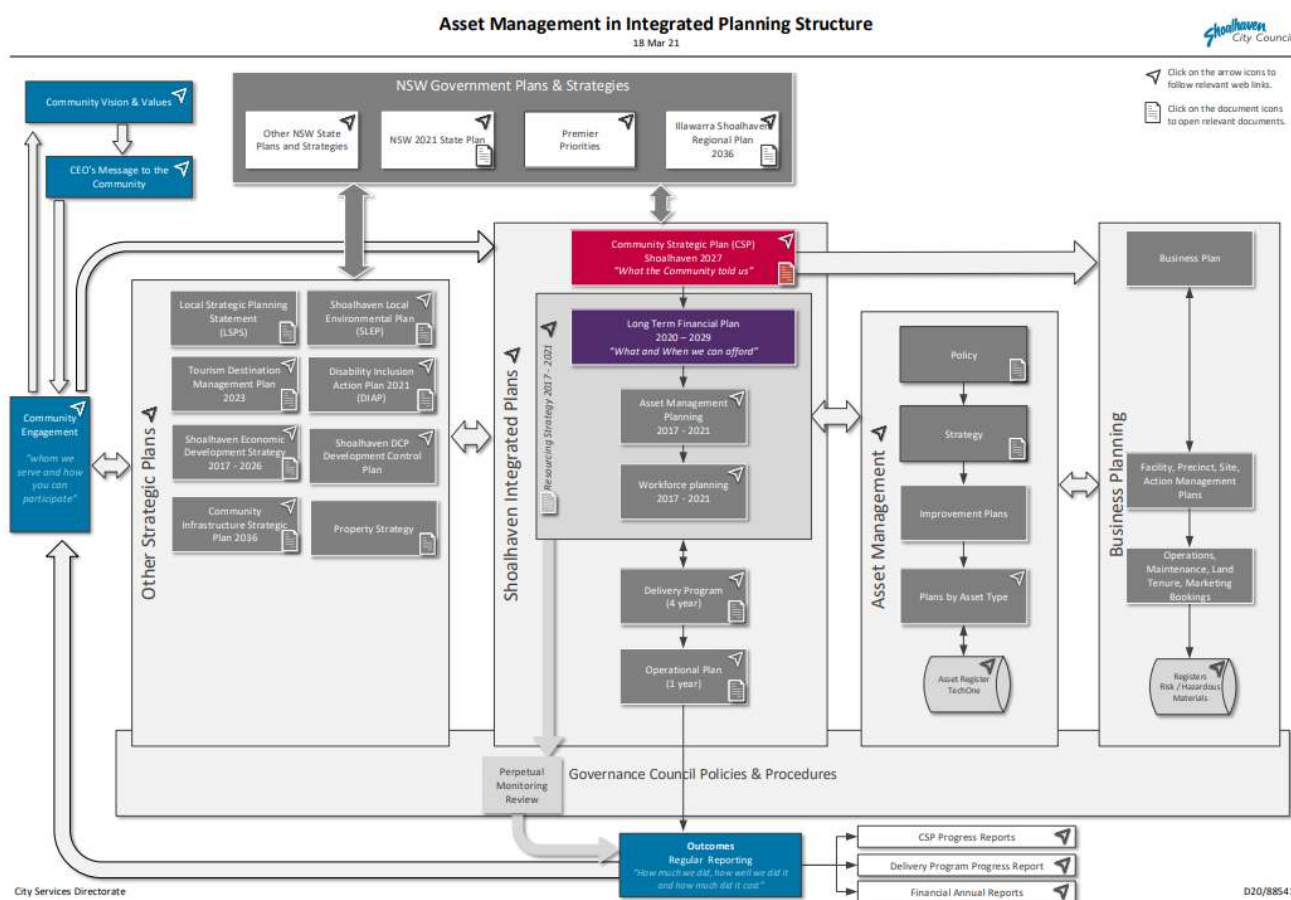
### Continuous Improvement

- 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.

### 3.3 Integration with Resourcing Strategy

The Asset Management Strategy has been prepared through integration with the Long-Term Financial Plan and the Workforce Management Strategy – collectively providing the Resourcing Strategy to deliver the adopted Delivery Program and Strategic Community Plan, as per the Integrated Planning and Reporting Framework.

The following table shows how Council's Asset Management integrates with the Integrated Planning Structure.



### 3.4 Other Related Strategies & Plans

In addition to Council's Community Strategic Plan and the Resourcing Strategy, there are numerous interconnected strategies and plans that contribute to the realisation of Council's

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objectives. Ensuring a strong alignment between these strategies and the Resourcing Strategy is important. Such strategies and plans include Shoalhaven Heritage Strategy, Shoalhaven Property Strategy, Disability Inclusion Action Plan, numerous Transport studies and strategies etc

The Resourcing Strategy plays a pivotal role in delineating the Council's areas of responsibility within the Community Strategic Plan, given that various stakeholders, including other government levels, businesses, non-government organisations, community groups, and individuals, share a collective role in achieving the Community Strategic Plan's outcomes. This alignment is critical for effective coordination and collaboration across diverse sectors to maximise the plan's impact.

### **3.5 Stakeholders**

The international standard for Asset Management, ISO 55001, places significant importance on the alignment of an Asset Management System with the requirements and desires of its stakeholders.

Council's asset management realm comprises of both internal and external stakeholders, who are outlined below. As Council advances in its asset and service planning endeavours, it becomes increasingly vital to enhance engagement with external stakeholders. This proactive engagement ensures that Council's infrastructure and assets align closely with the desired expectations of these external stakeholders.

**Council's internal stakeholders include:** Councillors, Executive Management, Asset Management Steering Committee (AMSC), service and asset planners, service delivery managers, asset operators and maintainers, ePMO.

**Council's external stakeholders include:** Community members, Federal & State governments, developers, industry/businesses, utilities, other agencies, visitors / tourists and goods and service providers to Council.

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## 4 Description of Scenarios

### 4.1 Scenario One – Base Model

The Base Model (Scenario One) is a planned approach to the continued delivery of services and provision of infrastructure based on a revenue base that does not increase the general rates income above the projected rate peg (as set by IPART) and current service charges only increasing each year by the projected annual indexation.

The capital works program, being constrained by the cash generated from operations (including rates, grants, and charges) and financing (borrowings) activities, is below what is necessary to maintain the current levels of service provided by the infrastructure. Assets such as roads, buildings and stormwater are expected to deteriorate over time, requiring future Councils to make decisions on rationalisation of assets when assets begin to fail. This is not considered to be a sustainable approach over the long term.

### 4.2 Scenario Two – Enhanced Asset Investment – 8% SRV

The Enhanced Asset Investment – 8% SRV (Scenario Two) entails an increased commitment to investing in the renewal and replacement of assets. This higher level of investment is strategically designed to ensure the sustained functionality of our assets, while also factoring in the present capacity of Council. There is an increased investment in roads, to address part of the backlog, as well as increased investment in buildings, stormwater, footpaths and open space over the 10 years.

Scenario Two is presumed to be funded through the introduction of a special rate variation in general rates, increasing the general rate in year 1 by 8%, inclusive of the rate peg (a permanent increase). The general rate increase in the following years, returns to the projected rate peg approved by IPART.

Whilst balancing the need to increase Council's unrestricted cash, this scenario provides a modest additional funding. The additional funding is predominantly allocated to urgent roads renewals, however, to ensure pavement renewals are durable the first year is anticipated to have a higher focus on scoping and design activities for implementation in later years.

This scenario increases investment in Roads greater than the base scenario, but around 40% lower than the renewal requirements to begin addressing the existing backlog. This scenario would enable additional investment to be allocated to Buildings and Open Spaces; however this is even more limited than the investment in Roads.

The current investment in water and sewer assets continues in this scenario, however it will be important for this to be reviewed in detail, to ensure that the current pricing model enables adequate infrastructure investment to maintain the existing levels of service into the future.

### 4.3 Scenario Three – Enhanced Asset Investment – 12% SRV

The Enhanced Asset Investment – 12% SRV (Scenario Three) entails an increased commitment to investing in the renewal and replacement of assets, as identified in Scenario Two, and is incrementally closer to approaching Council's asset renewal requirements. It is important to note that just meeting current renewal requirements does not adequately address the backlog which has been growing from recent under-investment.

Scenario Three is presumed to be funded through the introduction of a special rate variation in general rates increasing the general rate in year 1 by 12%, inclusive of the rate peg (a permanent increase) and general rate increase in the following years, returning to the projected rate peg approved by IPART.

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As with Scenario Two, there is a balance needed in ensuring an increase in Council's unrestricted cash. However, given the larger increase in general rates the amount available to invest in critical assets increases, with a similar initial focus on urgent road renewals.

The current investment in water and sewer assets continues in this scenario, however it will be important for this to be reviewed in detail, to ensure that the current pricing model enables adequate infrastructure investment to maintain the existing levels of service into the future.

## 5 State of the Assets / Current State

### 5.1 Asset Value

The total (Gross carrying) value of all infrastructure assets is \$6.6 billion. The net carrying amount (also known as written down value, which consists of the gross carrying amount less accumulated depreciation,) is \$4.7 billion.

The annual depreciation is \$85.1 million as per the [2022-23 Financial Statements](#) - C1-7 Infrastructure, property, plant & equipment, of which an extract is below.

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP Capitalised	Adjustments and transfers	Revaluation decrements/impairment to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	159,385	–	159,385	–	462,966	–	–	(403,734)	–	–	–	218,617	–	218,617
Plant and equipment	82,886	(35,084)	47,802	15,934	3,014	(1,472)	(9,450)	–	763	–	–	99,500	(42,909)	56,591
Rural Fire Service Red Fleet	27,484	(24,120)	3,364	–	–	–	(860)	–	–	–	–	27,484	(24,980)	2,504
Office equipment	14,417	(12,247)	2,170	87	54	(91)	(539)	–	–	–	–	14,352	(12,671)	1,681
Furniture and fittings	5,061	(2,709)	2,352	31	4	–	(286)	–	–	–	–	5,096	(2,995)	2,101
<b>Land:</b>														
– Crown land	145,830	–	145,830	–	–	–	–	–	–	–	47,915	193,745	–	193,745
– Operational land	208,181	–	208,181	67	–	(440)	–	–	–	–	69,680	277,488	–	277,488
– Community land	197,635	–	197,635	–	–	(680)	–	–	–	–	73,582	270,537	–	270,537
– Land under roads post 30/6/08	1,744	–	1,744	–	–	–	–	–	–	(425)	–	1,319	–	1,319
Land improvements – non-depreciable	47,347	–	47,347	32	131	–	–	–	–	(22)	2,810	50,320	(22)	50,298
Land improvements – depreciable	14,983	(5,444)	9,539	234	950	–	(151)	–	477	–	917	17,524	(5,558)	11,966
<b>Infrastructure:</b>														
– Buildings – non-specialised	2,472	(130)	2,342	52	–	(648)	(45)	–	(3)	–	56	1,878	(124)	1,754
– Buildings – specialised	466,049	(136,171)	329,878	14,137	3,711	(2,326)	(9,280)	–	1,980	(1,082)	34,073	514,991	(143,900)	371,091
– Other structures	148,011	(30,878)	117,133	3,338	1,017	(652)	(3,907)	–	(2,698)	(30,701)	–	140,159	(56,629)	83,530
– Roads	1,556,326	(509,345)	1,046,981	41,621	19,349	(1,716)	(23,475)	–	1,809	–	92,306	1,709,034	(532,159)	1,176,875
– Bridges	129,289	(55,978)	73,311	2,255	1,382	(19)	(1,895)	–	–	–	7,645	140,545	(57,866)	82,679
– Footpaths	105,539	(31,884)	73,655	1,123	7,193	–	(1,995)	–	216	–	6,271	120,367	(33,904)	86,463
– Bulk earthworks	318,431	(1,364)	317,067	122	107	–	–	–	–	–	18,821	337,481	(1,364)	336,117
– Stormwater drainage	291,174	(112,286)	178,888	1,542	2,300	(198)	(2,810)	–	(17)	–	17,188	311,812	(114,919)	196,893
– Water supply network	858,129	(435,591)	422,538	2,251	2,905	–	(11,587)	–	–	–	66,387	929,471	(446,977)	482,494
– Sewerage network	947,709	(292,853)	654,856	2,048	3,954	(9)	(14,242)	–	–	–	73,191	1,026,823	(307,025)	719,798
– Swimming pools	25,791	(14,100)	11,691	96	14	(71)	(554)	–	1,550	–	8,110	39,305	(18,469)	20,836
– Other open space/recreation	66,741	(28,458)	38,283	161	2,232	(758)	(2,397)	–	(4,077)	(15)	25,107	87,102	(28,566)	58,536
– Other infrastructure	57,724	(25,877)	31,847	1,013	2,215	(4)	(1,092)	–	–	(444)	2,917	63,863	(27,411)	36,452
<b>Other assets:</b>														
– Library books	10,012	(8,653)	1,359	–	421	–	(410)	–	–	–	–	2,783	(1,413)	1,370
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	5,562	(2,187)	3,375	267	–	–	(126)	–	–	–	–	5,510	(1,994)	3,516
<b>Total infrastructure, property, plant and equipment</b>	<b>5,893,912</b>	<b>(1,765,359)</b>	<b>4,128,553</b>	<b>86,411</b>	<b>513,919</b>	<b>(9,084)</b>	<b>(85,101)</b>	<b>(403,734)</b>	<b>–</b>	<b>(32,689)</b>	<b>546,976</b>	<b>6,607,106</b>	<b>(1,861,855)</b>	<b>4,745,251</b>

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

### 5.2 Asset Condition

Asset Custodians are responsible for ensuring that the condition of assets is updated in the asset register when assets have been inspected or assessed. Asset Condition is reported in the [2022-23 Financial Statements](#) - Report on Infrastructure Assets, of which an extract follows.



Report on Infrastructure Assets  
as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard <sup>a</sup>	Estimated cost to bring the agreed level of service set by Council <sup>b</sup>	2022/23 Required maintenance <sup>c</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1 <sup>1</sup>	2 <sup>2</sup>	3 <sup>3</sup>	4 <sup>4</sup>	5 <sup>5</sup>
Buildings	Buildings	6,845	3,574	11,206	9,585	372,845	516,869	25.0%	37.0%	33.0%	4.0%	1.0%
	<b>Sub-total</b>	<b>6,845</b>	<b>3,574</b>	<b>11,206</b>	<b>9,585</b>	<b>372,845</b>	<b>516,869</b>	<b>25.0%</b>	<b>37.0%</b>	<b>33.0%</b>	<b>4.0%</b>	<b>1.0%</b>
Other structures	Other structures	8,297	1,065	476	313	83,530	140,159	20.0%	29.0%	27.0%	22.0%	2.0%
	<b>Sub-total</b>	<b>8,297</b>	<b>1,065</b>	<b>476</b>	<b>313</b>	<b>83,530</b>	<b>140,159</b>	<b>20.0%</b>	<b>29.0%</b>	<b>27.0%</b>	<b>22.0%</b>	<b>2.0%</b>
Roads	Sealed roads	105,136	42,837	11,859	10,585	870,953	1,282,543	4.0%	29.0%	38.0%	26.0%	3.0%
	Unsealed roads	3,436	2,695	2,869	2,621	9,067	26,952	2.0%	10.0%	47.0%	31.0%	10.0%
	Bridges	3,876	3,907	381	234	82,679	140,545	41.0%	26.0%	25.0%	5.0%	3.0%
	Footpaths	659	265	827	429	86,463	120,367	30.0%	43.0%	25.0%	2.0%	0.0%
	Other road assets	1,358	1,119	4,276	3,825	296,855	399,539	80.0%	8.0%	11.0%	1.0%	0.0%
	Bulk earthworks	–	–	–	–	336,117	337,481	100.0%	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%
	<b>Sub-total</b>	<b>114,465</b>	<b>50,823</b>	<b>20,212</b>	<b>17,694</b>	<b>1,682,134</b>	<b>2,307,427</b>	<b>34.8%</b>	<b>21.4%</b>	<b>26.4%</b>	<b>15.4%</b>	<b>2.0%</b>
	<b>Total – all roads</b>	<b>121,310</b>	<b>54,396</b>	<b>21,684</b>	<b>19,008</b>	<b>1,764,668</b>	<b>2,447,586</b>	<b>36.8%</b>	<b>22.4%</b>	<b>27.4%</b>	<b>16.4%</b>	<b>2.0%</b>
Water supply network	Water supply network	28,302	7,436	9,703	9,531	482,494	929,471	3.0%	26.0%	59.0%	11.0%	1.0%
	<b>Sub-total</b>	<b>28,302</b>	<b>7,436</b>	<b>9,703</b>	<b>9,531</b>	<b>482,494</b>	<b>929,471</b>	<b>3.0%</b>	<b>26.0%</b>	<b>59.0%</b>	<b>11.0%</b>	<b>1.0%</b>
Sewerage network	Sewerage network	14,812	13,349	15,699	15,227	719,798	1,026,823	17.0%	37.0%	42.0%	3.0%	1.0%
	<b>Sub-total</b>	<b>14,812</b>	<b>13,349</b>	<b>15,699</b>	<b>15,227</b>	<b>719,798</b>	<b>1,026,823</b>	<b>17.0%</b>	<b>37.0%</b>	<b>42.0%</b>	<b>3.0%</b>	<b>1.0%</b>
Stormwater drainage	Stormwater drainage	9,432	7,795	1,213	1,319	196,893	311,812	4.0%	62.0%	24.0%	7.0%	3.0%
	<b>Sub-total</b>	<b>9,432</b>	<b>7,795</b>	<b>1,213</b>	<b>1,319</b>	<b>196,893</b>	<b>311,812</b>	<b>4.0%</b>	<b>62.0%</b>	<b>24.0%</b>	<b>7.0%</b>	<b>3.0%</b>
Open space / recreational assets	Swimming pools	1,762	–	3,372	5,986	20,836	39,305	8.0%	10.0%	64.0%	18.0%	0.0%
	Other open space / Recreational Assets	1,692	871	2,603	9,973	58,536	87,102	27.0%	17.0%	49.0%	6.0%	1.0%
	<b>Sub-total</b>	<b>3,454</b>	<b>871</b>	<b>5,975</b>	<b>15,959</b>	<b>79,372</b>	<b>126,407</b>	<b>21.1%</b>	<b>14.8%</b>	<b>53.7%</b>	<b>9.7%</b>	<b>0.7%</b>
Other infrastructure assets	Other infrastructure assets	3,112	3,206	800	530	36,452	63,863	14.0%	22.0%	50.0%	9.0%	5.0%
	<b>Sub-total</b>	<b>3,112</b>	<b>3,206</b>	<b>800</b>	<b>530</b>	<b>36,452</b>	<b>63,863</b>	<b>14.0%</b>	<b>22.0%</b>	<b>50.0%</b>	<b>9.0%</b>	<b>5.0%</b>
<b>Total – all assets</b>		<b>188,719</b>	<b>88,119</b>	<b>65,284</b>	<b>70,158</b>	<b>3,653,518</b>	<b>5,422,831</b>	<b>22.3%</b>	<b>29.0%</b>	<b>36.4%</b>	<b>10.7%</b>	<b>1.6%</b>

Council will implement detailed condition ratings for each Asset Class, with a particular focus on adhering to recognised industry standards, such as those set by the Institute of Public Works Engineers Australia, which can serve as valuable benchmarks or models for our asset assessment and evaluation processes.

### 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 action 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 un-trafficable, have extensive surface defects and pavement failures and access is severely constrained.

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- a. Uncomfortable driveability experiencing severe up/down and/ or sideways movement. Drivers must maintain good control of steering and reduce speed in 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 assets are deteriorating at a rate greater than designed and constructed for, over and above utilisation demands.

Council is currently reporting assets to be generally in good condition, with a relatively small backlog of asset renewals and the targeted expenditure on maintenance being close to what has been achieved. This assessment is based on a current low level of asset management maturity, with a lack of quantitative evidence to support the assessment. Council has set an objective to improve the asset management (as outlined in this document) which will provide a higher level of confidence and reliability in the reporting of the asset condition and measurement of the backlog and maintenance expenditure required.

### **5.3 Asset Data**

Accurate data and a robust planning process is required to ensure that assets are managed and accounted for in an efficient and sustainable way on behalf of the community and with a service delivery focus.

Currently, Asset Custodians are responsible for compiling comprehensive and up to date asset data, including monitoring asset condition, performance and managing asset risk. This includes ensuring an Asset Book (capital value, life expectancy and replacement rates and replacement cost) for capital assets and ensuring spatial mapping of the asset is accurate. Asset Data responsibilities are being transitioned over to the Asset Strategy Team to improve the efficiency and consistency of data management.

Asset Data, includes the following core data:

- Asset description
- Asset type/ class/ category
- Asset measurements
- Asset construction material
- Asset condition
- Insurance details
- Asset strategy – AMP what to do and when to it
- Replacement details, including asset life, and remaining useful life (RUL)
- 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 the assets enable and is configured based on Asset Type for additional attribute fields.

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

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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 data is kept up to date and valid.

### **5.3.1 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](#).

### **5.3.2 Asset Stocktakes**

The Asset Custodian is responsible for ensuring the asset exists, is performing to meet the agreed levels of service for the customer, and to ensure the condition reported is accurate.

Stocktakes are required to be undertaken by Asset Custodians, based on Financial Reporting Categories prior to asset revaluation, with the following exceptions:

- Roads are to be completed by a detailed laser assessment and visual inspection.
- Plant & equipment is to be completed annually and often conducted when servicing occurs.
- Intangible assets carried at cost are to be 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.

## **5.4 Asset Type & Asset Custodian Alignment**

Council has undertaken a review of service provisions, asset types, and precincts with the aim of enhancing asset management and creating a community or customer-centric focus. The following table provides a summary of asset types and their respective responsible asset custodians.

(Details regarding the Asset Custodians & their responsibilities is available in the appendix)

Asset Type	Asset Custodian
Administrative Centres and Works depots	Building Services Manager
Aquatic facilities	Swim, Sport & Fitness
Arts & Culture Buildings	Building Services Manager

Asset Type	Asset Custodian
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
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
Wastewater Supply	Shoalwater
Water Supply	Shoalwater
(Waterway's) Jetties, wharves & boat ramps	Roads Manager & District Engineers
Work Depots	Building Services Manager

## 5.5 Critical Assets

Asset criticality is determined by considering the interplay between the risks associated with an asset and the potential consequences of its failure. Identifying critical assets is a fundamental step in effective asset management, ensuring prioritised resource allocation and risk mitigation strategies.

Critical assets are those whose failure or disruption significantly impacts Council's operations, safety, and overall performance of service offerings, resulting in a significant social, environmental, or financial cost to Council.

While previous versions of Council's Asset Management Strategy identified both the depots and administration buildings as critical, given the recent learnings from the COVID-19 pandemic, the administration buildings are no longer considered critical, however it may be that components of the buildings are critical.

The following table summarises council's critical assets as identified by the Asset Custodians.

Asset Class / AMP	Asset Type			Details
Water	<b>Asset</b>		<b>Quantity</b>	<b>% Critical</b>
	Water Storage Dams		3 of 5	60%
	Service Reservoirs Pipe System	Service Reservoirs	17 of 39	43%
		Balance Tanks	1 of 2	50%
		Raw Water Mains	28km of 29km	96.5%
		Reticulation Mains	136km of 1,151km	12%
		Trunk Mains	304km of 449km	68%
		Total Pipes	468km of 1,629km	29%
		PRV's	3 of 8	3.7%
		Control Valves	699 of 8,043	8.6%
		Air Valves	4,529 of 939	56%
	Pump stations		11 of 25	44%
Sewer	<b>Asset</b>		<b>Quantity</b>	<b>% Critical</b>
	Pipe System	Gravity Pipes – Gravity Mains	440km of 1,039km	42%
		Gravity Pipes – Overflow Mains	1.5 of 1.9km	79%
		Rising Mains	176km of 205km	86%
		Manholes	4,387 of 23,579	19%
	Pump stations		133 of 222	59%
Waste Transfer Stations & Landfill	Waste transfer stations and landfill sites.			Within these facilities, certain assets play a critical role in ensuring the smooth and



Asset Class / AMP	Asset Type	Details
	<p>Critical assets within the sites include:</p> <ul style="list-style-type: none"> <li>• Compactors and Shredders</li> <li>• Weighbridges</li> <li>• Leachate Management Systems</li> <li>• Landfill cell construction and lining</li> <li>• Fire suppression equipment</li> </ul>	<p>safe operation of waste handling processes.</p> <p>The availability of sufficient landfill capacity is critical.</p>
Roads & Bridges	<p>Roads that provide access to hospitals, and emergency shelters are critical, in addition to those that provide access to key utilities such as water, wastewater, power and telecoms, to ensure continuity of essential services.</p> <p>Roads that are the only access to an area are deemed critical as there is no back up.</p> <p>Roads that enable heavy vehicles to transport goods are critical to provide the Level of Service required for road loads.</p> <p>Traffic volumes and connectivity are also key factors in identifying critical roads assets.</p> <p>Bridges that are the only access to an area are deemed critical, with the criticality rating increasing based on the likelihood of flooding.</p>	<p>The accessibility of access roads, as well as the condition of surrounding roads, directly impacts accessibility to areas.</p>
Stormwater	<p>Criticality of the stormwater network involves a multi-faceted approach that considers zoning, proximity to essential services, buildings and other infrastructure, design, redundancy, and climate change resilience.</p>	<p>The stormwater network represents a critical and integral component of Council's infrastructure assets, playing a pivotal role in managing drainage and safeguarding against potential flooding and environmental risks.</p>
Buildings	<p>Crematorium is a critical asset as there is no other in the LGA.</p> <p>Buildings at locations identified as evacuation areas.</p> <p>Generators – power back up supply.</p>	<p>Electricity supply requires generators, demonstrated during the recent bushfires where power outages necessitated food preservation measures like ice, noting backup generators are not universally available across sites.</p>
Flood Management Systems	<p>Levees, flood walls, and floodgates that manage coastal flooding and drainage.</p>	<p>Flood management systems are critical assets because they serve as the first line of defense against coastal flooding and drainage issues, protecting communities, infrastructure, and valuable coastal ecosystems from the devastating impact of storm surges and rising sea levels.</p>
Coastal Management	<p>Seawalls, breakwaters, and revetments that protect coastlines from erosion and storm surges.</p>	<p>The revetment wall at Lake Conjola, stretching 600 meters, serves a multifaceted purpose by preventing lake intrusion and supporting lake access.</p> <p>Ulladulla Park's boardwalk and stairs to the beach are the sole access points.</p>
	<p>Wetlands and Mangroves</p>	<p>Ecologically sensitive areas act as natural barriers, absorbing floodwater and providing habitat for marine life.</p>

Asset Class / AMP	Asset Type	Details
	Sand Dunes	Natural sand barriers that mitigate coastal erosion and act as habitats for various species.
Natural assets	Asset Protection Zones	Asset Protection Zones around the park perimeters serve to mitigate bushfire risks by reducing fuel load.
Information Technology	Booking software & website for Holiday Haven (online reservations)	Loss of service will disrupt bookings and revenue streams, particularly considering the current trend towards digital bookings.
	NBN and WiFi connectivity (critical for operational efficiency).	A particular concern is highlighted at remote sites like Bendalong Park due to inadequate NBN facilities and phone reception.
	Digital Information Boards	Four Holiday Haven sites have digital boards, that play a fundamental role in disseminating emergency information to the community, with the sites often functioning as community endpoints and emergency evacuation sites during adverse weather events.
	IT Disaster Recovery assets	Ensure continuity of essential services and data integrity in the face of unforeseen disruptions, such as natural disasters or technological failures.
	Cyber security assets, particularly firewalls	Firewalls act as the first line of defense against un-authorised access, data breaches, and cyber threats that could compromise sensitive information and disrupt operations.

Risk management procedures have been developed for these assets including emergency response, business continuity and condition monitoring.

## 5.6 Asset Management Information System

Council has purchased an integrated software solution and is implementing this over the current and next financial years, and all assets are to be within asset registers of this software solution. The success of this integration is considered essential for better asset management.

## 6 Asset Management Plans

### 6.1 AMP Alignment with Asset Custodian

The AM Strategy is developed by Technical Services and, currently, Asset Custodians are responsible for individual Asset Management Plans. This responsibility is in the process of being transferred over to the Asset Strategy Team.

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 current structure for Asset Management Plans is detailed in the table below, however as Council's Asset Management maturity improves, this structure should be reviewed with consideration of Asset Management Plans being aligned to Asset Classes.

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	Environmental Services
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

Asset Management Plan	Asset Custodian
Street Infrastructure	District Engineers Coordinated by Roads Manager
Wastewater Supply	Shoalwater
Water Supply	Shoalwater
Waterways Infrastructure	District Engineers Coordinated by Roads Manager

With the proposed reviewed structure, all like assets would be combined, for example buildings would be consolidated into a single Asset Management Plan. This is based on the rationale that any legislative changes would universally impact all buildings, and the specialised knowledge and oversight for compliance would be entrusted to the Asset Custodian or Asset Manager. Consolidation of plans will also reduce the administrative time and cost in preparing, updating, and reviewing the plan.

## 6.2 AMP Document Structure

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.

## 6.3 AMP Recommendations

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

- Annual capital budget for all asset types should be prepared on an ‘activity’ basis not a ‘resource’ basis, while this transition has occurred, predominantly for transport assets, but could be further improved, and applied across all relevant asset classes.
- An appropriate occupation of Council owned or managed land policy has been adopted and should be adhered to.
- Monitoring and Improvement Programme – Asset Management Plans are dynamic documents reflecting and responding to changes over time. Monitoring of the AMPs is required to ensure compliance with the proposed improvement program milestones and to ensure compliance with adopted standards and procedures for condition and performance.

## 7 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 for future engagement.
- LOS surveys have been undertaken via Council’s website in past years, incorporating pictures, from which respondents identify what 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 an objective –

*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.*

To achieve appropriate community engagement in the reviewing of sustainable ‘levels of service’ (SLOS), Council utilises the Community Strategic Plan development and “Get Involved Shoalhaven” where the Community “can have their say”. This webpage has a timeline to keep all that have an interest in proposals to improve “service provision” informed.

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

Effective asset management within an organisation plays a pivotal role in shaping 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.

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.

Effective asset management within an organization plays a pivotal role in shaping customer satisfaction. At Shoalhaven City Council, our constituents anticipate that our assets will



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consistently deliver specific service standards, such as maintaining clean, vibrant, and well-located facilities, all of which significantly influence their perception of quality service.

These agreed-upon service standards serve as the bedrock for all asset management decisions. To establish sustainable service levels, it is imperative that the community is well-informed about the various constraints, including resource availability, environmental considerations, legal factors, and political dynamics. This requires engaging with the community through methods like surveys and targeted meetings to achieve consensus on what constitutes a sustainable service level.

The ultimate objective is to harmonize the desired service standards with prudent risk management, optimal performance, and financial viability, ensuring that we deliver outcomes that meet these criteria and align with our commitment to excellence.

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 asset classes, 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 for 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 asset investment at 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.

## 8 Asset Management Maturity

The starting point on an asset management improvement journey is to obtain a clear understanding of the level of maturity and performance that currently exists. Asset management maturity assessments are also valuable in tracking progress towards your desired goal, ensuring alignment with best practice, and that the Asset Management System is equipped to efficiently deliver the desired outcomes.

In recognition of the need to address existing challenges within the current state, a self-assessed Asset Management Maturity Assessment was conducted. This assessment was carried out utilising the NAF Assessment Model, a structured online questionnaire created to gauge the progress made in implementing the components of the National Asset Management Assessment Framework (NAMAF). This framework, custom-tailored for Local Government use, encompasses specific elements and characteristics outlined in the following table.

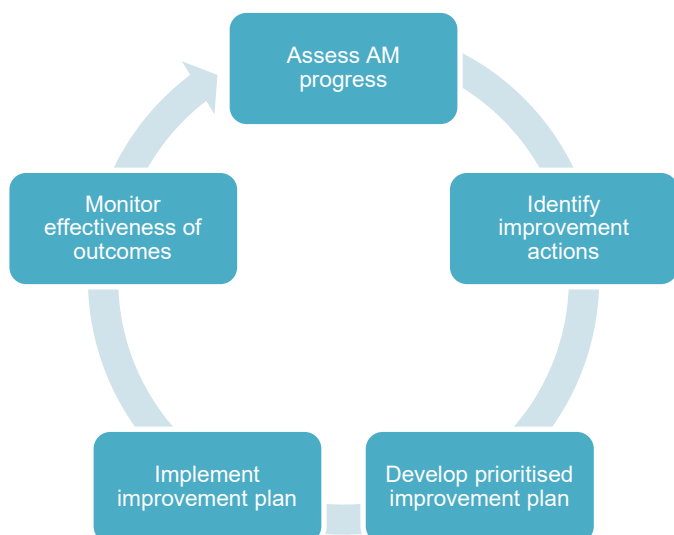
**Table 6.1 National Asset Management Assessment Framework, Elements & Characteristics**

Element	Characteristic
Financial Planning and Reporting	Strategic Longer-Term Plan
	Annual Budget
	Annual Report
Asset Management & Planning	Asset Management Policy
	Asset Management Strategy
	Asset management Plans
	Governance and Management
	Levels of Service
	Data and Systems
	Skills and Processes
	Evaluation

Source: IPWEA.

Based on the 11 characteristics within the tool, Shoalhaven City Council completed the self-assessment to aid the development of this document. Council is committed to continuing to use the maturity tool to assess the progress in implementing better practices in asset and financial management, aligned with the IPWEA Asset Management Continuous Improvement Cycle, identified in the following figure.

**Figure 8.1 Asset Management Continuous Improvement**



Source: IPWEA.

The following figure identifies the five levels of maturity identified in the assessment, represented as a scale of 1 to 5, with 1 being aware and 5 advanced.

**Figure 8.2 Asset Management Maturity Levels – 1 to 5 scale**



Source: IPWEA.

Based on the scale and type of assets Council manages, and considering the business context and resource capacity, seeking Advanced Maturity in all areas of practice is not the best solution for Council.

The results of the self-assessment are presented in the following spider graph. This visual representation offers an overview of Council's current state of asset management maturity.

Council's main objective is to focus on achieving and maintaining what it has identified as a core level of maturity. In the context of asset management, this core maturity level has been predominantly identified as a score of 3, with the exception being the asset management policy, for which a score of 4 is identified as the core level. Additionally, for financial planning, a score of 4 has been established as the core level across all three characteristics within the assessment tool.

**Figure 8.3 Current, Core and Target Self-assessed Maturity Assessment**



Source: IPWEA NAMS+, and AEC (unpublished).

The Enterprise Asset Management (EAM) Steering Committee will periodically complete a self-assessment to review the current maturity and target maturity, and to track progress over time, ensuring that Council are consistently progressing towards the desired level of maturity, and were possible benchmarking this against the maturity of other councils that are similar in size and characteristics, such as geography.

Every 5-10 years, Council will look to engage an independent assessor to complete an Asset Management maturity assessment, to maintain transparency, identify risks and appropriate mitigation plans, and to adjust the improvement roadmap as required.

The maturity assessment was a key factor in the development of this Asset Management Strategy, and a review of the results identified three components of an effective asset management approach:

- Leadership & Governance,
- Asset Management System, and
- Asset Portfolios.

Following is the current context identified through the assessment, for each of these components.

### **8.1 Leadership & Governance**

The results of the maturity assessment reveal that the Council's asset management practices currently fall below the core level of maturity identified. This assessment highlights significant areas for potential improvement. At present, the Council's asset management practices are categorised as operational, whereas the aspiration of Council is to optimise the asset management practice by ensuring alignment with best practice, being an organisationally integrated Asset Management System, with a strong emphasis on strategic focus.

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In order to lift council's asset management maturity, Leadership & Governance must be prioritised throughout all aspects of the maturity assessment. Governance is the foundational framework that facilitates informed decision-making, accountability, and promotes transparency.

### **8.1.1 Asset Management Policy**

The Asset Management Policy is a vital component of the overall Asset Management Strategy of Council, as its role is to provide a framework for the effective management of the Council's assets and the responsible allocation of resources.

The maturity assessment highlights the policy's strengths but the need for improvements. These improvements encompass the following points:

- Referencing a defined process for assessing and delivering training in financial and asset management practices across the organisation, to ensure staff are well-equipped to implement the policy effectively.
- Provide additional clarity and detail in defining roles and responsibilities within the asset lifecycle. Specifically, identifying positions responsible for determining levels of service, managing assets to meet service delivery needs, as well as maintenance and operations positions is key across all asset classes. By outlining and communicating these roles clearly, Council can enhance accountability and ensure that all aspects of asset management are effectively coordinated and aligned with organisational objectives, while mitigating inefficiencies and contributing to improved service outcomes.
- Decision making should be strengthened, and the policy should establish a strong foundation for long-term integrated decision-making. Simultaneously, it should encourage participative decision-making involving the community. This entails integrating data, information, and knowledge to assess trade-offs among economic, social, cultural, and environmental consequences, facilitating a holistic approach to decision-making. Basically, it should identify a prioritisation approach regarding available funding.
- The current policy does not identify the process and timeframes for community consultation and adoption of Asset Management Plans.

### **8.1.2 Asset Management (EAM) Steering Committee**

To develop a strong corporate approach to Asset Management a cross directorate Enterprise Asset Management (EAM) Steering Committee has been established to define and review this Strategy and the EAM implementation Road Map. The EAM Steering Committee has previously been referred to as the EAM Oversight Group and is comprised of key asset management leaders from across the organisation.

The maturity assessment identified a requirement to ensure processes are in place regarding the meeting structure and frequency, to provide assurance that both the committee and group are leading strategically while addressing the 11 elements of the maturity assessment, and successfully implementing this Asset Management Strategy.

### **8.1.3 Roles & Responsibilities**

Council has documented the asset management roles and responsibilities within the Asset Management Policy and there is reference to an Asset Custodian model however, this is not inclusive of all roles, or all asset classes.

The current documentation lacks identification of roles responsible for determining levels of service and managing the assets to meet service delivery needs.



It is recommended that roles, and their relevant responsibilities, within the categories of Service Owner, Asset Custodian and Asset Operator and Maintainer are identified and documented (to assist with full lifecycle knowledge, including financial requirements).

**Figure 8.4 Example of Asset Management Roles within the Categories Identified**

Service Owner	Asset Custodian	Asset Operator & Maintainer
<ul style="list-style-type: none"><li>• Service Planner</li></ul>	<ul style="list-style-type: none"><li>• Asset Manager</li><li>• Asset Data Analyst</li></ul>	<ul style="list-style-type: none"><li>• Asset Inspector</li><li>• Asset Operator</li><li>• Asset Maintainer</li><li>• Maintenance Scheduler</li></ul>

Source: AEC (unpublished).

Gaps in roles and responsibilities, as well as capacity have not been formally assessed. (for example, there is no clarity on responsibilities relating to the Maritime Asset Class, also referred to as Boating Facilities).

### **8.1.1 Allocation of resources & decision making**

Current practice is predominantly reactive as opposed to planned and is often based on historical data as opposed to forward projections. An enhanced systemic approach to resource planning, which is aligned with forward projections, is needed to shift the current practice.

### **8.1.2 Performance reporting**

Currently there is no Asset Management performance reporting developed.

## **8.2 Asset Management System**

An Asset Management System (AMS) is a structured and organised approach to managing and optimising an organisation's assets throughout their entire lifecycle. It involves processes, procedures, and tools to acquire, operate, maintain, upgrade, and dispose of assets in a cost-effective and efficient manner, while ensuring that they deliver on Council's strategic goals and objectives.

The AMS enables an organisation to track and monitor its assets, assess their condition and performance, and make data-driven decisions on their utilisation and replacement.

This strategy identifies that Council's Asset Management System aligns with IPWEA, however documenting this with regards to Shoalhaven City Council will assist with communicating this to the whole of Council.

### **8.2.1 Asset Management Information Systems**

Council has purchased Technology One's OneCouncil, 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.

The Council currently maintains a basic inventory of fixed assets, encompassing their location, size, and type in an asset register. However, not all assets are included in this system, both financial and non-financial. Some major asset classes, like Buildings, have a

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more robust corporate asset register, supported by technical asset registers that require regular manual data validation, as the systems are not integrated.

ESRI (Environmental Systems Research Institute) GIS (Geographic Information System) serves as the corporate mapping software, but ongoing enhancements are needed to align asset types with spatial mapping.

While condition assessments are conducted, the data is not consistently updated in the asset register.

Some of the identified AMIS improvement areas of focus include:

- Linking work orders to assets, both capital and operating, and incorporating forecasts for maintenance and renewal expenditures through the Asset Management Information System.
- Connecting customer service requests to assets through work orders for streamlined service delivery.
- Streamlining the use of multiple software solutions for works programming, ensuring better integration with OneCouncil.
- Mapping work orders and projects to visualise ongoing tasks, locations, and timeframes.
- Coordinating Enterprise Content Management (ECM) and Electronic Document and Records Management Systems (EDRMS) for a more comprehensive data approach, including survey and design registers.
- Developing digital Asset Management Plans to provide customers with details on assets by type, capital and operating aspects, maintenance programs, and future projects.

### **8.2.2 Asset Data**

Accurate data and a robust planning process is required to ensure that assets are managed and accounted for in an efficient and sustainable way on behalf of the community and with a service delivery focus.

To address the need for data integrity and a single source of truth, Council will look to develop a comprehensive Asset Data Framework and Improvement Plan. This initiative will not only provide governance of asset information but also establish clear processes for data throughout the asset lifecycle, including acquisition, operations, maintenance, renewal, and disposal.

This Framework will also look to provide consistency across stocktakes, inspections, surveys, and condition inspections, and the process for ensuring a seamless and accurate update to the asset register and mapping solutions.

Council conducts asset revaluations every five years, subject to capacity constraints resulting due to disaster events (2019-2022: drought, bushfires, COVID, extreme weather). These revaluations compare asset carrying values to their fair values at the reporting date. To maximise valuation accuracy and value, the Council will look to conduct condition assessments that inform the valuation process. These assessments will also offer insights into future maintenance and renewal needs, while also improving the asset data.

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### 8.2.3 Asset Planning

Historical underinvestment in asset renewals, especially in roads and stormwater, poses a high risk for the Council, resulting in potential future cost escalation. The Asset Management policy emphasises a 'Renewal before Upgrade or New' philosophy but this is not always the reality.

To enhance maturity in Asset Planning, Council will consider implementing the following in the first instance:

- Integrate service planning and the budget process, to align service levels with strategic objectives, optimising resource allocation.
- Learn from improvements made in the Water & Sewer Asset Classes and apply those principles to other Asset Classes, such as Transport and Stormwater, to define clear service levels, strategic planning, and efficient resource allocation.
- Address the current reactive approach in asset planning by investing in data, resources, and expertise for proactive asset lifecycle planning.
- Prioritise capital works through a quadruple bottom line assessment undertaken by the ePMO, aligning investments with financial, social, environmental, and community well-being considerations.

### 8.2.4 Process & Practices

Council presently follows operational procedures to meet its objectives. To enhance asset management and safeguard critical knowledge held by key personnel, the Council should assess, document, and implement improved processes and practices.

The Maturity Assessment indicates that initial emphasis should be placed on the following processes:

- **Process for updating Asset Management Plans:** The minimum timeframe for the Asset Management Strategy and Asset Management Plans is 10 years, and while the principles and objectives outlined in the Asset Management Policy and strategy guide the development and maintenance of Asset Management Plans, the strategy should also include the process for updating the plans, ideally mapping this, and incorporating regular cyclic updates to the demand and financial projections, while also identifying the timeline for review.
- **Process for Condition Assessments:** The condition of Council's assets is shown in the Report on Infrastructure Assets, a special schedule attached to the Annual Financial Statements. Through the engagement sessions with key stakeholders across Council, it was identified that the reported condition is not reflective of the assets on the ground, and that Condition Assessments are not completed on a regular cyclic schedule. This strategy should be updated to reflect the process for condition assessments, including the budget requirements, to ensure that assets are managed in line with their optimal useful life, and adequate renewal and maintenance programs are developed based on this, enabling evidence based decision making.
- **Process for Management Review:** Council lacks a structured Management Review process for Asset Management. A process should be developed for regular review of the following:
  - Audit recommendations and actions

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- Asset Management Maturity
  - Asset Management Strategy Improvement Plan
  - Individual Asset Management Plans

Incorporating these components into regular management reviews will facilitate tracking the status of actions derived from improvement plans and previous management reviews against planned deadlines and deliverables, ensuring the allocation of sufficient budget, tracking shifts in identified risks and opportunities, and maintaining well-documented records to substantiate the management review process.

- **Process for New Assets:** Council lacks a consistent process for new assets. A process should be developed and documented for recording new assets, adjusting budgets for new assets, and valuing assets, while providing necessary staff training. This should cover Council constructed, developer contributed and donated assets. Implementing this process will not only improve operational efficiency but also promote uniformity and facilitate knowledge retention.

### **8.2.5 Asset Management Capability & Capacity**

While Council presently provides on-the-ground experience and safety-related training, it recognises significant opportunities for growth and development in the realm of asset management, however detailed training programs are yet to be developed or commissioned.

Council is actively taking steps to enhance its Asset Management Plans, leveraging training programs like IPWEA NAMs+ as a clear indication of its dedication to bolstering asset management capabilities, which will yield benefits for both the organisation and the community it serves. The transitioning of responsibility for AMP's over to the Asset Strategy Team is another key activity underway to support improvement in AMP's.

Developing training packages for Asset Management that reflect the entire asset lifecycle is essential for building a well-rounded and proficient workforce. These training programs should be developed covering every phase of the asset lifecycle, from planning, acquisition and commissioning to operation, maintenance, and eventual disposal, incorporating Council's systems and processes. Including real-world case studies and practical exercises into these packages can provide a hands-on understanding of how asset management principles apply in various scenarios.

Such comprehensive training equips employees with the knowledge and skills needed to make informed decisions, optimise asset performance, and ensure the efficient allocation of resources throughout an asset's lifespan.

A capacity assessment is required to identify gaps in resourcing, and to ensure that Council is aware of the risks associated with this. Capacity planning should also predict the gap between future demand and workforce capacity to identify the shortfall/ excesses of resources.

By understanding and addressing capacity concerns, Council can potentially benefit from cost savings through more efficient asset utilisation, reduced downtime, enhanced risk management, and improved decision-making based on a more thorough understanding of the asset landscape.

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### 8.3 Asset Portfolio

Asset Custodians across Council are responsible for managing assets throughout the asset lifecycle. While leadership and governance provide high level objectives, and the asset management system provides tools and support, managing the asset portfolio requires expertise in understanding and managing at the asset class level.

The method for determining renewal and replacement requirements differs for different asset classes, and in cases where metrics are not readily available to inform the investment required, various other approaches, such as asset data analysis, business collaboration, and service level considerations have been used. These approaches are consolidated and presented in the table below.

Financial Asset Class	Renewal Approach
Bridges	Metrics / Activity basis
Buildings	Asset data
Footpaths	Metrics / Activity basis
Furniture and Fitting	Business engagement
Library Books	Service levels
Office equipment	Asset data
Other Infrastructure	Asset data
Other Open Space / Recreation	Asset data
Plant and Equipment	Asset data
Roads	Metrics / Activity basis
Sewer Infrastructure	Asset data
Stormwater Drainage	Metrics / Activity basis
Water Infrastructure	Asset data

Ideally the methods of metrics and asset data would be used across all asset classes, with the asset data improving, and informed by condition assessments, to ensure evidence-based planning.



## 9 10 Year Capital Works Program

The 10 Year Capital Works Program (CWP) includes activities that are considered necessary for ensuring the long-term sustainability of Council services and facilitating future growth within the City of Shoalhaven.

The capital works program is developed based on levels of service, asset data and considerations for the city's anticipated expansion, all of which are closely aligned with our Asset Management Plans as part of the overarching Resourcing Strategy.

Activities can include renewal, upgrade, expansion, and the creation of entirely new assets. Potential projects are justified and grouped into asset class specific programs, but not approved for implementation until adoption of the annual budget.

The annual budgetary process refines the prioritisation of capital projects through the ePMO, which assesses and provides advice on the suitability of projects for inclusion into the annual budget and LTFP based on the described scope, alignment with the Community Strategic Plan, stakeholder engagement, risk management, optimising asset renewal for best value and adherence to statutory obligations. To ensure ongoing adaptability and responsiveness to changing circumstances, Quarterly Reviews are conducted, which assess factors impacting the capital works programs, including but not limited to weather events, resource availability (personnel, materials, etc.), and cost evaluations.

The following table compares the capital works, by asset class, for the three scenarios identified in Council's Long-Term Financial Plan (LTFP), a key component of the resourcing strategy. The values in the table are the cumulative total amounts across the 10 Year CWP. Further details, by financial year, are provided in Appendix B.

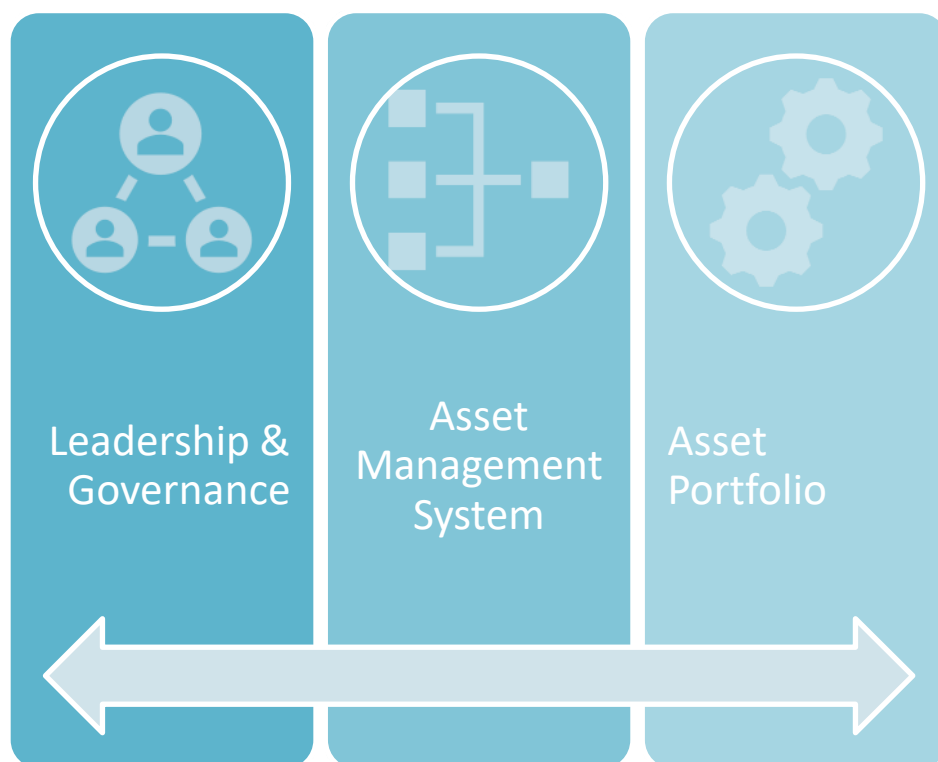
Planned capital works by asset class	BASE RATE	8%	12%
Bridge	\$ 12,699,199.31	\$ 14,412,394.31	\$ 16,086,659.21
Buildings	\$ 140,359,482.84	\$ 145,934,207.84	\$ 151,314,502.54
Footpaths	\$ 17,020,806.35	\$ 19,033,126.35	\$ 21,006,494.23
Library Books	\$ 5,726,019.00	\$ 5,726,019.00	\$ 5,726,019.00
Other Infrastructure	\$ 19,276,856.92	\$ 20,283,016.92	\$ 21,269,700.86
Other Open Space / Recreation	\$ 60,822,401.95	\$ 66,397,126.95	\$ 71,777,421.65
Plant and Equipment	\$ 95,110,362.07	\$ 96,007,737.07	\$ 96,905,046.01
Roads	\$ 287,903,106.49	\$ 307,156,701.49	\$ 325,108,945.69
Stormwater Drainage	\$ 48,797,720.85	\$ 53,556,625.85	\$ 58,159,964.59
Water Infrastructure	\$ 234,116,000.00	\$ 234,116,000.00	\$ 234,116,000.00
Sewer Infrastructure	\$ 350,323,000.00	\$ 350,323,000.00	\$ 350,323,000.00
<b>TOTAL EXPENSES</b>	<b>\$ 1,272,154,955.78</b>	<b>\$ 1,312,945,955.78</b>	<b>\$ 1,351,793,753.78</b>
New	\$ 591,514,402.93	\$ 591,514,402.93	\$ 591,514,200.93
Upgrade	\$ -	\$ -	\$ -
Renewal	\$ 680,640,552.85	\$ 721,431,552.85	\$ 760,279,552.85
<b>TOTAL EXPENSES</b>	<b>\$ 1,272,154,955.78</b>	<b>\$ 1,312,945,955.78</b>	<b>\$ 1,351,793,753.78</b>
Depreciation	\$ 1,071,026,292.00	\$ 1,071,026,292.00	\$ 1,071,026,292.00
Consolidated Renewal Ratio	64%	67%	71%
<b>PLANNED CAPITAL FUNDING</b>			
General Fund			
Unrestricted	\$ 253,856,844.00	\$ 294,647,844.00	\$ 333,495,844.00
Borrowings	\$ 39,323,858.51	\$ 39,323,858.51	\$ 39,323,858.51
Grants	\$ 166,782,529.58	\$ 166,782,529.58	\$ 166,782,529.58
Reserves	\$ 227,752,723.69	\$ 227,752,723.69	\$ 227,752,521.69
Water			
Unrestricted	\$ -	\$ -	\$ -
Borrowings	\$ -	\$ -	\$ -
Grants	\$ 44,288,295.00	\$ 44,288,295.00	\$ 44,288,295.00
Reserves	\$ 189,827,705.00	\$ 189,827,705.00	\$ 189,827,705.00
Sewer			
Unrestricted	\$ -	\$ -	\$ -
Borrowings	\$ -	\$ -	\$ -
Grants	\$ 15,545,750.00	\$ 15,545,750.00	\$ 15,545,750.00
Reserves	\$ 334,777,250.00	\$ 334,777,250.00	\$ 334,777,250.00
<b>TOTAL FUNDING</b>	<b>\$ 1,272,154,955.78</b>	<b>\$ 1,312,945,955.78</b>	<b>\$ 1,351,793,753.78</b>

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## 10 Council's Asset Management Vision

Our vision for Asset Management in Council is to establish a strategic, systematic, and sustainable approach, guided by effective leadership and governance. Our Asset Management System is underpinned by quality people, processes, and systems. We are committed to delivering efficient and effective asset management to support the delivery of quality services to our community, while optimising the value of our assets through continuous improvement and innovation.

The following three components of an effective asset management approach will be used to identify the strategies to achieve Council's Asset Management vision through our journey of continuous improvement:



### 10.1 Leadership & Governance Strategies

Our vision can be realised through the embodiment of effective leadership and sound governance. Our leadership team is dedicated to instilling a culture marked by accountability, transparency, and excellence. In doing so, we aim to foster an inclusive and collaborative work environment where our team can truly flourish. Our philosophy centres on empowering our staff, enabling them to unleash their full potential, and thereby delivering high-quality services to our community.

The International Standard for Asset Management (ISO55000) identifies that leadership and commitment from all managerial levels is essential for successfully establishing, operating, and improving asset management within an organisation. A key point is that the standard requires leadership, rather than management, and that requires more than a dedicated team or function that focuses on the asset-management system and management of asset portfolios.

Effective leadership in the realm of asset management within our Council is characterised by a spectrum of fundamental behaviours and actions. Leaders are entrusted with ensuring the

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availability and efficient allocation of resources to support asset management activities geared towards achieving organisational goals. Leaders communicate the value of asset management throughout the organisation, stimulating cross-functional collaboration, and offering guidance and support to enable team members to make substantial contributions to asset management initiatives, and in doing so develop a culture of continuous improvement, championing ongoing learning and development aligned to evolving organisational requirements and industry best practices.

The strategic outcomes, targeted through the implementation of this strategy, are outlined in the following table, with the functions of:

- Integrated Planning Framework
- Asset Management Policy and Strategy
- Service Planning
- Asset Management Steering Committee
- Decision Making
- Asset Management Culture
- Resource Allocation
- Performance Framework

Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
Integrated Planning Framework	Council and Executive Leadership Team maintain an ongoing commitment to review and uphold an integrated Resourcing Strategy. This strategy serves as the foundation for delivering the Community Strategic Plan. The Resourcing Strategy encompasses the Long-Term Financial Plan, Workforce Management Plan, Asset Management Strategy and Asset Management Plans. All plans are aligned organisational and service objectives, and the allocation of resources.		
Asset Management Policy and Strategy	<p>Council's decisions on policy and strategy are clearly documented and communicated effectively throughout the organisation. Both demonstrate a high level of Asset Management maturity, based on Council's self-assessment.</p> <p>The Policy and Strategy clearly outline the asset management objectives to be implemented, and responsibilities and accountability are clear and understood across the organisation. This framework is further fortified by a culture that places a high value on asset management, primarily aimed at enhancing the asset management system and optimising the management of asset portfolios. They are subject to regular review and updates to ensure their continued relevance and effectiveness in steering our endeavors.</p>		
Service Planning	Service planning is a core component of the integrated planning framework. Council's decision on the services offered and the levels of service are informed by asset management impacts and whole of life costing for acquisition and upgrading assets.		
	Decisions will likely need to be made on a reduction in the range of services offered and/or levels of service to be sustainable over the medium and long term. Rationalisation of assets will need to be considered.	Sufficient funding is available to maintain current levels of service. No funding is available to enhance levels of service.	Sufficient funding is available to maintain current levels of service, however there is an element of risk in the initial years of this scenario, and Council will develop mitigation plans to reduce this where possible.
Enterprise Asset Management Steering Committee	<p>With the establishment of the Enterprise Asset Management Steering Committee, we will seek to enhance our accountability, collaboration, and strategic thinking towards the implementation of our Asset Management Strategy.</p> <p>The Committee will be pivotal in maintaining the alignment of our asset management performance with our strategic objectives.</p>		
Decision Making	The decisions taken by both the Council and the management are aligned with the Asset Management Policy, Asset Management Strategy, and the adopted scenario of the Long-Term Financial Plan. Decisions are evidence based and guided by the Enterprise Asset Management Steering Committee. To substantiate the necessity for new assets or upgrades, comprehensive business cases are employed, adopting a holistic "whole of life" perspective. The Enterprise Project Management Office (ePMO) assesses and provides advice on the suitability of projects for inclusion into the annual budget and LTFP based on the described scope, strategic alignment, stakeholder engagement, delivery risks and operational interdependencies.		

Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
Asset Management Culture	Our Workforce Management Plan holds a pivotal role in nurturing a workplace culture that embodies the finest principles of asset management. Across the organisation we understand our strategy, objectives and goals. We look for opportunities to collaborate on joint improvement initiatives, working towards the achievement of shared goals. We adhere to clearly defined processes and procedures and have a continuous improvement and proactive approach in all that we do. We ensure that roles and responsibilities are clearly defined and understood, with a clear line of accountability throughout the asset lifecycle, to further strengthen our asset management practices.		
Resource Allocation	Resources are constrained and allocated to address priorities based on asset criticality and risk.	Sufficient funding is available to maintain current levels of service. No funding is available to enhance levels of service.	Sufficient funding is available to maintain current levels of service, however there is an element of risk in the initial years of this scenario, and Council will develop mitigation plans to reduce this where possible.
Performance Framework	To effectively manage risk, we are committed to providing regular reporting on performance against established objectives and performance targets to both Council and management. This reporting will encompass a thorough assessment of the strategic, tactical, and operational aspects of our asset management practices. By adopting a comprehensive approach to performance reporting, we aim to facilitate well-informed decision-making and prompt intervention when needed.		



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## 10.2 Asset Management System Strategies

The International Standard for Asset Management (ISO55000) sets out the requirements for establishing, maintaining, and improving an Asset Management System. The Standard is designed to enable an organisation to align and integrate its asset management systems with the strategic objectives and to support and enable management of the assets.

The Asset Management System comprises the following components:

- Asset management information systems.
- Tools and reporting for management and decision support.
- Centralised processes and practices overseen by the corporate asset management team.
- Tools and systems provided to asset managers to facilitate completion of asset management tasks.
- Training and development to enhance the capability and capacity of asset management roles and responsibilities.

Our systematic approach is anchored in processes and systems designed to consistently provide quality services to our customers and community. We hold an unwavering commitment to ongoing improvement, continually refining our processes and systems, enabling the delivery of quality services.

The strategic outcomes, targeted through the implementation of this strategy, are outlined in the following table, with the functions of:

- Asset Management Information System (AMIS)
- GIS Mapping
- Asset Management Team
- Asset Management Plans
- Data Driven Asset Planning
- Processes & procedures
- Asset Valuations
- Training and Development

Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
Asset Management Information System (AMIS)	Council has achieved an ideal setup of the asset management information system. This includes a well-structured asset register, accurate asset valuations, efficient works programming, streamlined works scheduling and ticketing processes, as well as comprehensive reporting capabilities.		
GIS Mapping	Enhancing the GIS capability to boost the precision of asset mapping is a top priority. This involves harmonizing GIS data and systems with asset categorisation, the Asset Register, capital projects, and work planning, all aimed at optimising spatial strategic planning.		
Asset Strategy Team	Improved leadership, offering strong support, and prioritising comprehensive training and skill development, ensuring that Asset Management proficiency is solid among our asset management team. Establishment of the Asset Strategy team empowers our existing resources to provide more informed guidance, and enhanced support for decision-making processes, ultimately elevating the management of our asset portfolios.		
Asset Management Plans	We have a defined process and timeframe for updating our Asset Management Plans, which is adhered to. Our planning is strong and supported by cyclic revisions of demand projections. We have improved planning through scheduling of condition assessments, inspections, operations, maintenance, and renewal/replacement activities, defined by our funding constraints.		
Data Driven Asset Planning	In our pursuit of data-driven asset planning, we envision a future where every decision is powered by insights derived from a wealth of information. Our vision is to foster a culture where data is not just a tool, but the cornerstone of our strategic asset planning, ensuring that our organisation thrives through informed choices, innovation, and sustainability. With data as our compass, we're committed to building a smarter, more resilient future for our assets and the services they provide to our community.		
Processes & Procedures	Council has quality processes and procedures that are efficient and consistent, enabling improved data.		
Asset Valuations	Recognition and measurement of asset valuations are consistent with the enhanced asset management planning, including the measurement of fair value and depreciation expense based on enhanced understanding of useful lives and deterioration of assets.		
	Asset valuations are planned with the aim to address asset data deficiencies. Asset condition assessments are undertaken by adequately skilled and trained inspector to provide reliable condition assessments. The asset condition assessments are used to update the asset register and GIS mapping in a timely manner.		
Training and Development	Our vision for training and development is to create a dynamic and empowered workforce that excels in managing our infrastructure and resources. We aspire to foster a culture of continuous learning, where every team member is equipped with the knowledge and skills necessary to optimise the performance and longevity of our assets. Through robust training and development, we will empower our workforce to drive efficiency, sustainability, and excellence in asset management, benefiting both our organisation and the community we serve.		

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### 10.3 Asset Portfolio Strategies

Effective asset management is imperative for the comprehensive management of assets throughout their entire lifecycle, spanning from acquisition to disposal. While overarching objectives are determined by leadership and governance, and the asset management system provides essential tools and support, the proficient management of the asset portfolio demands expertise in comprehending and overseeing these assets.

At Council, we recognise that embracing an asset lifecycle management approach is a pivotal strategy for enhancing asset management and controlling lifecycle costs, improving asset reliability and performance, by ensuring that assets are maintained and replaced at the opportune moment.

The strategic outcomes, targeted through the implementation of this strategy, are outlined in the following table, with the functions of:

- Understanding the Assets
- Asset Inspections
- Planning
- Acquisition
- Operations
- Maintenance
- Renewal/Replacement

Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
Understanding the Assets	Councillors, management, and officers have a good understanding of the current state of our assets, including access to accurate information on condition, capacity, functionality, criticality, common asset failure causes, risk, future demand, lifecycle deterioration. An Annual whole of Council report, <i>State of the Assets</i> is presented to Council, in addition to cyclic workshops on asset classes within Council's Asset Portfolio.		
Asset Inspections	Condition and maintenance inspections are planned and scheduled with relevant updates applied to the asset register in a timely manner. Reactive inspections are undertaken as required to respond in a timely manner to damage or defects.		
Planning	<p>Asset Strategy Team maintains current Asset Management Plans that plan to deliver on the asset management objectives outlined in this Strategy. Planning is based upon better understanding of the assets and access to improved data within the AMIS and GIS.</p> <p>Enhanced scheduling of maintenance aims to transition from a high reliance upon reactive works to a target balance of 70% scheduled &amp; 30% reactive works. Council acknowledges that some assets are run to fail and therefore the response will always be reactive, as well as reactive maintenance being a requirement of a weather event or disaster management situation.</p>		
Acquisition	Acquisition of assets (including construction) is based upon enhanced planning and understanding of service needs. Decision gateways have been developed within the Project Lifecycle Management (PLM) system administered by the ePMO to ensure the acquisition of assets does not progress unless funding and other considerations are acceptable to proceed.		
Operations	In our vision for operations in asset management, we recognise the importance of adapting to the current funding landscape while striving for excellence. We envision a future where our resource allocation and utilisation are optimised to achieve maximum efficiency, even in the face of existing budget constraints. Our commitment to innovation and smart practices will ensure that we make the most of the resources available, maintaining and enhancing the performance and longevity of our assets.		
Maintenance	We acknowledge that maintenance resources are currently constrained, leading to accelerated asset deterioration, which necessitates more frequent interventions, however despite this, our investment in asset renewals remains at its current level. This situation underscores the imperative of shifting our focus towards critical assets, prioritising them for optimised maintenance strategies. Our vision is to not only address these constraints effectively but to transform them into an opportunity for innovative and targeted asset management.	In the coming year, we acknowledge the potential for increased maintenance needs in both buildings and open space asset classes. While this presents a challenge, we are committed to implementing robust mitigation plans to minimise these risks. Additional investment in later years for the renewal of roads, buildings, stormwater, footpaths, open space, and maritime assets, will yield benefits by reducing maintenance requirements. Our vision is to leverage the additional investment to ensure that our overall asset portfolio is not only well-maintained but also poised for long-term sustainability and efficiency.	An initial reduction in asset renewal investment may increase maintenance needs across a range of asset classes, making it imperative to shift focus towards critical assets, prioritising them for optimised maintenance strategies. This will be a temporary constraint, with increased renewal investment in the later part of the 10-year yielding benefits by reducing maintenance requirements. Our vision is to leverage the additional investment to ensure that our overall asset portfolio is not only well-maintained but also poised for long-term sustainability and efficiency.
Renewal/Replacement	Renewals and replacement of assets are constrained at the current levels.	Renewals and replacement of assets are constrained in year 1.	Renewals and replacement of assets are constrained in the initial years, but increase in outer years, particularly in our roads.
Disposal	Asset rationalisation is to be considered to reduce the funding burden on maintenance and renewals mitigating risks that assets will deteriorate to an unacceptable condition.	Disposals will occur when assets are renewed, with consideration to minimal asset rationalisation, with minimal impact to the current overall asset portfolio.	

## 11 Asset Management Improvement Plan (AMIP)

An AM Improvement Plan details actions necessary to progress from the current state to achieving the expected outcomes of the CSP, and Council's Asset Management vision. The Improvement Plan therefore needs to address existing gaps or deficiencies in asset knowledge, systems, resources and service levels to meet these outcomes. The AM Improvement Plan is aligned to the Asset management vision, with the following categories:

- Leadership & Governance
- Asset Management System
- Asset Portfolio

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

- Asset Management Maturity self-assessment (Section 8);
- comparison with 'best practice' AM publications e.g. International Infrastructure Management Manual;
- discussions with reference groups; and
- staff knowledge and experience.

### 11.1 Leadership & Governance Improvements

Asset Management Functions	Improvement Priorities
Integrated Planning Framework	<ul style="list-style-type: none"><li>• Develop process map for developing the Resourcing Strategy ensuring ongoing alignment of all strategies &amp; plans (Long-Term Financial Plan, Workforce Management Plan, Asset Management Strategy and Asset Management Plans).</li><li>• Asset Custodians to review Business Plans to ensure they contain adequate interrelationship with good asset management.</li></ul>
Asset Management Policy and Strategy	<ul style="list-style-type: none"><li>• AM Policy to be reviewed and updated, focusing on:<ul style="list-style-type: none"><li>○ Training;</li><li>○ Roles &amp; responsibilities across the asset lifecycle (including data);</li><li>○ Long-term integrated decision-making; and</li><li>○ Process and timeframes for community consultation and adoption of Asset Management Plans.</li></ul></li><li>• Document and communicate the engagement completed to develop and update the Policy and Strategy.</li><li>• Communicate the objectives of the Policy and Strategy so that there is organisational clarity.</li></ul>
Service Planning	<ul style="list-style-type: none"><li>• Enhance the business case approach for service provision to determine quadruple bottom line outcomes i.e. social, environmental, financial and good governance.</li><li>• 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.</li></ul>
Enterprise Asset Management Steering Committee	<ul style="list-style-type: none"><li>• Define meeting structure and frequency.</li><li>• Regularly review performance against the 11 elements of the maturity assessment.</li><li>• Ensure successful implementation of this Asset Management Strategy.</li><li>• Develop and deliver an annual State of the Assets report.</li></ul>
Decision Making	<ul style="list-style-type: none"><li>• Workshop with stakeholders of community infrastructure various delivery models to seek best value outcomes.</li><li>• Review the structure and number of AMP documents, with the aim being to group by asset class.</li></ul>



	<ul style="list-style-type: none"> <li>Develop protocols for inputting AMP information into the annual budget process for operational and capital works programs.</li> <li>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.</li> </ul>
Asset Management Culture	<ul style="list-style-type: none"> <li>Enhance culture &amp; leadership, with Asset Management being treated the same as "safety". It's everyone's responsibility.</li> <li>Develop and implement a comprehensive leadership training program that equips our team with the skills and tools to promote and embody accountability, transparency, and excellence in all aspects of Asset Management.</li> </ul>
Resource Allocation / Roles & Responsibilities	<ul style="list-style-type: none"> <li>Document corporate responsibilities for the maintenance of asset information.</li> <li>Complete a capacity assessment, identifying gaps in roles and responsibilities.</li> <li>Review the management &amp; leasing arrangements for assets to determine service levels, rentals and sustainable subsidisation of each service provision in line with the <a href="#">Community Infrastructure Strategic Plan</a>.</li> <li>Review resource requirements as AM system functionality and maturity changes.</li> </ul>
Performance Framework	<ul style="list-style-type: none"> <li>Develop a comprehensive set of performance measures that align with our strategic objectives.</li> <li>Implement a systematic review process that involves analyzing key performance indicators, evaluating asset management plans, and assessing asset utilisation and performance, to continuously identify areas for improvement and ensure our practices are in line with organisational goals.</li> </ul>

## 11.2 Asset Management System Improvements

Asset Management Functions	Improvement Priorities
Asset Management Information System (AMIS)	<ul style="list-style-type: none"> <li>Link the financial system with AM database.</li> <li>Link all Maintenance Management Systems and Inspections software solutions with Asset Register.</li> <li>Implement a replacement customer request system (Merit) to Asset register/ Work Planning.</li> <li>Provide definitions, data, and links from the AM information system for statutory and financial reporting to allow automated and consistent completion of reports.</li> <li>Complete the integration of the AM system with corporate systems and processes/ procedures/ forms.</li> </ul>
GIS Mapping	<ul style="list-style-type: none"> <li>Improve links of the Geographic Information System (GIS) with Asset register.</li> <li>Include proposed assets and predicted cash-flows in a Capital Works Database and link the database to a mapping system.</li> </ul>
Asset Management Team	<ul style="list-style-type: none"> <li>Review resource requirements for system functionality and maturity changes as to core data as Asset custodians mature.</li> <li>Review the frequency of condition assessments and risk inspections for various asset categories and ensure adequate resources are available.</li> <li>Develop detailed condition ratings for each Asset Class, with a particular focus on adhering to recognised industry standards.</li> </ul>
Asset Management Plans	<ul style="list-style-type: none"> <li>Transition responsibility for AMP's over to the Asset Strategy Team.</li> <li>Complete Asset Management Plans (AMPs) in a timely manner to inform the Resourcing Strategy – especially Long-Term Financial Plan.</li> <li>Update financial and demand projections when reviewing AMPs.</li> <li>Continuously update and review AMPs.</li> <li>Review annual renewal funding needs for all service provision/ precincts/ asset classes and revise the 10 Year Financial Plan.</li> <li>Review AMPs for data reliability. Improve the accuracy and categorisation of the data and expenditure forecasts held for asset management planning.</li> </ul>

	<ul style="list-style-type: none"> <li>Review AMPs for maintenance timing/requirements.</li> </ul>
Data Driven Asset Planning	<ul style="list-style-type: none"> <li>Develop an Asset Data Framework and Improvement Plan specifically for asset data.</li> <li>Develop &amp; implement an asset service investment model for all new and replaced or proposed to be replaced assets, with whole of life costs.</li> <li>Develop utilisation measures and record utilisation for all assets, enabling the recommendation to dispose of surplus assets, example being land and buildings.</li> <li>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 spatially.</li> <li>Record outcomes of statutory inspections per asset in Asset register.</li> </ul>
Processes & Procedures	<ul style="list-style-type: none"> <li>Map process for updating Asset Management Plans, incorporating regular cyclic updates to the demand and financial projections, while also identifying the timeline for review.</li> <li>Document processes/procedures for updating asset information.</li> <li>Establish appropriate valuation, depreciation, and effective life procedures for each financial asset category.</li> <li>Refine the procedure for recording asset acquisition and ensure project managers are educated to improve this procedure with reliable data.</li> <li>Develop the procedure for recognition of contributed assets through the implementation of ADAC – Asset Design As Constructed.</li> <li>Develop 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.</li> </ul>
Asset Valuations	<ul style="list-style-type: none"> <li>Determine and enter in the asset register the remaining life for all assets.</li> <li>Document asset register replacement unit rate calculations and enter rates in Asset register. 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.</li> </ul>
Training and Development	<ul style="list-style-type: none"> <li>Review how we do business and current resource requirements for immediate needs (particularly for Asset Custodians to maintain concise asset registers).</li> </ul>

### 11.3 Asset Portfolio Improvements

Asset Management Functions	Improvement Priorities
Asset Inspections	<ul style="list-style-type: none"> <li>Undertake stocktakes as identified and more regular condition audits to all assets especially Road Network if impacted by events that may reduce customer satisfaction.</li> </ul>
Planning	<ul style="list-style-type: none"> <li>Define current and ideal levels of service and performance measures for each asset management plan.</li> <li>Undertake Community engagement to review levels of service and agree on the 'sustainable' level of service (SLOS) for each asset category.</li> <li>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.</li> <li>Develop risk management strategies for critical assets.</li> </ul>
Operations & maintenance	<ul style="list-style-type: none"> <li>Record works and cost information through work orders per asset/ service provision for optimum whole-of-life calculations.</li> </ul>

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## 12 Performance Measurement & Review

Performance measures will be developed to provide a structured and systematic way to assess the effectiveness of our asset management practices and ensure that they align with our strategic objectives.

By analysing key performance indicators, reviewing asset management plans, and evaluating the utilisation and performance of our assets, we gain valuable insights into where we are meeting expectations, and where there is room for enhancement.

This Strategy will be reviewed:

- As part of the 4-yearly review of the Resourcing Strategy
- Within 12 months of the election of a new Council
- As directed by Council
- A change occurs to legislation that affects the policy

The Enterprise Asset Management Steering Committee will review and discuss the achievement of the strategies outlined in this document, on a periodical basis, and Council will be provided with regular updates from the Committee.

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## APPENDIX A 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: This responsibility is in the process of being transferred over to the Asset Strategy Team. It may be necessary to outsource the development of parts of the initial AMP and comprehensive reviews of the AMP say every 5 years.
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 auditable 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 to be managed by the Asset Strategy Team](#).
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

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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. 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).
7. 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)
8. 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](#)



## APPENDIX B Capital Works Plan by Scenario

### Scenario One – Base Model

Planned capital works by asset class	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10 YEAR TOTAL
Bridge	\$ 2,643,669.31	\$ 141,180.00	\$ 412,500.00	\$ 662,500.00	\$ 896,250.00	\$ 1,350,000.00	\$ 1,400,000.00	\$ 1,600,000.00	\$ 1,530,850.00	\$ 2,062,250.00	\$ 12,699,199.31
Buildings	\$ 29,219,484.52	\$ 2,994,481.00	\$ 16,339,603.62	\$ 24,064,792.73	\$ 8,838,611.73	\$ 10,817,207.58	\$ 10,990,223.81	\$ 11,613,930.52	\$ 11,930,898.44	\$ 13,550,248.89	\$ 140,359,482.84
Footpaths	\$ 3,543,324.45	\$ 295,680.00	\$ 609,135.00	\$ 913,909.05	\$ 1,203,826.32	\$ 1,793,891.11	\$ 1,859,107.84	\$ 2,104,481.08	\$ 2,027,035.51	\$ 2,670,415.98	\$ 17,020,806.35
Library Books	\$ 1,192,020.09	\$ 446,299.00	\$ 459,687.97	\$ 473,478.61	\$ 487,682.97	\$ 502,313.46	\$ 517,382.86	\$ 532,904.35	\$ 548,891.48	\$ 565,358.22	\$ 5,726,019.00
Other Infrastructure	\$ 4,012,980.18	\$ 2,911,514.00	\$ 2,010,941.72	\$ 1,153,619.97	\$ 773,115.07	\$ 3,324,301.52	\$ 1,111,182.03	\$ 1,239,317.49	\$ 1,206,207.01	\$ 1,533,677.92	\$ 19,276,856.92
Other Open Space / Recreation	\$ 12,661,768.17	\$ 2,120,420.00	\$ 3,373,464.60	\$ 4,174,043.54	\$ 4,882,389.84	\$ 5,892,299.04	\$ 6,097,568.01	\$ 6,754,495.05	\$ 6,605,679.90	\$ 8,260,273.80	\$ 60,822,401.95
Plant and Equipment	\$ 19,799,700.71	\$ 7,613,335.36	\$ 7,365,373.00	\$ 7,395,525.00	\$ 7,773,299.00	\$ 8,398,043.00	\$ 8,666,222.00	\$ 9,031,815.00	\$ 9,243,552.00	\$ 9,823,497.00	\$ 95,110,362.07
Roads	\$ 59,934,535.18	\$ 40,772,009.00	\$ 40,945,672.07	\$ 23,540,495.77	\$ 19,603,358.84	\$ 18,400,761.10	\$ 18,949,785.76	\$ 20,705,467.18	\$ 20,314,925.31	\$ 24,736,096.29	\$ 287,903,106.49
Stormwater Drainage	\$ 10,158,517.40	\$ 2,253,280.00	\$ 2,578,026.80	\$ 3,234,412.60	\$ 3,816,479.98	\$ 4,718,991.88	\$ 4,854,711.64	\$ 5,380,902.99	\$ 5,206,790.08	\$ 6,595,607.48	\$ 48,797,720.85
Water Infrastructure	\$ 20,175,000.00	\$ 14,720,000.00	\$ 11,901,000.00	\$ 10,745,000.00	\$ 15,425,000.00	\$ 37,265,000.00	\$ 35,775,000.00	\$ 36,650,000.00	\$ 35,275,000.00	\$ 16,185,000.00	\$ 234,116,000.00
Sewer Infrastructure	\$ 27,289,000.00	\$ 37,118,000.00	\$ 28,185,000.00	\$ 37,511,000.00	\$ 33,010,000.00	\$ 33,930,000.00	\$ 31,593,000.00	\$ 33,217,000.00	\$ 48,047,000.00	\$ 40,423,000.00	\$ 350,323,000.00
<b>TOTAL</b>	<b>\$ 190,630,000.00</b>	<b>\$ 111,386,198.36</b>	<b>\$ 114,180,404.78</b>	<b>\$ 113,868,777.27</b>	<b>\$ 96,710,013.76</b>	<b>\$ 126,392,808.70</b>	<b>\$ 121,814,183.95</b>	<b>\$ 128,830,313.66</b>	<b>\$ 141,936,829.73</b>	<b>\$ 126,405,425.58</b>	<b>\$ 1,272,154,955.78</b>
Renewal	\$ 49,134,505.60	\$ 52,158,807.68	\$ 61,214,414.75	\$ 63,449,519.33	\$ 64,210,374.30	\$ 70,740,918.60	\$ 72,660,086.93	\$ 78,181,185.73	\$ 78,383,940.63	\$ 90,506,799.30	\$ 680,640,552.85
New	\$ 141,495,494.40	\$ 59,227,390.68	\$ 52,965,990.03	\$ 50,419,257.95	\$ 32,499,639.45	\$ 55,651,890.10	\$ 49,154,097.01	\$ 50,649,127.93	\$ 63,552,889.10	\$ 35,898,626.28	\$ 591,514,402.93
<b>TOTAL</b>	<b>\$ 190,630,000.00</b>	<b>\$ 111,386,198.36</b>	<b>\$ 114,180,404.78</b>	<b>\$ 113,868,777.27</b>	<b>\$ 96,710,013.76</b>	<b>\$ 126,392,808.70</b>	<b>\$ 121,814,183.95</b>	<b>\$ 128,830,313.66</b>	<b>\$ 141,936,829.73</b>	<b>\$ 126,405,425.58</b>	<b>\$ 1,272,154,955.78</b>
Depreciation	\$ 83,563,049.00	\$ 89,152,696.00	\$ 93,857,604.00	\$ 98,713,663.00	\$ 104,057,333.00	\$ 109,761,919.00	\$ 115,168,536.00	\$ 120,332,023.00	\$ 125,477,888.00	\$ 130,941,581.00	\$ 1,071,026,292.00
Renewal Ratio	59%	59%	65%	64%	62%	64%	63%	65%	62%	69%	64%
<b>PLANNED CAPITAL FUNDING</b>											
General Fund											
Unrestricted	\$ 5,918,364.00	\$ 6,738,278.64	\$ 15,049,113.33	\$ 22,082,867.63	\$ 26,890,924.67	\$ 30,135,531.83	\$ 31,388,962.81	\$ 35,652,439.55	\$ 34,543,744.38	\$ 45,455,617.17	\$ 253,855,844.00
Borrowings	\$ 19,854,176.51	\$ -	\$ 7,032,778.00	\$ 12,436,904.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,323,858.51
Grants	\$ 30,439,821.83	\$ 29,812,870.00	\$ 29,319,657.00	\$ 13,490,071.59	\$ 10,102,237.20	\$ 10,417,967.60	\$ 10,578,736.11	\$ 10,704,991.74	\$ 10,871,297.32	\$ 11,044,879.21	\$ 166,782,529.58
Reserves	\$ 86,953,637.66	\$ 22,997,049.72	\$ 22,692,856.45	\$ 17,602,934.06	\$ 11,281,851.89	\$ 14,644,309.27	\$ 12,478,485.03	\$ 12,605,882.37	\$ 13,199,788.03	\$ 13,296,929.21	\$ 227,753,723.69
Water											
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 597,026.00	\$ 21,522,793.00	\$ 22,168,476.00	\$ -	\$ 44,288,295.00
Reserves	\$ 20,175,000.00	\$ 14,720,000.00	\$ 11,901,000.00	\$ 10,745,000.00	\$ 15,425,000.00	\$ 37,265,000.00	\$ 35,177,974.00	\$ 15,127,207.00	\$ 13,106,524.00	\$ 16,185,000.00	\$ 189,827,705.00
Sewer											
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ 1,732,809.00	\$ 2,029,100.00	\$ 8,964,605.00	\$ 2,819,236.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,545,750.00
Reserves	\$ 25,556,191.00	\$ 35,088,900.00	\$ 19,220,395.00	\$ 34,691,764.00	\$ 33,010,000.00	\$ 33,930,000.00	\$ 31,593,000.00	\$ 33,217,000.00	\$ 48,047,000.00	\$ 40,423,000.00	\$ 334,777,250.00
<b>TOTAL FUNDING</b>	<b>\$ 190,630,000.00</b>	<b>\$ 111,386,198.36</b>	<b>\$ 114,180,404.78</b>	<b>\$ 113,868,777.27</b>	<b>\$ 96,710,013.76</b>	<b>\$ 126,392,808.70</b>	<b>\$ 121,814,183.95</b>	<b>\$ 128,830,313.66</b>	<b>\$ 141,936,829.73</b>	<b>\$ 126,405,425.58</b>	<b>\$ 1,272,154,955.78</b>

## Scenario Two – Enhanced Asset Investment – 8% SRV

Planned capital works by asset class	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10 YEAR TOTAL
Bridge	\$ 2,643,669.31	\$ 220,000.00	\$ 522,500.00	\$ 795,000.00	\$ 1,045,625.00	\$ 1,550,000.00	\$ 1,600,000.00	\$ 1,800,000.00	\$ 1,914,750.00	\$ 2,320,850.00	\$ 14,412,394.31
Buildings	\$ 29,219,484.52	\$ 3,388,581.00	\$ 16,789,603.62	\$ 24,552,292.73	\$ 9,354,236.73	\$ 11,417,207.58	\$ 11,590,223.81	\$ 12,213,930.52	\$ 13,082,598.44	\$ 14,326,048.89	\$ 145,934,207.84
Footpaths	\$ 3,543,324.45	\$ 374,500.00	\$ 729,135.00	\$ 1,063,909.05	\$ 1,376,326.32	\$ 2,033,891.11	\$ 2,099,107.84	\$ 2,344,481.08	\$ 2,487,715.51	\$ 2,980,735.98	\$ 19,033,126.35
Library Books	\$ 1,192,020.09	\$ 446,299.00	\$ 459,687.97	\$ 473,478.61	\$ 487,682.97	\$ 502,313.46	\$ 517,382.86	\$ 532,904.35	\$ 548,891.48	\$ 565,358.22	\$ 5,726,019.00
Other Infrastructure	\$ 4,012,980.18	\$ 2,950,924.00	\$ 2,070,941.72	\$ 1,228,619.97	\$ 859,365.07	\$ 3,444,301.52	\$ 1,231,182.03	\$ 1,359,317.49	\$ 1,436,547.01	\$ 1,688,837.92	\$ 20,283,016.92
Other Open Space / Recreation	\$ 12,661,768.17	\$ 2,514,520.00	\$ 3,823,464.60	\$ 4,661,543.54	\$ 5,398,014.84	\$ 6,492,299.04	\$ 6,697,568.01	\$ 7,354,495.05	\$ 7,757,379.90	\$ 9,036,073.80	\$ 66,397,126.95
Plant and Equipment	\$ 19,799,700.71	\$ 7,613,335.36	\$ 7,395,373.00	\$ 7,448,025.00	\$ 7,842,674.00	\$ 8,518,043.00	\$ 8,786,222.00	\$ 9,151,815.00	\$ 9,473,892.00	\$ 9,978,657.00	\$ 96,007,737.07
Roads	\$ 59,934,535.18	\$ 43,412,479.00	\$ 43,355,672.07	\$ 25,747,995.77	\$ 21,658,983.84	\$ 20,000,761.10	\$ 20,549,785.76	\$ 22,305,467.18	\$ 23,386,125.31	\$ 26,804,896.29	\$ 307,156,701.49
Stormwater Drainage	\$ 10,158,517.40	\$ 2,568,560.00	\$ 2,948,026.80	\$ 3,641,912.60	\$ 4,252,104.98	\$ 5,238,991.88	\$ 5,374,711.64	\$ 5,900,902.99	\$ 6,204,930.08	\$ 7,267,967.48	\$ 53,556,625.85
Water Infrastructure	\$ 20,175,000.00	\$ 14,720,000.00	\$ 11,901,000.00	\$ 10,745,000.00	\$ 15,425,000.00	\$ 37,265,000.00	\$ 35,775,000.00	\$ 36,650,000.00	\$ 35,275,000.00	\$ 16,185,000.00	\$ 234,116,000.00
Sewer Infrastructure	\$ 27,289,000.00	\$ 37,118,000.00	\$ 28,185,000.00	\$ 37,511,000.00	\$ 33,010,000.00	\$ 33,930,000.00	\$ 31,593,000.00	\$ 33,217,000.00	\$ 48,047,000.00	\$ 40,423,000.00	\$ 350,323,000.00
<b>TOTAL</b>	<b>\$ 190,630,000.00</b>	<b>\$ 115,327,198.36</b>	<b>\$ 118,180,404.78</b>	<b>\$ 117,868,777.27</b>	<b>\$ 100,710,013.76</b>	<b>\$ 130,392,808.70</b>	<b>\$ 125,814,183.95</b>	<b>\$ 132,830,313.66</b>	<b>\$ 149,614,829.73</b>	<b>\$ 131,577,425.58</b>	<b>\$ 1,312,945,955.78</b>
Renewal	\$ 49,134,505.60	\$ 56,099,807.68	\$ 65,214,414.75	\$ 67,449,519.33	\$ 68,210,374.30	\$ 74,740,918.60	\$ 76,660,086.93	\$ 82,181,185.73	\$ 86,061,940.63	\$ 95,678,799.30	\$ 721,431,552.85
New	\$ 141,495,494.40	\$ 59,227,390.68	\$ 52,965,990.03	\$ 50,419,257.95	\$ 32,499,639.45	\$ 55,651,890.10	\$ 49,154,097.01	\$ 50,649,127.93	\$ 63,552,889.10	\$ 35,898,626.28	\$ 591,514,402.93
<b>TOTAL</b>	<b>\$ 190,630,000.00</b>	<b>\$ 115,327,198.36</b>	<b>\$ 118,180,404.78</b>	<b>\$ 117,868,777.27</b>	<b>\$ 100,710,013.76</b>	<b>\$ 130,392,808.70</b>	<b>\$ 125,814,183.95</b>	<b>\$ 132,830,313.66</b>	<b>\$ 149,614,829.73</b>	<b>\$ 131,577,425.58</b>	<b>\$ 1,312,945,955.78</b>
Depreciation	\$ 83,563,049.00	\$ 89,152,696.00	\$ 93,857,604.00	\$ 98,713,663.00	\$ 104,057,333.00	\$ 109,761,919.00	\$ 115,168,536.00	\$ 120,332,023.00	\$ 125,477,888.00	\$ 130,941,581.00	\$ 1,071,026,292.00
Renewal Ratio	59%	63%	69%	68%	66%	68%	67%	68%	69%	73%	67%
<b>PLANNED CAPITAL FUNDING</b>											
General Fund											
Unrestricted	\$ 5,918,364.00	\$ 10,679,278.64	\$ 19,049,113.33	\$ 26,082,867.63	\$ 30,890,924.67	\$ 34,135,531.83	\$ 35,388,962.81	\$ 39,652,439.55	\$ 42,221,744.38	\$ 50,627,617.17	\$ 294,646,844.00
Borrowings	\$ 19,854,176.51		\$ 7,032,778.00	\$ 12,436,904.00							\$ 39,323,858.51
Grants	\$ 30,439,821.83	\$ 29,812,870.00	\$ 29,319,657.00	\$ 13,490,071.59	\$ 10,102,237.20	\$ 10,417,967.60	\$ 10,578,736.11	\$ 10,704,991.74	\$ 10,871,297.32	\$ 11,044,879.21	\$ 166,782,529.58
Reserves	\$ 86,953,637.66	\$ 22,997,049.72	\$ 22,692,856.45	\$ 17,602,934.06	\$ 11,281,851.89	\$ 14,644,309.27	\$ 12,478,485.03	\$ 12,605,882.37	\$ 13,199,788.03	\$ 13,296,929.21	\$ 227,753,723.69
Water											
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 597,026.00	\$ 21,522,793.00	\$ 22,168,476.00	\$ -	\$ 44,288,295.00
Reserves	\$ 20,175,000.00	\$ 14,720,000.00	\$ 11,901,000.00	\$ 10,745,000.00	\$ 15,425,000.00	\$ 37,265,000.00	\$ 35,177,974.00	\$ 15,127,207.00	\$ 13,106,524.00	\$ 16,185,000.00	\$ 189,827,705.00
Sewer											
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ 1,732,809.00	\$ 2,029,100.00	\$ 8,964,605.00	\$ 2,819,236.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,545,750.00
Reserves	\$ 25,556,191.00	\$ 35,088,900.00	\$ 19,220,395.00	\$ 34,691,764.00	\$ 33,010,000.00	\$ 33,930,000.00	\$ 31,593,000.00	\$ 33,217,000.00	\$ 48,047,000.00	\$ 40,423,000.00	\$ 334,777,250.00
<b>TOTAL FUNDING</b>	<b>\$ 190,630,000.00</b>	<b>\$ 115,327,198.36</b>	<b>\$ 118,180,404.78</b>	<b>\$ 117,868,777.27</b>	<b>\$ 100,710,013.76</b>	<b>\$ 130,392,808.70</b>	<b>\$ 125,814,183.95</b>	<b>\$ 132,830,313.66</b>	<b>\$ 149,614,829.73</b>	<b>\$ 131,577,425.58</b>	<b>\$ 1,312,945,955.78</b>

## Scenario Three – Enhanced Asset Investment – 12% SRV

Planned capital works by asset class	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10 YEAR TOTAL
Bridge	\$ 2,643,669.31	\$ 260,000.00	\$ 632,500.00	\$ 927,500.00	\$ 1,195,000.00	\$ 1,750,000.00	\$ 1,800,000.00	\$ 2,074,639.90	\$ 2,236,200.00	\$ 2,567,150.00	\$ 16,086,659.21
Buildings	\$ 29,219,484.52	\$ 3,588,581.00	\$ 17,239,603.62	\$ 25,039,792.73	\$ 9,869,861.73	\$ 12,017,207.58	\$ 12,190,223.81	\$ 13,037,850.22	\$ 14,046,948.44	\$ 15,064,948.89	\$ 151,314,502.54
Footpaths	\$ 3,543,324.45	\$ 414,500.00	\$ 849,135.00	\$ 1,213,909.05	\$ 1,548,826.32	\$ 2,273,891.11	\$ 2,339,107.84	\$ 2,674,048.96	\$ 2,873,455.51	\$ 3,276,295.98	\$ 21,006,494.23
Library Books	\$ 1,192,020.09	\$ 446,299.00	\$ 459,687.97	\$ 473,478.61	\$ 487,682.97	\$ 502,313.46	\$ 517,382.86	\$ 532,904.35	\$ 548,891.48	\$ 565,358.22	\$ 5,726,019.00
Other Infrastructure	\$ 4,012,980.18	\$ 2,970,924.00	\$ 2,130,941.72	\$ 1,303,619.97	\$ 945,615.07	\$ 3,564,301.52	\$ 1,351,182.03	\$ 1,524,101.43	\$ 1,629,417.01	\$ 1,836,617.92	\$ 21,269,700.86
Other Open Space / Recreation	\$ 12,661,768.17	\$ 2,714,520.00	\$ 4,273,464.60	\$ 5,149,043.54	\$ 5,913,639.84	\$ 7,092,299.04	\$ 7,297,568.01	\$ 8,178,414.75	\$ 8,721,729.90	\$ 9,774,973.80	\$ 71,777,421.65
Plant and Equipment	\$ 19,799,700.71	\$ 7,613,335.36	\$ 7,425,373.00	\$ 7,500,525.00	\$ 7,912,049.00	\$ 8,638,043.00	\$ 8,906,222.00	\$ 9,316,598.94	\$ 9,666,762.00	\$ 10,126,437.00	\$ 96,905,046.01
Roads	\$ 59,934,535.18	\$ 44,752,479.00	\$ 45,765,672.07	\$ 27,955,495.77	\$ 23,714,608.84	\$ 21,600,761.10	\$ 22,149,785.76	\$ 24,502,586.38	\$ 25,957,725.31	\$ 28,775,296.29	\$ 325,108,945.69
Stormwater Drainage	\$ 10,158,517.40	\$ 2,728,560.00	\$ 3,318,026.80	\$ 4,049,412.60	\$ 4,687,729.98	\$ 5,758,991.88	\$ 5,894,711.64	\$ 6,614,966.73	\$ 7,040,700.08	\$ 7,908,347.48	\$ 58,159,964.59
Water Infrastructure	\$ 20,175,000.00	\$ 14,720,000.00	\$ 11,901,000.00	\$ 10,745,000.00	\$ 15,425,000.00	\$ 37,265,000.00	\$ 35,775,000.00	\$ 36,650,000.00	\$ 35,275,000.00	\$ 16,185,000.00	\$ 234,116,000.00
Sewer Infrastructure	\$ 27,289,000.00	\$ 37,118,000.00	\$ 28,185,000.00	\$ 37,511,000.00	\$ 33,010,000.00	\$ 33,930,000.00	\$ 31,593,000.00	\$ 33,217,000.00	\$ 48,047,000.00	\$ 40,423,000.00	\$ 350,323,000.00
Water Infrastructure	\$ 190,630,000.00	\$ 117,327,198.36	\$ 122,180,404.78	\$ 121,868,777.27	\$ 104,710,013.76	\$ 134,392,808.70	\$ 129,814,183.95	\$ 138,323,111.66	\$ 156,043,829.73	\$ 136,503,425.58	\$ 1,351,793,753.78
Renewal	\$ 49,134,505.60	\$ 58,099,807.68	\$ 69,214,414.75	\$ 71,449,519.33	\$ 72,210,374.30	\$ 78,740,918.60	\$ 80,660,086.93	\$ 87,674,185.73	\$ 92,490,940.63	\$ 100,604,799.30	\$ 760,279,552.85
New	\$ 141,495,494.40	\$ 59,227,390.68	\$ 52,965,990.03	\$ 50,419,257.95	\$ 32,499,639.45	\$ 55,651,890.10	\$ 49,154,097.01	\$ 50,648,925.93	\$ 63,552,889.10	\$ 35,898,626.28	\$ 591,514,200.93
TOTAL	\$ 190,630,000.00	\$ 117,327,198.36	\$ 122,180,404.78	\$ 121,868,777.27	\$ 104,710,013.76	\$ 134,392,808.70	\$ 129,814,183.95	\$ 138,323,111.66	\$ 156,043,829.73	\$ 136,503,425.58	\$ 1,351,793,753.78
Depreciation	\$ 83,563,049.00	\$ 89,152,696.00	\$ 93,857,604.00	\$ 98,713,663.00	\$ 104,057,333.00	\$ 109,761,919.00	\$ 115,168,536.00	\$ 120,332,023.00	\$ 125,477,888.00	\$ 130,941,581.00	\$ 1,071,026,292.00
Renewal Ratio	59%	65%	74%	72%	69%	72%	70%	73%	74%	77%	71%
<b>PLANNED CAPITAL FUNDING</b>											
General Fund											
Unrestricted	\$ 5,918,364.00	\$ 12,679,278.64	\$ 23,049,113.33	\$ 30,082,867.63	\$ 34,890,924.67	\$ 38,135,531.83	\$ 39,388,962.81	\$ 45,145,439.55	\$ 48,650,744.38	\$ 55,553,617.17	\$ 333,494,844.00
Borrowings	\$ 19,854,176.51	\$ -	\$ 7,032,778.00	\$ 12,436,904.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,323,858.51
Grants	\$ 30,439,821.83	\$ 29,812,870.00	\$ 29,319,657.00	\$ 13,490,071.59	\$ 10,102,237.20	\$ 10,417,967.60	\$ 10,578,736.11	\$ 10,704,991.74	\$ 10,871,297.32	\$ 11,044,879.21	\$ 166,782,529.58
Reserves	\$ 86,953,637.66	\$ 22,997,049.72	\$ 22,692,856.45	\$ 17,602,934.06	\$ 11,281,851.89	\$ 14,644,309.27	\$ 12,478,485.03	\$ 12,605,680.37	\$ 13,199,788.03	\$ 13,296,929.21	\$ 227,753,521.69
Water											
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 597,026.00	\$ 21,522,793.00	\$ 22,168,476.00	\$ -	\$ 44,288,295.00
Reserves	\$ 20,175,000.00	\$ 14,720,000.00	\$ 11,901,000.00	\$ 10,745,000.00	\$ 15,425,000.00	\$ 37,265,000.00	\$ 35,177,974.00	\$ 15,127,207.00	\$ 13,106,524.00	\$ 16,185,000.00	\$ 189,827,705.00
Sewer											
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ 1,732,809.00	\$ 2,029,100.00	\$ 8,964,605.00	\$ 2,819,236.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,545,750.00
Reserves	\$ 25,556,191.00	\$ 35,088,900.00	\$ 19,220,395.00	\$ 34,691,764.00	\$ 33,010,000.00	\$ 33,930,000.00	\$ 31,593,000.00	\$ 33,217,000.00	\$ 48,047,000.00	\$ 40,423,000.00	\$ 334,777,250.00
TOTAL FUNDING	\$ 190,630,000.00	\$ 117,327,198.36	\$ 122,180,404.78	\$ 121,868,777.27	\$ 104,710,013.76	\$ 134,392,808.70	\$ 129,814,183.95	\$ 138,323,111.66	\$ 156,043,829.73	\$ 136,503,425.58	\$ 1,351,793,753.78

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## **APPENDIX C Asset Management Policy**

Copy is available on Council's website -

<https://doc.shoalhaven.nsw.gov.au/displaydoc.aspx?record=POL22/146>

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## **APPENDIX D EAM Steering Committee Terms of Reference**

Terms of Reference is under development



## APPENDIX E AMIP Implementation Schedule

### Leadership & Governance Improvements

Asset Management Functions	Improvement Priorities	Responsible	Expected Completion Date
Integrated Planning Framework	<ul style="list-style-type: none"> <li>Develop process map for developing the Resourcing Strategy ensuring ongoing alignment of all strategies &amp; plans (Long-Term Financial Plan, Workforce Management Plan, Asset Management Strategy and Asset Management Plans).</li> <li>Asset Custodians to review Business Plans to ensure they contain adequate interrelationship with good asset management.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Corporate Performance &amp; Reporting</li> <li>Manager Technical Services</li> </ul>	<ul style="list-style-type: none"> <li>Mar 2025</li> </ul>
Asset Management Policy and Strategy	<ul style="list-style-type: none"> <li>AM Policy to be reviewed and updated, focusing on:                             <ul style="list-style-type: none"> <li>Training;</li> <li>Roles &amp; responsibilities across the asset lifecycle (including data);</li> <li>Long-term integrated decision-making; and</li> <li>Process and timeframes for community consultation and adoption of Asset Management Plans.</li> </ul> </li> <li>Document and communicate the engagement completed to develop and update the Policy and Strategy.</li> <li>Communicate the objectives of the Policy and Strategy so that there is organisational clarity.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> </ul>	<ul style="list-style-type: none"> <li>Mar 2025</li> </ul>
Service Planning	<ul style="list-style-type: none"> <li>Enhance the business case approach for service provision to determine quadruple bottom line outcomes i.e. social, environmental, financial and good governance.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Corporate Performance &amp; Reporting</li> <li>Manager Technical Services</li> </ul>	<ul style="list-style-type: none"> <li>Aug 2024</li> </ul>
Enterprise Asset Management Steering Committee	<ul style="list-style-type: none"> <li>Regularly review performance against the 11 elements of the maturity assessment.</li> <li>Ensure successful implementation of this Asset Management Strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>
Decision Making	<ul style="list-style-type: none"> <li>Workshop with stakeholders of community infrastructure various delivery models to seek best value outcomes.</li> <li>Review the structure and number of AMP documents, with the aim being to group by asset class.</li> <li>Develop protocols for inputting AMP information into the annual budget process for operational and capital works programs.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Asset Custodians</li> <li>Manager Technical Services</li> </ul>	<ul style="list-style-type: none"> <li>Mar 2025</li> </ul>
Asset Management Culture	<ul style="list-style-type: none"> <li>Enhance culture &amp; leadership, with Asset Management being treated the same as "safety". It's everyone's responsibility.</li> <li>Develop and implement a comprehensive leadership training program that equips our team with the skills and tools to promote and embody accountability, transparency, and excellence in all aspects of Asset Management.</li> </ul>	<ul style="list-style-type: none"> <li>EMT</li> </ul>	<ul style="list-style-type: none"> <li>Mar 2024</li> </ul>
Resource Allocation / Roles & Responsibilities	<ul style="list-style-type: none"> <li>Document corporate responsibilities for the maintenance of asset information.</li> <li>Complete a capacity assessment, identifying gaps in roles and responsibilities.</li> <li>Review the management &amp; leasing arrangements for assets to determine service levels, rentals and sustainable subsidisation of each service provision in line with the <a href="#">Community Infrastructure Strategic Plan</a>.</li> <li>Review resource requirements as AM system functionality and maturity changes.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> <li>Manager Recreational Planning</li> <li>Manager Building Services</li> </ul>	<ul style="list-style-type: none"> <li>Jul 2025</li> </ul>
Performance Framework	<ul style="list-style-type: none"> <li>Develop a comprehensive set of performance measures that align with our strategic objectives.</li> <li>Implement a systematic review process that involves analyzing key performance indicators, evaluating asset management plans, and assessing asset utilisation and performance, to</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> </ul>	<ul style="list-style-type: none"> <li>Jun 2025</li> </ul>

	continuously identify areas for improvement and ensure our practices are in line with organisational goals.		
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## Asset Management System Improvements

Asset Management Functions	Improvement Priorities	Responsible	Expected Completion Date
Asset Management Information System (AMIS)	<ul style="list-style-type: none"> <li>Link the financial system with AM database.</li> <li>Link all Maintenance Management Systems and Inspections software solutions with Asset Register.</li> <li>Implement a replacement customer request system (Merit) to Asset register/ Work Planning.</li> <li>Provide definitions, data, and links from the AM information system for statutory and financial reporting to allow automated and consistent completion of reports.</li> <li>Complete the integration of the AM system with corporate systems and processes/ procedures/ forms.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Information Officer</li> <li>Manager Technical Services</li> </ul>	<ul style="list-style-type: none"> <li>Jun 2025</li> </ul>
GIS Mapping	<ul style="list-style-type: none"> <li>Improve links of the Geographic Information System (GIS) with Asset register.</li> <li>Include proposed assets and predicted cash-flows in a Capital Works Database and link the database to a mapping system.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Information Officer</li> <li>Manager Technical Services</li> </ul>	<ul style="list-style-type: none"> <li>Jun 2025</li> </ul>
Asset Management Team	<ul style="list-style-type: none"> <li>Review resource requirements for system functionality and maturity changes as to core data as Asset custodians mature.</li> <li>Review the frequency of condition assessments and risk inspections for various asset categories and ensure adequate resources are available.</li> <li>Develop detailed condition ratings for each Asset Class, with a particular focus on adhering to recognised industry standards.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> <li>Asset Custodians</li> </ul>	<ul style="list-style-type: none"> <li>Jun 2025</li> </ul>
Asset Management Plans	<ul style="list-style-type: none"> <li>Complete Asset Management Plans (AMPs) in a timely manner to inform the Resourcing Strategy – especially Long-Term Financial Plan.</li> <li>Update financial and demand projections when reviewing AMPs.</li> <li>Review annual renewal funding needs for all service provision/ precincts/ asset classes and revise the 10 Year Financial Plan.</li> <li>Review AMPs for data reliability. Improve the accuracy and categorisation of the data and expenditure forecasts held for asset management planning.</li> <li>Review AMPs for maintenance timing/requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> <li>Asset Custodians</li> </ul>	<ul style="list-style-type: none"> <li>Jun 2026</li> </ul>
Data Driven Asset Planning	<ul style="list-style-type: none"> <li>Develop &amp; implement an asset service investment model for all new and replaced or proposed to be replaced assets, with whole of life costs.</li> <li>Develop utilisation measures and record utilisation for all assets, enabling the recommendation to dispose of surplus assets, example being land and buildings.</li> <li>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 spatially.</li> <li>Record outcomes of statutory inspections per asset in Asset register.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> <li>Asset Custodians</li> </ul>	<ul style="list-style-type: none"> <li>Dec 2025</li> </ul>
Processes & Procedures	<ul style="list-style-type: none"> <li>Map process for updating Asset Management Plans, incorporating regular cyclic updates to the demand and financial projections, while also identifying the timeline for review.</li> <li>Document processes/procedures for updating asset information.</li> <li>Establish appropriate valuation, depreciation, and effective life procedures for each financial asset category.</li> <li>Refine the procedure for recording asset acquisition and ensure project managers are educated to improve this procedure with reliable data.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> <li>Chief Financial Officer</li> </ul>	<ul style="list-style-type: none"> <li>Jul 2025</li> </ul>

	<ul style="list-style-type: none"> <li>Develop the procedure for recognition of contributed assets through the implementation of ADAC – Asset Design As Constructed.</li> <li>Develop 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.</li> </ul>		
Asset Valuations	<ul style="list-style-type: none"> <li>Determine and enter in the asset register the remaining life for all assets.</li> <li>Document asset register replacement unit rate calculations and enter rates in Asset register. 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.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> <li>Chief Financial Officer</li> </ul>	<ul style="list-style-type: none"> <li>Jun 2024</li> </ul>

## Asset Portfolio Improvements

Asset Management Functions	Improvement Priorities	Responsible	Expected Completion Date
Asset Inspections	<ul style="list-style-type: none"> <li>Undertake stocktakes as identified and more regular condition audits to all assets especially Road Network if impacted by events that may reduce customer satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> <li>Asset Custodians</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>
Planning	<ul style="list-style-type: none"> <li>Define current and ideal levels of service and performance measures for each asset management plan.</li> <li>Undertake Community engagement to review levels of service and agree on the 'sustainable' level of service (SLOS) for each asset category.</li> <li>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.</li> <li>Develop risk management strategies for critical assets.</li> </ul>	<ul style="list-style-type: none"> <li>Manager Technical Services</li> <li>Asset Custodians</li> </ul>	<ul style="list-style-type: none"> <li>Dec 2025</li> </ul>
Operations & maintenance	<ul style="list-style-type: none"> <li>Record works and cost information through work orders per asset/ service provision for optimum whole-of-life calculations.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Information Officer</li> <li>Asset Custodians</li> </ul>	<ul style="list-style-type: none"> <li>Jun 2024</li> </ul>

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## APPENDIX F 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.

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## **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**

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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.



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**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 subcomponents 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,

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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 noncritical 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**

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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.

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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**

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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 \***

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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.



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**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.

**Strategic Longer-Term Plan**

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

**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.

# Information Communications Technology

## Strategy 2022-26

2024/25 Version



# 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.

As identified in the Long Term Financial Plan and the Asset Management Strategy, the management of Council's asset information is essential to ensure long term financial sustainability. Council's asset management information systems is currently lacking and requires improvement which has been included as a major initiative under the 'Treat data as a strategic assets to drive the decision-making process' strategic objective.

The Council is also seeking enhancements to the project initiation and selection processes to enable financially responsible decisions to be made when approving and funding capital works projects. Improvements to information systems will support an enhanced project management framework, enabling an effective decision making framework for the initiation, selection, prioritisation and reporting of projects.

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

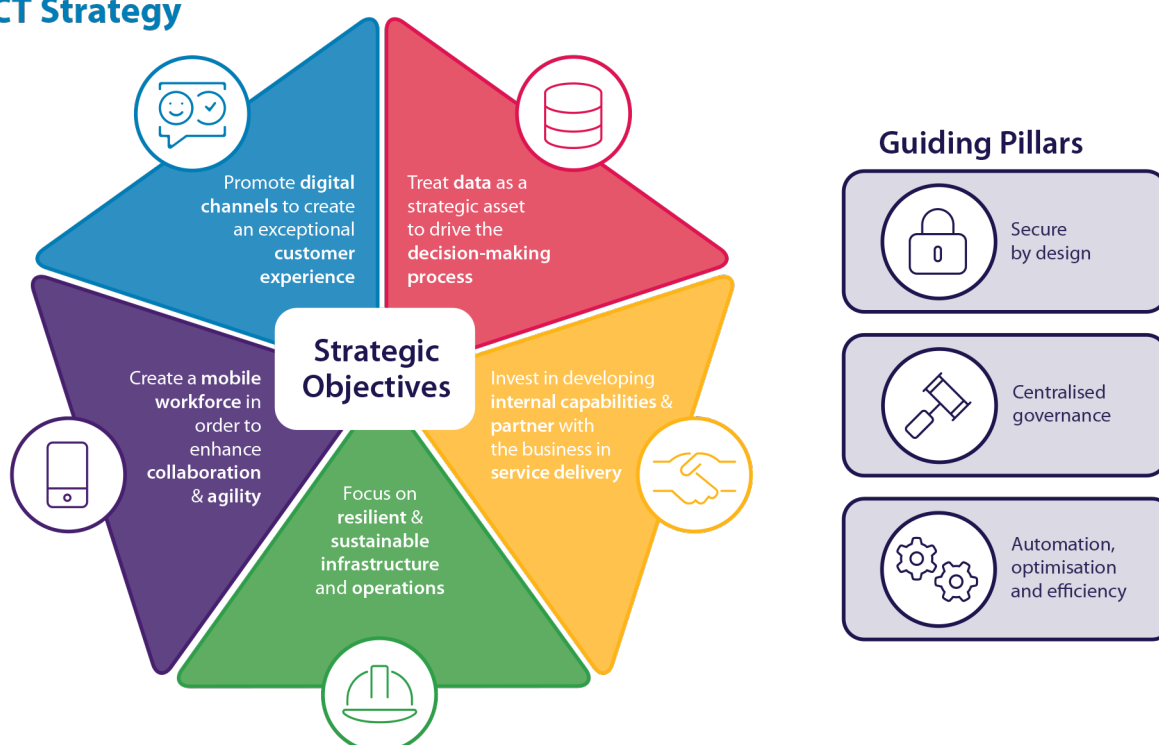
The strategic objectives will be used over the life of the ICT strategy to guide the adoption and investment in initiatives, projects and technologies.

### 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



## 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>• 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
Ensure the Council's Asset Management Information System (AMIS), project management and spatial systems are optimised to provide meaningful information to support capital works planning, project prioritisation and asset management planning processes and decision making.	<ul style="list-style-type: none"><li>• Review and enhance the current use of the OneCouncil asset register, maintenance planning and work management systems – including linking work orders to assets, both capital and operating, and incorporating forecasts for maintenance and renewal expenditures through the Asset Management Information System.</li><li>• Support the enhancement and integration of the Project Management Framework with systems that enable efficient selection, prioritisation and reporting of projects – including the capital works plan.</li></ul>
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>

How we will achieve this objective	Projects/Initiatives
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 CAPABILITIES 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

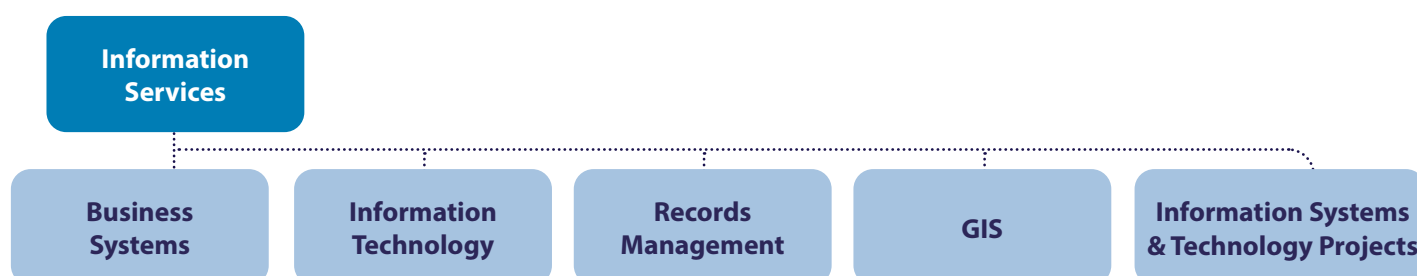
How we will achieve this objective	Projects/Initiatives
Increase the rollout of mobile devices and systems so staff can work anywhere, anytime	<ul style="list-style-type: none"> <li>Increase the percentage of laptops or equivalent mobile devices to increase mobility</li> <li>Renew the mobile telecommunications contract</li> <li>Implement a position and role-based Identity framework to simplify, standardise and automate our access management demands</li> </ul>



How we will achieve this objective	Projects/Initiatives
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

**Information Systems & Technology (IS&T) Projects** – Responsible for the successful planning and delivery of Information Systems and Technology projects.

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

# Draft Long Term Financial Plan 2025-34



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# INTRODUCTION

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The following Long-Term Financial Plan ("LTFP") was prepared in October 2024 for the ten-year period from 1 July 2024 to 30 June 2034. It is prepared as part of the mandatory requirements of the Integrated Planning and Reporting ("IP&R") Framework which requires a plan to be prepared on an annual basis subject to a basic structure as outlined by the IP&R Handbook.

## BASIC STRUCTURE OF THE LTFP

The LTFP must include:

- The planning assumptions or parameters used to develop the plan
- Methods of monitoring financial performance
- Sensitivity analysis highlighting factors and 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

## PURPOSE OF THE LTFP

The purpose of the Long-Term Financial Plan is to:

- Meet a mandated requirement
- Determine the medium to long-term financial sustainability of the Council
- Identify areas where medium and long-term funding and resourcing shortfalls exist
- Help Council and the community determine priorities for the Local Government Area (LGA) in the future
- Promote forward thinking and forward planning
- Analyse and predict outcomes arising from different options and scenarios

By preparing this plan, 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; 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.

# LTFP ASSUMPTIONS AND PARAMETERS

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The preparation of the Long Term Financial Plan has been guided by the following parameters:

## OPERATIONAL SAVINGS

\$7m in operational savings have been reflected in the LTFP from the 2026 Financial year and a further \$1m per annum in savings has been incorporated into the LTFP for the three years after that which has resulted in \$10m (7-1-1-1) in operational savings over the life of the plan. All of the savings are to be realised from Council's General Fund. Council's Water and Sewer Funds will also pursue operational savings – however the area of Council that requires targeted focus is unrestricted cash availability in General Fund, and therefore this is where savings will need to be specifically sought. The specific areas of General Fund that will need to be targeted and the service delivery consequence of those operational saving decisions are outline in Council's "Financial Sustainability Review Action Plan 2024 –2027". Savings of this magnitude will result in a material reduction in service delivery.

## LAND SALES

Estimated land sales post 30 June 2025 have been incorporated into this LTFP. These estimated proceeds have been included as cashflows able to be used to fund the necessary activities of the Council's General Fund in the years realised. These funds will not be used specifically to reduce debt, however the sale proceeds anticipated each year are projected to be significantly less than the actual loan commitments in those respective years.

## MATERIALS RECOVERY FACILITY

Council is constructing a Materials Recovery Facility ("MRF") at its existing West Nowra Recycling and Waste Facility. The MRF will source commingled recyclables from across the Illawarra and Shoalhaven with a processing rate of 15 tonnes per hour and expected annual capacity of up to 24,720 tonnes. The MRF will process recyclables from the Shoalhaven LGA but is also a commercial business that will accept and process recyclables from surrounding LGA's for a fee. The MRF is expected to generate net income and positive cashflow from operations once fully operational, and these cashflows will be used to repay debts incurred in construction of the facility and also help fund the necessary activities of the Council's General Fund.

## NATURAL DISASTERS

The cost of repair works completed by Council from damage caused by natural disasters is largely met by the NSW State Government subject to certain conditions. One of those conditions is that Council (under the specific agreement opted into) bears the cost of the lesser of 0.75% of its rate revenue. When more than one natural disaster occurs in any given financial year, additional opt in fees are capped at an upper limit of 2.0% of rates revenue.

This fee is not physically paid by council, the funding amount paid to council by the State government is reduced by the opt in amount.

Council is also liable for costs of betterment, where a damaged asset is restored with improvements rather than back to its pre event condition.

Costs for betterment and unfunded opt in fees payable need to be funded from Councils General Fund unrestricted cash unless a restricted funding source permits the specific natural disaster expenditure. No provision has been made in the LTFP beyond 30 June 2025 for costs arising for betterment or opt in fees from Councils General Fund unrestricted cash.

## MECHANICAL FAILURE OF ASSETS

No amounts are included in the LTFP for mechanical failure of assets. In the event of mechanical failure of assets, funding will need to be sought from either using built up cash reserves (which would delay the achievement of Council's \$15m cash target and put pressure on Council's ability to meet debt covenant ratios), or by deferring or cancelling already committed existing projects.

## BORROWINGS

As at 30 June 2024 Shoalhaven Council has consolidated borrowings outstanding of approximately \$193m. Most of these loans are on a fixed rate over a period of 10 years and would either incur break fees to renegotiate or are at a rate that is well below the current available interest rate. Consequently Council has debt obligations over the life of the ten year plan (in the ordinary course of meeting their regular repayments) to pay the majority of these 10 year loans down.

No future borrowings for capital works other than the \$3.75m waste fund borrowing budgeted for the year ended 30 June 2025, and \$14m for a library at Sanctuary Point are included in the LTFP. As those borrowings relate to Council's General Fund, there is no provision for borrowing in the LTFP for the Water and Sewer funds of Council despite the forward capital commitments of those funds in the next ten years. All other capital commitments in the LTFP are funded from the proceeds of operations, restricted sources, or asset sales.



## DIVIDENDS

Council's water and sewer funds are able (subject to statutory limits) to pay dividends from surpluses. Currently Sewer fund generates regular annual surpluses and has been paying dividends to General Fund, and it is anticipated that Water fund (after recent price increases) will also generate surpluses in the near future.

However, due to Both Water and Sewer Fund having forward commitments to significant new and renewal capital expenditure arising from ageing infrastructure and growth in the LGA, and given Council's current debt position (see BORROWINGS) Water Fund and Sewer fund will need to retain capital in order to fund their capital works from operations, as such only the mandatory annual dividend which is referred to as the tax equivalent component, has been budgeted for as income to General Fund.

## ANTICIPATED GROWTH

The LTFP has projected spending and income for the life of the plan based on growth rates below. These estimates are based on projected inflation reaching the RBA target range of 2-3% in 2025 and the midpoint of the target band (2.5%) in the 2026 calendar year.

	2025	2026	2027 and beyond
<b>Rates (base)</b>	4.5%	3.8%	3%
<b>Rates (8% scenario)</b>	4.5%	8%	3%
<b>Rates (12% scenario)</b>	4.5%	12%	3%
<b>Financial assistance grant</b>	4.5%	3%	3%
<b>Other recurring government grants</b>	4.5%	3%	3%
<b>Employee costs (Local Government Award)</b>	3.5% increase plus \$1,000 bonus	3.0% increase plus \$1,000 bonus	2.50%
<b>Materials and contracts</b>	5%	3%	3%
<b>Electricity costs</b>	6%	5%	5%
<b>Other expenses</b>	5%	3%	3%

## MONITORING FINANCIAL PERFORMANCE

Council must as part of the LTFP, outline the methods used to monitor financial performance, this monitoring is done in conjunction with the Council's obligations to annual and quarterly reporting to the public as required by the IP&R framework.

## INTEGRATED PLANNING AND REPORTING FRAMEWORK

The IP&R 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. 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 emphasise the important role that resource planning plays in delivering council's strategic objectives.

## REVIEW CYCLE

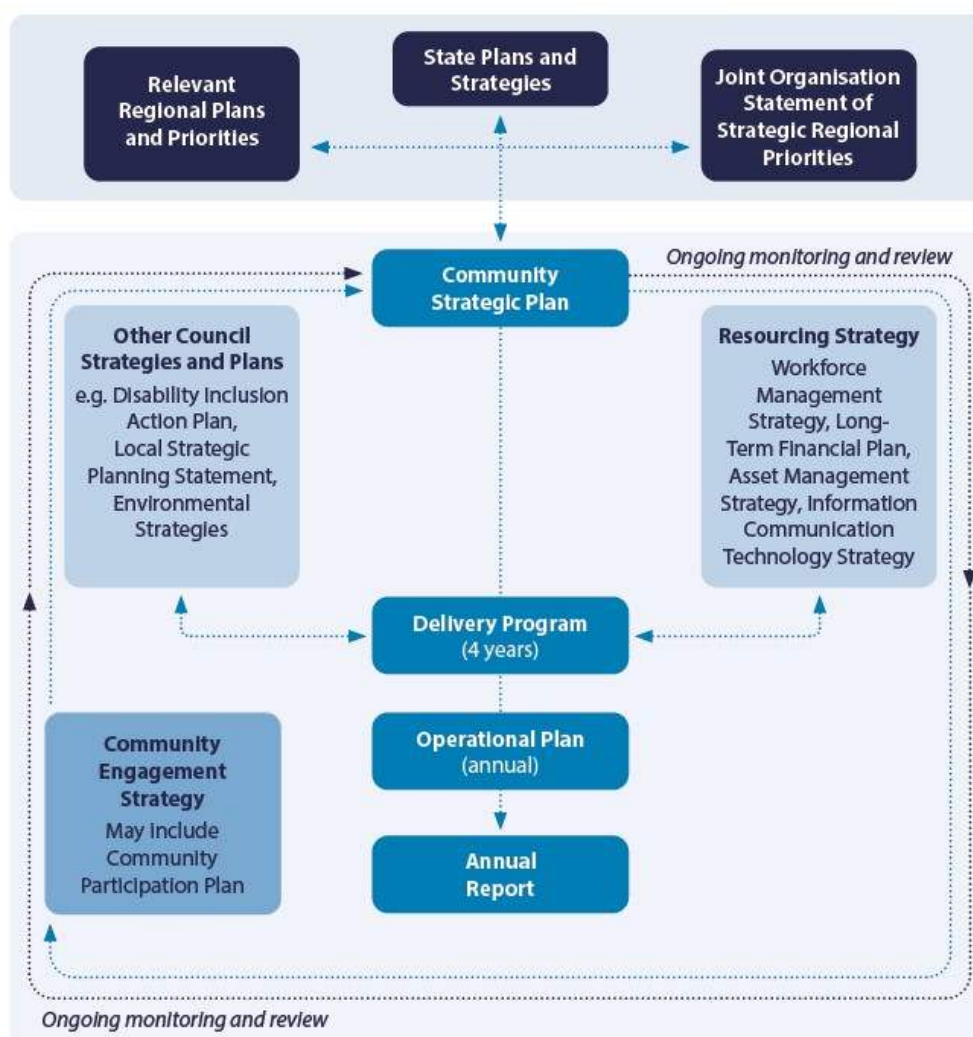
Our Council will review the Long Term Financial Plan on an annual basis in line with the annual review of the Delivery Program and Operational Plan. This review will include an assessment of the previous year's performance to determine whether estimates were accurate, and assumptions were appropriate.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



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
- Unrestricted Current Ratio
- Debt Service Cover Ratio
- Rates and Annual Charges Outstanding Percentage
- Cash Expense Cover Ratio
- Buildings and Infrastructure Renewal Ratio
- Infrastructure Backlog Ratio
- Asset Maintenance Ratio

## HISTORICAL PERFORMANCE

The historical performance of Council is illustrated in the following pages at both the consolidated and general fund level. The income statements of Council's general fund show continuing losses before grants and contributions for all years except 2017/18. Council's consolidated income statement shows losses before grants and contributions for the previous four financial years.

A summary of Council's most recent financial performance is summarised below:

- Council has produced a net operating deficit in the last four financial years. The General Fund's net operating position has been in a deficit position over the past nine years. Financial forecasts indicate a significantly deteriorating operating performance. Without intervention, Council will continue to generate operating deficits over the next 10 years.
- There is an underlying structural deficit of \$25-\$35 million within the General Fund, whereby the recurrent revenue is not able to fund the recurrent expenditure. The impact of inflation on, and relatively flat revenue growth, will only continue to increase the structural deficit.
- A comparison of Council's base rate peg, construction purchase price index, and the consumer price index over the past 5 years is summarised below:

	CPI annual increase	PPI annual increase	Base rate peg
2023/2024	3.8	6.3	3.7
2022/2023	6	6.5	0.7
2021/2022	6.1	12.2	2
2020/2021	3.8	3.3	2.6
2019/2020	-0.3	0.3	2.7
<b>5 year increase</b>	<b>19.4</b>	<b>32</b>	<b>11.7</b>

- Council's unrestricted cash position has deteriorated from \$19m on 30 June 2019 to NIL on 30 June 2024 in 2024. Had Council's grants spent in advance not been funded through the temporary reallocation of internally restricted Financial Assistance Grants, the unrestricted cash position on 30 June 2024 would have been negative \$9m.

- Over the past five years, Council has experienced consecutive disasters, most notably the COVID pandemic, bushfires and floods (15 declared natural disasters). These disasters have significantly impacted on the normal business operations including asset maintenance and asset renewal programs, and impacting upon the availability of cash. Council's revenue base was also impacted due to restricted operations during COVID and the provision of substantial subsidies and waivers to the community and industry.
- The net cost of the disasters, including the subsidies and waivers on fees and charges, and the \$300 per ratepayer COVID reimbursement reduced the unrestricted cash position of Council by \$14.6 million.
- Each natural disaster declaration costs council in excess of \$600k in unbudgeted works. Access to Disaster Recovery Funding (DRF) requires the payment of an "Opt In Fee" which is not recoverable. This fee equates to 0.75% of rateable income and is capped at 2% per annum if 3 or more disasters are declared. In FY2023/24, Council had 3 disaster declarations, capping our opt in fees at 2% of rateable income totalling \$1.7m in non-reimbursable costs. This was compared to a 3.7% base rate peg applicable that year.
- Council started to report on its building and infrastructure renewal ratio in 2008. During the 16 years Shoalhaven City Council failed to meet the required benchmark (on a consolidated basis) for this ratio (of 100%) in each of the 17 years the ratio has been publicly reported.
- The structural deficits and decrease in cash means that assets are not being replaced at the rate required. This lack of investment in asset renewal has led to a significant deterioration in the condition of Council's assets and has created infrastructure backlog issues.
- In the 2008 audited financial statements, all of council infrastructure assets were rated as either category 1 or 2, category 1 being assets of excellent condition requiring normal maintenance and category 2 being assets in good condition requiring only minor maintenance work. As reported in the Draft 30 June 2024 financial statements, Council assets now hold 49.9% in category 1 and 2, with 50.1% of assets now reported in categories 3 (satisfactory) to 5 (very poor). The longer this trend continues, the cost to renew and address the backlog increases exponentially, creating a risk that council will never be able to repair assets & infrastructure and will be forced to decommission them. If not corrected it will impact service levels and available assets in the community for future generations.
- The large majority of asset renewals is funded by external grants - and this is not sustainable.

## Consolidated

**Shoalhaven City Council**  
**Historical financial information**

INCOME STATEMENT - CONSOLIDATED	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<b>ACTUAL</b>								
<b>Income from continuing operations</b>									
Rates and annual charges	111,460	116,238	120,157	135,722	142,417	148,819	153,519	159,895	167,708
User charges and fees	58,676	63,003	69,204	76,177	73,857	72,139	85,590	78,955	92,478
Other revenue	3,799	4,163	4,103	4,167	4,492	6,175	7,439	4,685	9,318
Grants and contributions provided for operating purposes	20,178	22,063	25,328	18,419	20,170	19,370	21,164	33,831	52,485
Grants and contributions provided for capital purposes	31,246	29,424	32,229	31,136	27,092	34,683	31,895	54,029	60,115
Interest and investment revenue	5,765	6,388	7,348	6,339	7,061	5,020	2,402	1,922	4,930
Other income	-	-	20	10	135	-	349	400	-
Net gains from the disposal of assets	-	2,219	-	-	-	-	-	4,928	-
Internal Revenue	-	-	-	-	-	-	-	-	-
<b>Total income from continuing operations</b>	<b>231,124</b>	<b>243,498</b>	<b>258,389</b>	<b>271,970</b>	<b>275,224</b>	<b>286,206</b>	<b>302,358</b>	<b>338,645</b>	<b>387,034</b>
<b>Expenses from continuing operations</b>									
Employee benefits and on-costs	61,715	68,226	75,144	77,712	83,694	87,023	94,756	101,588	112,733
Materials and services	43,221	46,091	51,704	48,372	56,320	98,502	90,493	90,161	117,752
Borrowing costs	4,292	3,960	4,479	5,431	6,604	6,115	5,574	5,702	6,366
Depreciation, amortisation and impairment of non-financial assets	54,062	55,138	59,213	59,412	63,595	66,000	70,507	79,521	85,230
Other expenses	26,103	30,412	29,413	32,022	34,280	15,740	18,407	18,102	19,180
Internal expenditure	-	-	-	-	-	-	-	-	-
Net losses from the disposal of assets	3,478	-	1,792	174	1,283	272	7	-	3,799
<b>Total expenses from continuing operations</b>	<b>192,871</b>	<b>203,827</b>	<b>221,745</b>	<b>223,123</b>	<b>245,776</b>	<b>273,652</b>	<b>279,744</b>	<b>295,074</b>	<b>345,060</b>
<b>Operating result from continuing operations</b>	<b>38,253</b>	<b>39,671</b>	<b>36,644</b>	<b>48,847</b>	<b>29,448</b>	<b>12,554</b>	<b>22,614</b>	<b>43,571</b>	<b>41,974</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>7,007</b>	<b>10,247</b>	<b>4,415</b>	<b>17,711</b>	<b>2,356</b>	<b>(22,129)</b>	<b>(9,281)</b>	<b>(10,458)</b>	<b>(18,141)</b>

## Shoalhaven City Council

### Historical financial information

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and Cash Equivalents	22,943	25,960	52,103	61,306	51,858	16,883	44,745	21,416	27,431
Investments	60,714	101,763	102,949	114,192	116,046	135,368	140,775	153,778	136,927
Receivables	24,382	17,578	24,703	22,124	20,071	21,428	22,979	36,455	56,190
Inventories	2,285	4,509	2,372	2,922	3,207	3,522	2,562	2,456	2,284
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-
Other assets	1,684	4,634	3,709	3,130	1,431	1,103	4,311	5,256	3,598
<b>Total Current Assets</b>	<b>112,008</b>	<b>154,444</b>	<b>185,836</b>	<b>203,674</b>	<b>192,613</b>	<b>178,304</b>	<b>215,372</b>	<b>219,361</b>	<b>226,430</b>
<b>Non-Current Assets</b>									
Investments	50,920	38,000	50,000	46,000	42,665	36,000	34,000	22,000	2,000
Receivables	6,310	6,576	7,120	5,654	5,488	6,044	6,042	5,010	5,737
Inventories	8,165	5,183	6,610	5,151	6,687	4,916	5,810	5,512	5,503
Infrastructure, Property, Plant & Equipment	2,512,119	2,570,382	2,596,281	2,726,909	2,829,516	2,968,066	3,488,891	4,128,553	4,745,251
Intangible Assets	-	-	291	2,927	512	561	590	493	501
Right of use assets	-	-	-	-	-	222	76	135	225
Other assets	1,435	1,535	1,555	1,565	1,700	1,650	3,000	5,112	6,214
<b>Total Non-Current Assets</b>	<b>2,578,949</b>	<b>2,621,676</b>	<b>2,661,857</b>	<b>2,788,206</b>	<b>2,886,568</b>	<b>3,017,459</b>	<b>3,538,409</b>	<b>4,166,815</b>	<b>4,765,431</b>
<b>TOTAL ASSETS</b>	<b>2,690,957</b>	<b>2,776,120</b>	<b>2,847,693</b>	<b>2,991,880</b>	<b>3,079,181</b>	<b>3,195,763</b>	<b>3,753,781</b>	<b>4,386,176</b>	<b>4,991,861</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Payables	21,324	14,528	26,901	26,235	20,779	21,548	30,868	27,367	43,657
Income received in advance	-	1,885	4,429	7,384	5,633	-	-	-	-
Contract liabilities	-	-	-	-	-	7,922	11,638	39,129	32,326
Lease liabilities	-	-	-	-	-	146	83	78	186
Borrowings	9,483	9,624	9,573	12,223	13,826	12,277	17,460	16,303	19,140
Employee benefit provision	-	-	-	-	32,754	32,647	34,092	34,361	34,929



Provisions	28,316	28,705	29,555	30,251	450	14,353	1,273	2,229	974
Other liabilities	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>59,123</b>	<b>54,742</b>	<b>70,458</b>	<b>76,093</b>	<b>73,442</b>	<b>88,893</b>	<b>95,414</b>	<b>119,467</b>	<b>131,212</b>
<b>Non-Current Liabilities</b>									
Lease liabilities	-	-	-	-	-	84	-	75	55
Payables	-	-	-	-	-	-	-	-	-
Borrowings	58,407	58,282	94,708	141,900	138,023	125,808	157,488	143,718	177,999
Employee benefit provision	-	-	-	-	928	1,082	1,162	1,368	1,217
Provisions	3,105	3,329	3,687	4,194	5,823	5,326	4,999	8,030	11,599
Other liabilities	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>61,512</b>	<b>61,611</b>	<b>98,395</b>	<b>146,094</b>	<b>144,774</b>	<b>132,300</b>	<b>163,649</b>	<b>153,191</b>	<b>190,870</b>
<b>TOTAL LIABILITIES</b>	<b>120,635</b>	<b>116,353</b>	<b>168,853</b>	<b>222,187</b>	<b>218,216</b>	<b>221,193</b>	<b>259,063</b>	<b>272,658</b>	<b>322,082</b>
<b>NET ASSETS</b>	<b>2,570,322</b>	<b>2,659,767</b>	<b>2,678,840</b>	<b>2,769,693</b>	<b>2,860,965</b>	<b>2,974,570</b>	<b>3,494,718</b>	<b>4,113,518</b>	<b>4,669,779</b>
<b>EQUITY</b>									
Accumulated surplus	1,359,921	1,439,290	1,471,793	1,535,159	1,560,668	1,575,732	1,693,822	1,742,552	1,786,879
Revaluation reserves	1,210,401	1,220,477	1,207,047	1,234,534	1,300,690	1,398,838	1,800,896	2,370,966	2,882,900
Other reserves	-	-	-	-	(393)	-	-	-	-
<b>Council equity interest</b>	<b>2,570,322</b>	<b>2,659,767</b>	<b>2,678,840</b>	<b>2,769,693</b>	<b>2,860,965</b>	<b>2,974,570</b>	<b>3,494,718</b>	<b>4,113,518</b>	<b>4,669,779</b>
<b>Total equity</b>	<b>2,570,322</b>	<b>2,659,767</b>	<b>2,678,840</b>	<b>2,769,693</b>	<b>2,860,965</b>	<b>2,974,570</b>	<b>3,494,718</b>	<b>4,113,518</b>	<b>4,669,779</b>

General

**Shoalhaven City Council**  
**Historical financial information**

<b>INCOME STATEMENT - GENERAL</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ACTUAL</b>									
<b>Income from continuing operations</b>									
Rates and annual charges	71,590	75,165	77,914	87,743	94,352	99,382	102,646	107,311	113,592
User charges and fees	53,996	55,287	55,152	58,619	63,617	53,420	101,241	64,207	65,794
Other revenue	3,084	4,051	3,927	4,059	4,361	5,683	23,802	4,454	4,547
Grants and contributions provided for operating purposes	19,125	21,011	24,290	19,994	20,170	19,370	21,164	33,836	52,427
Grants and contributions provided for capital purposes	13,563	22,469	20,001	22,260	21,283	26,312	25,201	45,532	54,105
Interest and investment revenue	3,652	4,058	7,632	5,274	5,756	4,151	1,473	3,010	2,367
Other income	-	-	-	10	135	-	148	400	4,245
Net gains from the disposal of assets	-	2,026	2,241	-	85	977	-	4,834	-
Internal Revenue	-	-	-	-	-	-	-	-	-
<b>Total income from continuing operations</b>	<b>165,010</b>	<b>184,067</b>	<b>191,157</b>	<b>197,959</b>	<b>209,759</b>	<b>209,295</b>	<b>275,675</b>	<b>263,584</b>	<b>297,077</b>
<b>Expenses from continuing operations</b>									
Employee benefits and on-costs	51,481	57,668	63,510	65,201	71,790	71,656	79,590	84,213	85,182
Materials and services	38,457	41,060	44,374	41,430	50,141	49,912	122,816	75,371	95,077
Borrowing costs	2,334	2,244	2,289	1,947	1,973	1,455	1,474	2,121	2,951
Depreciation, amortisation and impairment of non-financial assets	38,636	38,168	39,591	40,774	43,282	44,246	45,051	54,262	56,348
Other expenses	23,236	28,561	25,588	26,142	30,642	41,961	16,142	18,123	19,089
Internal expenditure	-	-	-	-	-	-	-	-	-
Net losses from the disposal of assets	508	-	-	98	-	-	385	-	3,904
<b>Total expenses from continuing operations</b>	<b>154,652</b>	<b>167,701</b>	<b>175,352</b>	<b>175,592</b>	<b>197,828</b>	<b>209,230</b>	<b>265,458</b>	<b>234,090</b>	<b>262,551</b>
<b>Operating result from continuing operations</b>	<b>10,358</b>	<b>16,366</b>	<b>15,805</b>	<b>22,367</b>	<b>11,931</b>	<b>65</b>	<b>10,217</b>	<b>29,494</b>	<b>34,526</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(3,205)</b>	<b>(6,103)</b>	<b>(4,196)</b>	<b>107</b>	<b>(9,352)</b>	<b>(26,247)</b>	<b>(14,984)</b>	<b>(16,038)</b>	<b>(19,579)</b>

## General

## Shoalhaven City Council

### Historical financial information

STATEMENT OF FINANCIAL POSITION - GENERAL	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ACTUAL</b>									
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and Cash Equivalents	14,866	15,553	12,892	12,553	29,661	9,130	26,642	11,545	15,564
Investments	39,339	60,967	58,862	75,868	66,373	73,208	83,823	82,894	77,694
Receivables	9,058	9,858	15,562	12,128	10,879	12,986	13,692	25,744	45,694
Inventories	1,420	3,766	1,431	1,819	2,090	2,285	1,355	1,149	985
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-
Other assets	1,674	4,626	3,700	3,127	1,379	1,103	4,311	5,256	3,598
<b>Total Current Assets</b>	<b>66,357</b>	<b>94,770</b>	<b>92,447</b>	<b>105,495</b>	<b>110,382</b>	<b>98,712</b>	<b>129,823</b>	<b>126,588</b>	<b>143,535</b>
<b>Non-Current Assets</b>									
Investments	32,994	22,766	33,262	23,749	24,687	19,469	20,245	11,859	1,135
Receivables	3,788	4,020	4,219	3,043	3,418	4,130	4,499	3,003	3,689
Inventories	8,165	5,183	6,610	5,151	6,687	4,916	5,810	5,512	5,503
Infrastructure, Property, Plant & Equipment	1,678,413	1,691,679	1,702,460	1,788,492	1,841,301	1,864,747	2,378,078	2,944,799	3,386,579
Intangible Assets	-	-	291	2,622	3,346	5,625	475	465	372
Right of use assets	-	-	-	-	-	222	76	135	225
Other assets	1,435	1,535	1,555	1,565	1,700	1,650	3,000	5,112	6,214
<b>Total Non-Current Assets</b>	<b>1,724,795</b>	<b>1,725,183</b>	<b>1,748,397</b>	<b>1,824,622</b>	<b>1,881,139</b>	<b>1,900,759</b>	<b>2,412,183</b>	<b>2,970,885</b>	<b>3,403,717</b>
<b>TOTAL ASSETS</b>	<b>1,791,152</b>	<b>1,819,953</b>	<b>1,840,844</b>	<b>1,930,117</b>	<b>1,991,521</b>	<b>1,999,471</b>	<b>2,542,006</b>	<b>3,097,473</b>	<b>3,547,252</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Payables	18,037	14,196	19,317	17,453	10,446	13,413	25,941	24,386	38,401
Income received in advance	-	-	3,831	6,657	4,745	-	-	-	-
Contract liabilities	-	-	-	-	-	6,316	11,638	37,602	29,050
Lease liabilities	-	-	-	-	-	146	83	78	186

Borrowings	4,787	6,346	5,775	6,524	8,712	5,102	10,950	10,888	14,307
Employee benefit provision	-	-	-	-	-	-	34,092	34,003	34,929
Provisions	26,452	28,705	29,555	30,251	33,204	47,000	1,273	2,229	974
Other liabilities	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>49,276</b>	<b>49,247</b>	<b>58,478</b>	<b>60,885</b>	<b>57,107</b>	<b>71,977</b>	<b>83,977</b>	<b>109,186</b>	<b>117,847</b>
<b>Non-Current Liabilities</b>									
Lease liabilities	-	-	-	-	-	84	-	75	55
Payables	-	-	-	-	-	-	-	-	-
Borrowings	34,686	37,840	34,063	36,955	39,883	34,843	73,034	64,679	103,793
Employee benefit provision	-	-	-	-	-	-	1,162	1,368	1,217
Provisions	3,105	3,329	3,687	4,194	6,751	6,408	4,999	8,030	11,599
Other liabilities	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>37,791</b>	<b>41,169</b>	<b>37,750</b>	<b>41,149</b>	<b>46,634</b>	<b>41,335</b>	<b>79,195</b>	<b>74,152</b>	<b>116,664</b>
<b>TOTAL LIABILITIES</b>	<b>87,067</b>	<b>90,416</b>	<b>96,228</b>	<b>102,034</b>	<b>103,741</b>	<b>113,312</b>	<b>163,172</b>	<b>183,338</b>	<b>234,511</b>
<b>NET ASSETS</b>	<b>1,704,085</b>	<b>1,729,537</b>	<b>1,744,616</b>	<b>1,828,083</b>	<b>1,887,780</b>	<b>1,886,159</b>	<b>2,378,834</b>	<b>2,914,135</b>	<b>3,312,741</b>
<b>EQUITY</b>									
Accumulated surplus	826,309	847,147	862,954	918,287	928,647	930,981	935,754	1,064,900	1,103,361
Revaluation reserves	877,776	882,390	881,662	909,796	959,526	955,178	1,443,080	1,849,235	2,209,380
Other reserves	-	-	-	-	(393)	-	-	-	-
<b>Council equity interest</b>	<b>1,704,085</b>	<b>1,729,537</b>	<b>1,744,616</b>	<b>1,828,083</b>	<b>1,887,780</b>	<b>1,886,159</b>	<b>2,378,834</b>	<b>2,914,135</b>	<b>3,312,741</b>
<b>Total equity</b>	<b>1,704,085</b>	<b>1,729,537</b>	<b>1,744,616</b>	<b>1,828,083</b>	<b>1,887,780</b>	<b>1,886,159</b>	<b>2,378,834</b>	<b>2,914,135</b>	<b>3,312,741</b>

## HISTORICAL RATIOS

### Operating Performance

Operating performance ratio	Consolidated			General Fund			Target
	2022	2023	2024 DRAFT	2022	2023	2024 DRAFT	
<div> Total continuing operating revenue  excluding capital grants and contributions  less operating expenses </div> <div> Total continuing operating revenue  excluding capital grants and contributions </div>	(4.72)%	(5.32)%	(9.13)%	(8.52)%	(7.78)%	(13.70)%	> 0.00%

Operating performance ratio is an important measure as it provides an indication of whether a Council is containing its operating expenditure within its operating revenue.

In previous financial years Council has reported a negative operating performance ratio.

A negative operating position cannot be maintained over the long term due to the need to produce sufficient cashflows from operations to renew assets, service borrowings and fund growth in services and assets.

### Own Sourced Revenue

Own source operating revenue ratio	Consolidated			General Fund			Target
	2022	2023	2024 DRAFT	2022	2023	2024 DRAFT	
<div> Total continuing operating revenue excluding all grants and contributions </div> <div> Total continuing operating revenue </div>	73.64%	70.69%	66.46%	68.14%	63.77%	61.13%	> 60.00%

Own source revenue measures the degree of reliance on external funding sources (for example, Grants and Contributions). Financial flexibility increases as the level of own source revenue increases and gives Council greater ability to respond to external shocks or challenges.

Council's Own Source Operating Revenue ratio is falling but has remained above the benchmark of 60%.

## Unrestricted Current Ratio

<b>Unrestricted current ratio</b>	<b>Consolidated</b>			<b>General Fund</b>			<b>Target</b>
	<b>2022</b>	<b>2023</b>	<b>2024 DRAFT</b>	<b>2022</b>	<b>2023</b>	<b>2024 DRAFT</b>	
<div>Current assets less all external restrictions</div> <hr/> <div>Current liabilities less specific purpose liabilities</div>	1.27x	0.67x	1.08x	1.27x	0.67x	1.08x	>1.50x

The unrestricted current ratio measures the adequacy of working capital and the ability of a Council to satisfy its obligations in the short term.

The ratio indicates that Council currently projects to have \$1.08 (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. This is below the required benchmark of \$1.50 and presents a significant risk to Council which is addressed throughout the 3 scenarios presented in the LTFP.

## Debt service cover ratio

<b>Debt service cover ratio</b>	<b>Consolidated</b>			<b>General Fund</b>			<b>Target</b>
	<b>2022</b>	<b>2023</b>	<b>2024 DRAFT</b>	<b>2022</b>	<b>2023</b>	<b>2024 DRAFT</b>	
<div>Operating result before capital excluding interest and depreciation/impairment/amortisation</div> <hr/> <div>Principal repayments plus borrowing costs</div>	3.09x	3.06x	2.69x	2.96x	2.62x	1.88x	>2.00x

Debt service cover ratio measures the impact loan repayments (principle & interest) are having on the discretionary revenue of Council. Prudent and active debt management is a key part of Council's approach to funding and managing infrastructure over the longer term.

Council's General Fund Debt service cover ratio is below the 2.0x benchmark and has fallen from close to 3x in 2022. This indicates that debt repayments make up a higher than benchmark proportion of General Funds outgoings and it is largely due to the level of debt obligations arising from borrowings in General Fund.

Council is dedicated to reducing its reliance on borrowings and revised its borrowing strategy when adopting the 2024-25 Operational Plan. \$3.75m is budgeted to be borrowed in FY2024-25 (included in the Operational Plan adopted by Council), funded through restricted waste reserves. This is a significant reduction in the general fund borrowings compared to the borrowings Council has undertaken over the past 6 years. The only additional loan borrowings in the LTFP after 30 June 2025 is a proposed \$14m loan for the Sanctuary Point Library – a project which is currently on hold as the new council considers the merits of the project.



### Rates and annual charges outstanding percentage

Rates and annual charges outstanding percentage	Consolidated			General Fund			Target
	2022	2023	2024	2022	2023	2024	
$\frac{\text{Rates and annual charges outstanding}}{\text{Rates and annual charges collectable}}$	7.22%	7.18%	8.01%	5.65%	6.12%	7.03%	<10.00%

This ratio assesses the impact of uncollected rates and annual charges on liquidity and the efficiency of Councils' debt recovery.

The percentage of outstanding rates and annual charges is 8.01% and is under the benchmark of 10%. This also indicates that ratepayers capacity to pay meets the expectation of Regional NSW Council's.

### Cash expense cover ratio

Cash expense cover ratio	Consolidated			General Fund			Target
	2022	2023	2024	2022	2023	2024	
$\frac{\text{Current year's cash and cash equivalents plus all term deposits}}{\text{Monthly payments from cash flow of operating and financing activities}}$	6.24 months	4.92 months	7.16 months	4.52 months	3.54 months	6.24 months	>3mths

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

For 2023/24, Council exceeded the benchmark with a ratio of 7.16. This ratio is higher than in 2023 due to better grants management in the lead up to 30 June 2024 which resulted in less grant monies outstanding than in 2023. The ratio does not take into consideration expenditure on capital, nor cash that is subject to restrictions.

### Buildings and infrastructure renewals ratio

Buildings and infrastructure renewals ratio	Consolidated			General Fund			Target
	2022	2023	2024	2022	2023	2024	
$\frac{\text{Asset renewals}}{\text{Depreciation, amortisation and impairment}}$	95.25%	96.49%	71.29%	110.59%	149.02%	101.21%	>=100%

The Building and Infrastructure renewals ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating.

Council's Building and Infrastructure renewals ratio is outside of the benchmark on a consolidated basis. General Fund exceeds the 100% benchmark in all three prior years. The benchmark was met due to the nature and volume of the State Government funded natural disaster projects that were required to be completed in the previous three financial years. These works do not project business as usual and distort the figures reported.

### Infrastructure backlog ratio

Infrastructure backlog ratio	Consolidated			General Fund			Target
	2022	2023	2024	2022	2023	2024	
Estimated cost to bring assets to a satisfactory standard							
<hr/>							
Net carrying amount of infrastructure assets	4.22%	4.87%	4.54%	4.37%	5.45%	5.30%	<2.00%

The infrastructure backlog ratio shows the infrastructure backlog in proportion to the total written down value (the value of an asset after accounting for depreciation, reflecting the asset's present worth) of a council's infrastructure. Satisfactory level is achieved when Council estimates the cost to bring Council's poor conditioned infrastructure assets to a satisfactory standard is below 2% of the total written down value.

Council is not meeting the benchmark Infrastructure Backlog Ratio of less than 2%. This ratio is calculated on Council's best estimate of the required work to bring assets back to standard. The asset condition data held by Council is outdated and requires a full review before a detailed action plan can be developed to determine the actual amount of funds needed to correct its ageing infrastructure

In respect of roads a collection of asset condition data is currently underway` and due for completion by December this year. The information will be collated, analysed and a contemporary Asset Management Plan (AMP) prepared, consistent with Council's Asset Management Strategy (AMS).

### Asset maintenance ratio

Asset maintenance ratio	Consolidated			General Fund			Target
	2022	2023	2024	2022	2023	2024	
Actual asset maintenance							
<hr/>							
Required maintenance	89.68%	107.47%	104.69%	86.01%	113.84%	83.92%	>100%

The asset maintenance ratio compares a council's actual asset maintenance expenditure against its estimated required annual asset maintenance expenditure. It indicates if a council is investing enough funds within the year to stop the infrastructure backlog from growing.

Council's General Fund Asset Maintenance Ratio fallen below benchmark after exceeding the target last year. This indicates that the level of expenditure on the maintenance of infrastructure is not sufficient to prevent the backlog from growing. The growing challenge of expenditures increasing at a rate in excess of growth in the rate peg places pressure on Council's ability to maintain its assets at the required level.

# FINANCIAL ISSUES AND RISKS

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

## ASSUMPTIONS AND PARAMETERS

The future cash flows that fund the operational and capital spend of Council rely on the assumptions and parameters outlined in the preceding pages of this plan, and many of these parameters are contingent on conditions outside of the control of the Council. Notwithstanding the fact that these circumstances would apply to the preparation any long term financial plan for any entity, the current financial position of the Council concerning the low carrying value of unrestricted cash means that any assumptions or parameters that are not realised as anticipated have a material negative effect on Council's position.

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 LTFP.

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.

## ECONOMIC CONDITIONS AND INFLATION

The Reserve Bank of Australia predicts that inflation is forecast to fall to 2.5% sometime in 2026. The Federal Treasury in its statement of economic outlook released at the time of the Federal Budget indicated that the rate of inflation may return to the 2-3% target faster than that.

The LTFP is based on these assumptions which underpin growth rates for both costs and income.

As such any impacts leading to significant change from the market assumptions adopted will require further revision by Council of planned investments and service expenditure.

## 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 3.5% from 2026/27 onwards, plus growth of 0.5%.

## 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.

## S7.11 CONTRIBUTION PLAN CAPPING

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.

## COASTAL MANAGEMENT PROGRAM (CMP)

Council is required to implement four CMPs over the next ten financial years with costs in the vicinity of \$100m. It is anticipated that grant funding would meet more than half of these costs. Due to the current financial situation of the Council the LTFP does not make any provision for the costs associated with these four CMP's. In order to meet this \$100m obligation, Council would need commitment of additional grant monies up to the value of the \$100m requirement, or a significant SRV increase.

## IMPAIRMENT AND EARLY DETERIORATION 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. This is particularly relevant when consecutive natural disasters occur.

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.

## BREACH OF DEBT COVENANTS

Council's borrowings are subject to several financial conditions (debt covenants), which includes the achievement of key financial ratios at 30 June each year. These ratios require that Council maintains the level of unrestricted general fund cash required to meet each of the ratios. A decrease in the unrestricted cash balance could lead to a breach of debt covenant which, under the contractual loan agreement, would allow the lender to enforce immediate repayment of the impacted loans. If this situation was to arise, and Council was unable to negotiate a waiver with the lender, Council would immediately be insolvent.

## SENSITIVITY ANALYSIS

The following assessment has been completed upon the major assumptions included in the preparation of the Long Term Financial Plan. The table below indicates the impact to the relevant financial element due to a 1% change in inflation above the expected inflation amount in the plan for the year ended 30 June 2026.

## INCREASE IN INCOME AND EXPENSES FROM A 1% INFLATION INCREASE

Financial Element	Change	Consolidated '000's	General Fund '000's
<b>Revenue</b>			
Rates and Annual Charges	1% higher	1,934	1,296
User Charges and Fees	1% higher	1,080	725
Investment Interest	1% higher	1,411	738
Operating Grants	1% higher	332	332
<b>Operating Expenditure</b>			
Employee benefits	1% higher	1,277	1,038
Borrowing costs	1% higher	1,935	987
Materials and contracts	1% higher	1,106	872
<b>Capital Expenditure</b>			
Total construction costs	1% higher	1,906	1,432

When the table above refers to rates and charges, it includes all rates and charges levied by Council. Amounts charged for rates in Waste and Sewer Fund (in the Consolidated numbers) and for Domestic Waste Charge (in the General Fund numbers) are included in this calculation. These specific charges are not increased or decreased subject to an SRV application as annual increases in Waste, Water, and Sewer are determined independently.

The increase in revenue that would arise from a 1% increase in SRV percentage equates to approx. \$958,000.

# MODELLING OF FINANCIAL SCENARIOS

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The LTFP is required to model different financial scenarios, and the IP&R Handbook provides guidance that councils model at least three. In compliance with this, Council staff have modelled the following scenarios in conjunction with the parameters and assumptions provided in this document:

1. **Base Rate Scenario**
2. **8% Rate increase Scenario**
3. **12% Rate increase Scenario**

## **Base Rate Scenario**

The Base Rate Scenario would see council applying a 3.8% increase in accordance with the amount set by the Independent Pricing And Regulatory Tribunal ("IPART").

## **8% Rate increase Scenario**

Makes provision for a one year increase in rates of 8% in total. Total rates collected in the 2026 financial year would increase by 8% which is an increase above the 3.8% IPART rate of 4.2%.

## **12% Rate increase Scenario**

Makes provision for a one year increase in rates of 12% in total. Total rates collected in the 2026 financial year would increase by 8% which is an increase above the 3.8% IPART rate of 8.2%.

## BASE RATE SCENARIO

The Base Rate Scenario is a no SRV option. No SRV application would be required to be submitted to IPART, and rates would increase by 3.8% (IPART rate peg).

This scenario would see council achieve an average renewal rate of 57% over the life of the LTFP, failing the renewal ratio in each year leading to an increase in Councils infrastructure backlog ratio and ongoing maintenance costs.

Councils General Fund unrestricted cash position would grow to the target of \$15m by 30/06/2033, but Councils Operating Performance Ratio would be below the benchmark for the entire life of the LTFP (no operational surplus achieved in the 10 year plan).

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



BASE RATE SCENARIO

INCOME STATEMENT - CONSOLIDATED	DRAFT/ PROJECTED	FORWARD PLAN									
Balances as at 30 June	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
Income from Continuing Operations											
Revenue:											
Rates and Annual Charges	178,178	193,439	201,009	210,389	220,295	230,742	239,174	247,932	256,994	266,393	276,143
User Charges and Fees	97,976	108,035	115,629	122,565	127,903	133,198	137,797	142,566	147,512	152,641	157,959
Interest and Investment Revenue	7,571	8,358	6,351	6,685	6,431	6,022	5,270	4,544	4,933	5,369	5,882
Other Revenues	9,049	5,231	5,234	5,391	5,553	5,720	5,890	6,068	6,250	6,437	6,630
Internal Revenue		0	0	0	0	0	0	0	0	0	0
Grants and Contributions provided for Operating Purposes	21,946	33,163	22,667	21,363	21,944	22,530	23,146	23,809	24,454	25,153	25,876
Grants and Contributions provided for Capital Purposes	124,758	66,614	38,619	37,905	16,577	13,393	13,911	14,252	14,604	14,969	15,348
Other Income:	0	0	0	0	0	0	0	0	0	0	0
Net Gains from the disposal of assets		6,099	1,360	9,000	10,000	8,000	4,000	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Total Income from Continuing Operations	439,478	420,939	390,869	413,298	408,703	419,605	429,188	439,171	454,747	470,962	487,838
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Expenses from Continuing Operations	0	0	0	0	0	0	0	0	0	0	0
Employee Benefits and On-Costs	115,650	127,703	125,055	124,807	126,935	129,320	132,560	135,900	139,292	142,782	146,361
Borrowing Costs	7,204	7,430	6,819	6,000	6,047	5,249	4,462	3,667	2,872	2,118	1,557
Materials and Contracts	105,689	110,605	118,303	123,318	127,307	133,833	138,934	144,423	149,034	155,064	158,946
Depreciation and Amortisation	92,758	97,439	104,041	109,439	115,019	121,123	127,623	133,863	139,900	145,961	152,385
Other Expenses	21,681	20,347	20,956	21,584	22,231	22,897	23,584	24,290	25,018	25,768	26,539
Internal Expenses		0	0	0	0	0	0	0	0	0	0
Net Losses from the disposal of assets	9,364	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Total Expenses from Continuing Operations	352,346	363,524	375,174	385,148	397,539	412,422	427,163	442,143	456,116	471,693	485,788
	0	0	0	0	0	0	0	0	0	0	0
Net Operating Result	87,132	57,415	15,695	28,150	11,164	7,183	2,025	(2,972)	(1,369)	(731)	2,050
	0	0	0	0	0	0	0	0	0	0	0
Net Operating Result before grants and contributions provided for capital purposes	(37,626)	(9,199)	(22,924)	(9,755)	(5,413)	(6,210)	(11,886)	(17,224)	(15,973)	(15,700)	(13,298)

BASE RATE SCENARIO

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
Balances as at 30 June											
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	121,780	62,878	80,651	93,037	80,727	90,666	96,780	101,797	108,447	113,774	135,055
Investments	88,130	98,357	82,357	91,357	100,357	105,357	89,357	80,357	75,357	67,357	72,357
Receivables	29,399	29,827	29,827	29,828	29,828	29,828	29,828	29,829	29,829	29,829	29,829
Inventories	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737
Other	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Non-current Assets Classified as 'Held for Sale'	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>245,107</b>	<b>196,860</b>	<b>198,633</b>	<b>220,020</b>	<b>216,710</b>	<b>231,649</b>	<b>221,763</b>	<b>217,781</b>	<b>219,431</b>	<b>216,758</b>	<b>243,039</b>
<b>Non-Current Assets</b>											
Investments	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724
Receivables	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169
Inventories	11,520	9,555	0	680	1,180	3,684	4,184	4,184	4,184	4,184	4,184
Infrastructure, Property, Plant & Equipment	5,050,075	5,132,145	5,291,257	5,452,414	5,612,303	5,753,709	5,922,460	6,085,417	6,254,033	6,434,666	6,598,674
Investment Property	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425
Intangible Assets	368	368	368	368	368	368	368	368	368	368	368
Right of use assets	121	121	121	121	121	121	121	121	121	121	121
Other	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716
<b>Total Non-Current Assets</b>	<b>5,083,118</b>	<b>5,163,223</b>	<b>5,312,780</b>	<b>5,474,617</b>	<b>5,635,006</b>	<b>5,778,916</b>	<b>5,948,167</b>	<b>6,111,124</b>	<b>6,279,740</b>	<b>6,460,373</b>	<b>6,624,381</b>
<b>TOTAL ASSETS</b>	<b>5,328,225</b>	<b>5,360,083</b>	<b>5,511,413</b>	<b>5,694,637</b>	<b>5,851,716</b>	<b>6,010,565</b>	<b>6,169,930</b>	<b>6,328,905</b>	<b>6,499,171</b>	<b>6,677,131</b>	<b>6,867,420</b>

## STATEMENT OF FINANCIAL POSITION - CONSOLIDATED - Continued

	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	37,598	37,599	37,599	37,599	37,599	37,599	37,599	37,599	37,599	37,599	37,599
Income received in advance	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547
Contract liabilities	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601
Lease liabilities	118	118	118	118	118	118	118	118	118	118	118
Borrowings	20,904	21,482	20,747	20,747	19,708	18,257	18,722	13,947	11,967	7,857	0
Employee benefit provision	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560
Provisions	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723
<b>Total Current Liabilities</b>	<b>139,051</b>	<b>139,630</b>	<b>138,895</b>	<b>138,895</b>	<b>137,856</b>	<b>136,405</b>	<b>136,870</b>	<b>132,095</b>	<b>130,115</b>	<b>126,005</b>	<b>118,148</b>
<b>Non-Current Liabilities</b>											
Payables	0	0	0	0	0	0	0	0	0	0	0
Lease liabilities	8	8	8	8	8	8	8	8	8	8	8
Borrowings	172,551	146,416	125,669	118,922	99,214	80,957	62,235	48,288	36,321	28,464	28,464
Employee benefit provision	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336
Provisions	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878
<b>Total Non-Current Liabilities</b>	<b>185,773</b>	<b>159,638</b>	<b>138,891</b>	<b>132,144</b>	<b>112,436</b>	<b>94,179</b>	<b>75,457</b>	<b>61,510</b>	<b>49,543</b>	<b>41,686</b>	<b>41,686</b>
<b>TOTAL LIABILITIES</b>	<b>324,824</b>	<b>299,268</b>	<b>277,786</b>	<b>271,039</b>	<b>250,292</b>	<b>230,584</b>	<b>212,327</b>	<b>193,605</b>	<b>179,658</b>	<b>167,691</b>	<b>159,834</b>
<b>NET ASSETS</b>	<b>5,003,401</b>	<b>5,060,815</b>	<b>5,233,627</b>	<b>5,423,598</b>	<b>5,601,424</b>	<b>5,779,981</b>	<b>5,957,603</b>	<b>6,135,300</b>	<b>6,319,513</b>	<b>6,509,440</b>	<b>6,707,586</b>
<b>EQUITY</b>											
Retained Earnings	1,874,011	1,931,426	1,950,277	1,981,514	1,995,770	2,005,961	2,010,975	2,011,001	2,012,655	2,014,964	2,020,074
Revaluation Reserves	3,129,390	3,129,390	3,283,351	3,442,085	3,605,655	3,774,021	3,946,629	4,124,299	4,306,859	4,494,476	4,687,513
Other reserves	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EQUITY</b>	<b>5,003,401</b>	<b>5,060,816</b>	<b>5,233,628</b>	<b>5,423,599</b>	<b>5,601,425</b>	<b>5,779,982</b>	<b>5,957,604</b>	<b>6,135,300</b>	<b>6,319,514</b>	<b>6,509,440</b>	<b>6,707,587</b>

BASE RATE SCENARIO

STATEMENT OF CASH FLOWS - CONSOLIDATED	DRAFT/ PROJECTED	FORWARD PLAN										
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances as at 30 June												
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates and Annual Charges	176,559	193,439	201,009	210,389	220,295	230,742	239,174	247,932	256,994	266,393	276,143	
User Charges and Fees	96,399	108,035	115,629	122,565	127,903	133,198	137,797	142,566	147,512	152,641	157,959	
Interest and Investment Revenue	7,182	8,358	6,351	6,685	6,431	6,022	5,270	4,544	4,933	5,369	5,882	
Grants and Contributions	175,433	99,777	61,286	59,268	38,521	35,923	37,057	38,061	39,057	40,123	41,224	
Bonds, deposits and retention amounts received	1,630	0	0	0	0	0	0	0	0	0	0	
Other Revenues	37,130	5,231	5,234	5,391	5,552	5,720	5,890	6,068	6,250	6,437	6,630	
Internal Revenue	0	0	77,280	79,547	81,915	84,353	86,862	89,448	92,111	94,852	97,675	
<b>Payments:</b>												
Employee Benefits and On-Costs	(115,759)	(127,703)	(125,055)	(124,807)	(126,935)	(129,320)	(132,560)	(135,900)	(139,292)	(142,782)	(146,361)	
Borrowing Costs	(7,248)	(7,430)	(6,819)	(6,000)	(6,047)	(5,249)	(4,462)	(3,667)	(2,872)	(2,118)	(1,557)	
Materials and Contracts	(92,733)	(110,605)	(118,303)	(123,317)	(127,307)	(133,832)	(138,934)	(144,424)	(149,033)	(155,065)	(158,946)	
Bonds, deposits and retention amounts refunded	(1,892)	0	0	0	0	0	0	0	0	0	0	
Waste Levy	(14,208)	(15,000)	(15,450)	(15,914)	(16,391)	(16,883)	(17,389)	(17,911)	(18,448)	(19,002)	(19,572)	
Other Expenses	(52,228)	(5,347)	(5,506)	(5,671)	(5,840)	(6,014)	(6,195)	(6,379)	(6,570)	(6,766)	(6,968)	
Internal Expenses	0	0	(73,788)	(76,116)	(78,466)	(80,979)	(83,495)	(86,061)	(88,688)	(91,399)	(94,191)	
<b>Net Cash Provided from Operating Activities</b>	<b>210,265</b>	<b>148,755</b>	<b>121,868</b>	<b>132,020</b>	<b>119,631</b>	<b>123,681</b>	<b>129,015</b>	<b>134,277</b>	<b>141,954</b>	<b>148,683</b>	<b>157,918</b>	
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Sale of Investment Securities	154,901	40,000	16,000	0	0	0	16,000	17,000	15,000	8,000	0	
Sale of Investment Property		0	0	0	0	0	0	0	0	0	0	
Sale of Real Estate	8,381	17,000	10,915	8,320	9,500	5,496	3,500	0	0	0	0	
Sale of Infrastructure, Property, Plant & Equipment	5,237	2,185	2,193	2,318	2,531	2,547	2,627	2,664	2,874	2,960	3,049	
Sale of Interest in Joint Venture & Associates	0	0	0	0	0	0	0	0	0	0	0	
Other	0	(428)	0	0	0	0	0	0	0	0	0	
Deferred debtors receipts	0	0	0	0	0	0	0	0	0	0	0	

## STATEMENT OF CASH FLOWS - CONSOLIDATED - Continued

	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
<b>Cash Flows from Investing Activities - Continued</b>											
<b>Payments:</b>											
Purchase of Investment Securities	(109,750)	(50,227)	0	(9,000)	(9,000)	(5,000)	0	(8,000)	(10,000)	0	(5,000)
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(171,633)	(190,630)	(111,385)	(114,180)	(113,869)	(96,710)	(126,393)	(121,814)	(128,830)	(141,937)	(126,405)
Purchase of Real Estate Assets	451	0	0	0	0	0	0	0	0	0	0
Purchase of Intangible Assets	1	0	0	0	0	0	0	0	0	0	0
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	(20)	0	0	0	0	0	0	0	0	0	0
<b>Net Cash Provided from Investing Activities</b>	<b>(112,432)</b>	<b>(182,100)</b>	<b>(82,277)</b>	<b>(112,542)</b>	<b>(110,838)</b>	<b>(93,667)</b>	<b>(104,266)</b>	<b>(110,150)</b>	<b>(120,956)</b>	<b>(130,977)</b>	<b>(128,356)</b>
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
Proceeds from Borrowings & Advances	15,856	3,751	0	14,000	0	0	0	0	0	0	0
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>											
Repayment of Borrowings & Advances	(19,340)	(29,308)	(21,482)	(20,747)	(20,747)	(19,708)	(18,257)	(18,722)	(13,947)	(11,967)	(7,857)
Repayment of Finance Lease Liabilities	0	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	0	0	(335)	(346)	(355)	(367)	(378)	(389)	(401)	(413)	(425)
<b>Net Cash Provided from Financing Activities</b>	<b>(3,484)</b>	<b>(25,557)</b>	<b>(21,817)</b>	<b>(7,093)</b>	<b>(21,102)</b>	<b>(20,075)</b>	<b>(18,635)</b>	<b>(19,111)</b>	<b>(14,348)</b>	<b>(12,380)</b>	<b>(8,282)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>94,349</b>	<b>(58,902)</b>	<b>17,774</b>	<b>12,385</b>	<b>(12,309)</b>	<b>9,939</b>	<b>6,114</b>	<b>5,016</b>	<b>6,650</b>	<b>5,326</b>	<b>21,280</b>
Plus: Cash & Equivalents - beginning of year	27,431	121,780	62,878	80,651	93,037	80,727	90,666	96,780	101,797	108,447	113,774
<b>Cash &amp; Equivalents - end of year</b>	<b>121,780</b>	<b>62,878</b>	<b>80,652</b>	<b>93,036</b>	<b>80,728</b>	<b>90,666</b>	<b>96,780</b>	<b>101,796</b>	<b>108,447</b>	<b>113,773</b>	<b>135,054</b>
plus: Investments on hand - end of year	95,854	106,081	90,081	99,081	108,081	113,081	97,081	88,081	83,081	75,081	80,081
<b>Total cash, cash equivalents and investments</b>	<b>217,634</b>	<b>168,959</b>	<b>170,733</b>	<b>192,117</b>	<b>188,809</b>	<b>203,747</b>	<b>193,861</b>	<b>189,877</b>	<b>191,528</b>	<b>188,854</b>	<b>215,135</b>

**BASE RATE SCENARIO**

INCOME STATEMENT - GENERAL FUND	DRAFT/ PROJECTED	FORWARD PLAN										
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Balances as at 30 June	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations												
Revenue:												
Rates and Annual Charges	120,335	129,627	132,616	137,021	141,575	146,281	151,144	156,171	161,366	166,736	172,285	
User Charges and Fees	67,664	72,470	78,418	83,632	87,168	90,578	93,204	95,909	98,695	101,564	104,518	
Interest and Investment Revenue	4,372	5,904	3,491	3,516	3,546	3,574	3,604	3,634	3,665	3,696	3,729	
Other Revenues	8,920	4,957	5,105	5,259	5,416	5,579	5,746	5,919	6,096	6,279	6,467	
Internal Revenue	0	69,416	71,577	73,674	75,865	78,121	80,444	82,837	85,301	87,838	90,451	
Grants and Contributions provided for Operating Purposes	21,946	33,163	22,667	21,363	21,944	22,530	23,146	23,809	24,454	25,153	25,876	
Grants and Contributions provided for Capital Purposes	104,738	62,949	34,811	33,949	12,465	9,121	9,470	9,636	9,806	9,981	10,162	
Other Income:												
Net Gains from the disposal of assets	(7,095)	6,099	1,360	9,000	10,000	8,000	4,000	0	0	0	0	
Other income	0	0	0	0	0	0	0	0	0	0	0	
Total Income from Continuing Operations	320,880	384,584	350,045	367,416	357,979	363,784	370,758	377,915	389,383	401,247	413,488	
Expenses from Continuing Operations												
Employee Benefits and On-Costs	93,183	103,771	99,863	99,036	100,520	102,245	104,807	107,453	110,135	112,895	115,727	
Borrowing Costs	4,146	4,523	4,136	3,543	3,802	3,201	2,601	2,001	1,408	864	522	
Materials and Contracts	74,970	87,213	91,673	94,802	96,904	100,937	103,470	106,410	109,605	114,159	118,511	
Depreciation and Amortisation	61,135	64,553	69,013	72,464	76,087	79,891	83,886	88,080	92,484	97,108	101,964	
Other Expenses	17,906	20,249	20,855	21,480	22,124	22,787	23,470	24,173	24,898	25,644	26,412	
Internal Expenses	0	57,353	59,076	60,736	62,555	64,428	66,358	68,351	70,398	72,506	74,678	
Total Expenses from Continuing Operations	251,340	337,662	344,616	352,061	361,992	373,489	384,592	396,468	408,928	423,176	435,814	
Net Operating Result	69,540	46,922	5,429	15,355	(4,013)	(9,705)	(13,834)	(18,553)	(19,545)	(21,929)	(22,326)	
Net Operating Result before grants and contributions provided for capital purposes	(35,198)	(16,027)	(29,382)	(18,594)	(16,478)	(18,826)	(23,304)	(28,189)	(29,351)	(31,910)	(32,488)	



BASE RATE SCENARIO

STATEMENT OF FINANCIAL POSITION - GENERAL FUND	DRAFT/ PROJECTED 2023/24 \$'000	FORWARD PLAN									
		2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
Balances as at 30 June											
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	103,389	53,397	63,599	77,141	69,614	76,373	79,790	83,694	91,670	104,505	115,024
Investments	28,602	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829
Receivables	21,609	21,609	21,609	21,610	21,610	21,610	21,610	21,611	21,611	21,611	21,611
Inventories	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656
Other	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Non-current Assets Classified as 'Held for Sale'	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>158,317</b>	<b>118,552</b>	<b>128,754</b>	<b>142,297</b>	<b>134,770</b>	<b>141,529</b>	<b>144,946</b>	<b>148,851</b>	<b>156,827</b>	<b>169,662</b>	<b>180,181</b>
<b>Non-Current Assets</b>											
Investments	0	0	0	0	0	0	0	0	0	0	0
Receivables	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637
Inventories	11,520	9,555	0	680	1,180	3,684	4,184	4,184	4,184	4,184	4,184
Infrastructure, Property, Plant & Equipment	3,585,215	3,652,927	3,751,083	3,863,160	3,966,290	4,051,364	4,141,845	4,230,064	4,320,842	4,409,293	4,506,643
Investment Property	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425
Intangible Assets	306	306	306	306	306	306	306	306	306	306	306
Right of use assets	121	121	121	121	121	121	121	121	121	121	121
Other	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716
<b>Total Non-Current Assets</b>	<b>3,607,940</b>	<b>3,673,687</b>	<b>3,762,288</b>	<b>3,875,045</b>	<b>3,978,675</b>	<b>4,066,253</b>	<b>4,157,234</b>	<b>4,245,453</b>	<b>4,336,231</b>	<b>4,424,682</b>	<b>4,522,032</b>
<b>TOTAL ASSETS</b>	<b>3,766,257</b>	<b>3,792,239</b>	<b>3,891,042</b>	<b>4,017,342</b>	<b>4,113,445</b>	<b>4,207,782</b>	<b>4,302,180</b>	<b>4,394,304</b>	<b>4,493,058</b>	<b>4,594,344</b>	<b>4,702,213</b>

## STATEMENT OF FINANCIAL POSITION - GENERAL FUND - Continued

	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	33,370	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371
Contract liabilities	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601
Lease liabilities	118	118	118	118	118	118	118	118	118	118	118
Borrowings	16,287	16,214	15,587	15,779	14,947	13,309	13,579	8,602	6,411	2,083	0
Employee benefit provision	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560
Provisions	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723
<b>Total Current Liabilities</b>	<b>115,659</b>	<b>115,587</b>	<b>114,960</b>	<b>115,152</b>	<b>114,320</b>	<b>112,682</b>	<b>112,952</b>	<b>107,975</b>	<b>105,784</b>	<b>101,456</b>	<b>99,373</b>
<b>Non-Current Liabilities</b>											
Lease liabilities	8	8	8	8	8	8	8	8	8	8	8
Borrowings	103,390	82,523	66,936	65,157	50,210	36,901	23,322	14,720	8,309	6,226	6,226
Employee benefit provision	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336
Provisions	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878
<b>Total Non-Current Liabilities</b>	<b>116,612</b>	<b>95,745</b>	<b>80,158</b>	<b>78,379</b>	<b>63,432</b>	<b>50,123</b>	<b>36,544</b>	<b>27,942</b>	<b>21,531</b>	<b>19,448</b>	<b>19,448</b>
<b>TOTAL LIABILITIES</b>	<b>232,271</b>	<b>211,332</b>	<b>195,118</b>	<b>193,531</b>	<b>177,752</b>	<b>162,805</b>	<b>149,496</b>	<b>135,917</b>	<b>127,315</b>	<b>120,904</b>	<b>118,821</b>
<b>NET ASSETS</b>	<b>3,533,986</b>	<b>3,580,907</b>	<b>3,695,924</b>	<b>3,823,811</b>	<b>3,935,693</b>	<b>4,044,977</b>	<b>4,152,684</b>	<b>4,258,387</b>	<b>4,365,743</b>	<b>4,473,440</b>	<b>4,583,392</b>
<b>EQUITY</b>											
Retained Earnings	1,172,901	1,219,823	1,225,252	1,240,607	1,236,594	1,226,889	1,213,055	1,194,502	1,174,957	1,153,028	1,130,702
Revaluation Reserves	2,361,085	2,361,085	2,470,673	2,583,205	2,699,100	2,818,089	2,939,630	3,063,885	3,190,787	3,320,412	3,452,691
<b>TOTAL EQUITY</b>	<b>3,533,986</b>	<b>3,580,908</b>	<b>3,695,925</b>	<b>3,823,812</b>	<b>3,935,694</b>	<b>4,044,978</b>	<b>4,152,685</b>	<b>4,258,387</b>	<b>4,365,744</b>	<b>4,473,440</b>	<b>4,583,393</b>

BASE RATE SCENARIO

STATEMENT OF CASH FLOWS - GENERAL FUND		FORWARD PLAN									
	DRAFT/ PROJECTED										
Balances as at 30 June	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates and Annual Charges	118,370	129,627	132,616	137,021	141,575	146,281	151,144	156,171	161,366	166,736	172,285
User Charges and Fees	67,664	72,470	78,418	83,632	87,168	90,578	93,204	95,909	98,695	101,564	104,518
Interest and Investment Revenue	4,372	5,904	3,491	3,518	3,546	3,574	3,604	3,634	3,665	3,696	3,729
Grants and Contributions	150,769	96,112	57,478	55,312	34,409	31,651	32,616	33,445	34,259	35,135	36,038
Bonds, deposits and retention amounts received	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	8,920	4,957	5,105	5,259	5,416	5,579	5,746	5,919	6,096	6,279	6,467
Internal Revenue	0	69,415	71,577	73,674	75,865	78,121	80,444	82,837	85,301	87,838	90,451
<b>Payments:</b>											
Employee Benefits and On-Costs	(93,183)	(103,771)	(99,863)	(99,036)	(100,520)	(102,245)	(104,807)	(107,453)	(110,135)	(112,895)	(115,727)
Borrowing Costs	(4,146)	(4,523)	(4,136)	(3,543)	(3,802)	(3,201)	(2,601)	(2,001)	(1,408)	(864)	(522)
Materials and Contracts	(74,970)	(87,213)	(91,673)	(94,802)	(96,904)	(100,937)	(103,470)	(106,410)	(109,605)	(114,159)	(116,511)
Bonds, deposits and retention amounts refunded	0	0	0	0	0	0	0	0	0	0	0
Waste Levy	(11,887)	(15,000)	(15,450)	(15,914)	(16,391)	(16,883)	(17,389)	(17,911)	(18,448)	(19,002)	(19,572)
Other Expenses	(6,018)	(5,249)	(5,405)	(5,567)	(5,733)	(5,904)	(6,081)	(6,262)	(6,450)	(6,642)	(6,841)
Internal Expenses	0	(57,353)	(59,076)	(60,736)	(62,555)	(64,428)	(66,358)	(68,351)	(70,398)	(72,506)	(74,678)
<b>Net Cash Provided from Operating Activities</b>	<b>159,891</b>	<b>105,376</b>	<b>73,082</b>	<b>78,818</b>	<b>62,074</b>	<b>62,186</b>	<b>66,052</b>	<b>69,527</b>	<b>72,938</b>	<b>75,180</b>	<b>79,637</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Investment Securities	62,227	40,000	0	0	0	0	0	0	0	0	0
Sale of Real Estate	6,072	17,000	10,915	8,320	9,500	5,496	3,500	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	3,934	1,965	1,966	2,085	2,291	2,299	2,372	2,402	2,603	2,681	2,762

BASE RATE SCENARIO											
STATEMENT OF CASH FLOWS - GENERAL FUND - Continued											
	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Investing Activities - Continued											
Payments:											
Purchase of Investment Securities	(12,000)	(50,227)	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(130,690)	(143,166)	(59,547)	(74,094)	(65,613)	(48,275)	(55,198)	(54,446)	(58,963)	(58,615)	(69,797)
Purchase of Real Estate Assets	(3,249)	0	0	0	0	0	0	0	0	0	0
Net Cash Provided from Investing Activities	(73,706)	(134,428)	(46,666)	(63,689)	(53,822)	(40,480)	(49,326)	(52,044)	(56,360)	(55,934)	(67,035)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowings & Advances	15,856	3,751	0	14,000	0	0	0	0	0	0	0
Payments:											
Repayment of Borrowings & Advances	(14,216)	(24,691)	(16,214)	(15,587)	(15,779)	(14,947)	(13,309)	(13,579)	(8,602)	(6,411)	(2,083)
Net Cash Provided from Financing Activities	1,640	(20,940)	(16,214)	(1,587)	(15,779)	(14,947)	(13,309)	(13,579)	(8,602)	(6,411)	(2,083)
Plus: <b>Cash &amp; Equivalents - beginning of year</b>	15,564	103,389	53,397	63,599	77,141	69,614	76,373	79,790	83,694	91,670	104,505
Cash & Equivalents - end of year	103,389	53,397	63,599	77,141	69,614	76,373	79,790	83,694	91,670	104,505	115,024
plus: Investments on hand - end of year	28,602	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829
Total cash, cash equivalents and investments	131,991	92,226	102,428	115,970	108,443	115,202	118,619	122,523	130,499	143,334	153,853

# BASE RATE SCENARIO

## Key Performance Indicators Statement

Indicator	Target	Fund	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>Local Government Industry Indicators</b>												
Operating Performance Ratio	Greater than 0%	Consolidated General	-4.4%	-6.9%	-5.1%	-4.0%	-3.6%	-3.9%	-4.1%	-3.6%	-3.4%	-2.8%
			-7.0%	-9.8%	-8.5%	-7.9%	-7.7%	-7.6%	-7.7%	-7.7%	-8.2%	-8.1%
Own Source Operating Revenue Ratio	Greater than 60%	Consolidated General	76.0%	84.3%	85.3%	90.3%	91.3%	91.3%	91.3%	91.4%	91.5%	91.6%
			74.6%	83.5%	84.6%	90.1%	91.1%	91.1%	91.2%	91.2%	91.2%	91.3%
Unrestricted Current Ratio	Greater than 1.5	Consolidated General	-1.53	-1.44	-1.56	-1.27	-1.26	-1.24	-1.26	-1.27	-1.33	-1.41
			-1.53	-1.44	-1.56	-1.27	-1.26	-1.24	-1.26	-1.27	-1.33	-1.41
Debt Service Cover Ratio	Greater than 2.0	Consolidated General	12.35	9.79	11.52	10.55	12.02	13.35	14.86	16.86	18.92	21.07
			23.30	17.67	22.25	16.33	19.43	25.39	34.75	51.80	87.01	152.56
Cash Expense Cover Ratio	Greater than 3 mths	Consolidated General	2.36	1.54	1.77	1.87	2.07	1.60	1.32	1.10	0.63	1.05
			-1.03	-1.02	-1.00	-0.98	-0.96	-0.93	-0.91	-0.89	-0.86	-0.84
Indicator	Target	Fund	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>Infrastructure Asset Performance Indicators</b>												
Infrastructure Renewals Ratio	Greater than 100%	Consolidated General	58.8%	-8.3%	-13.7%	-2.2%	15.3%	14.2%	15.8%	16.0%	15.8%	15.8%
			52.4%	-55.8%	-64.7%	-46.8%	-19.5%	-21.8%	-19.1%	-18.4%	-18.1%	-17.4%
Infrastructure Backlog Ratio	Less than 2%	Consolidated General	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.9%	3.9%	3.9%	4.0%
			4.3%	4.2%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Asset Maintenance Ratio	Greater than 1x	Consolidated General	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
			0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84

## 8% SCENARIO

If Council were to apply to IPART for an SRV of 8%, Council would be permitted to increase the total rates charged for the year ended 30 June 2026 in the annual budget by an amount of 8%. This scenario has been based on that premise along with the same parameters as the Base Rate Scenario

This scenario would see Council achieve an average renewal rate of 63% over the life of the LTFP, failing the renewal ratio in each year leading to an increase in Councils infrastructure backlog ratio and ongoing maintenance costs.

Councils General Fund unrestricted cash position would grow to the target of \$15m by 30/06/2033, but Councils Operating Performance Ratio would be below the benchmark for the entire life of the LTFP (no operational surplus achieved in the 10 year plan).

The scenario is very similar to the Base Rate Scenario as an additional 4.2% increase of rating income produces approx. \$4m in additional revenue which for the purposes of this model was allocated to capital and does not have a significant effect on the other ratios.

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

BASE RATE SCENARIO

INCOME STATEMENT - CONSOLIDATED	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances as at 30 June											
Income from Continuing Operations											
Revenue:											
Rates and Annual Charges	178,178	193,439	204,950	214,467	224,513	235,106	243,689	252,603	261,827	271,392	281,315
User Charges and Fees	97,976	108,035	115,629	122,565	127,903	133,198	137,797	142,566	147,512	152,641	157,959
Interest and Investment Revenue	7,571	8,358	6,351	6,685	6,431	6,022	5,270	4,544	4,933	5,369	5,882
Other Revenues	9,049	5,231	5,234	5,391	5,553	5,720	5,890	6,068	6,250	6,437	6,630
Internal Revenue		0	0	0	0	0	0	0	0	0	0
Grants and Contributions provided for Operating Purposes	21,946	33,163	22,667	21,363	21,944	22,530	23,146	23,809	24,454	25,153	25,876
Grants and Contributions provided for Capital Purposes	124,758	66,614	38,619	37,905	16,577	13,393	13,911	14,252	14,604	14,969	15,348
Other Income:	0	0	0	0	0	0	0	0	0	0	0
Net Gains from the disposal of assets		6,099	1,360	9,000	10,000	8,000	4,000	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Total Income from Continuing Operations	439,478	420,939	394,810	417,376	412,921	423,969	433,703	443,842	459,580	475,961	493,010
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Expenses from Continuing Operations	0	0	0	0	0	0	0	0	0	0	0
Employee Benefits and On-Costs	115,650	127,703	125,055	124,807	126,935	129,320	132,560	135,900	139,292	142,782	146,361
Borrowing Costs	7,204	7,430	6,819	6,000	6,047	5,249	4,462	3,667	2,872	2,118	1,557
Materials and Contracts	105,689	110,605	118,303	123,318	127,307	133,833	138,934	144,423	149,034	155,064	158,946
Depreciation and Amortisation	92,758	97,439	104,041	109,439	115,019	121,123	127,623	133,863	139,900	145,961	152,385
Other Expenses	21,681	20,347	20,956	21,584	22,231	22,897	23,584	24,290	25,018	25,768	26,539
Internal Expenses		0	0	0	0	0	0	0	0	0	0
Net Losses from the disposal of assets	9,364	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Total Expenses from Continuing Operations	352,346	363,524	375,174	385,148	397,539	412,422	427,163	442,143	456,116	471,693	485,788
	0	0	0	0	0	0	0	0	0	0	0
Net Operating Result	87,132	57,415	19,636	32,228	15,382	11,547	6,540	1,699	3,464	4,268	7,222
	0	0	0	0	0	0	0	0	0	0	0
Net Operating Result before grants and contributions provided for capital purposes	(37,626)	(9,199)	(18,983)	(5,677)	(1,195)	(1,846)	(7,371)	(12,553)	(11,140)	(10,701)	(8,126)



8% RATE INCREASE

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED	DRAFT/ PROJECTED 2023/24 \$'000	FORWARD PLAN									
		2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
Balances as at 30 June											
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	121,780	62,878	80,651	93,115	81,023	91,326	97,955	103,643	111,126	113,774	135,055
Investments	88,130	98,357	82,357	91,357	100,357	105,357	89,357	80,357	75,357	67,357	72,357
Receivables	29,399	29,827	29,827	29,828	29,828	29,828	29,828	29,829	29,829	29,829	29,829
Inventories	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737
Other	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Non-current Assets Classified as 'Held for Sale'	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>245,107</b>	<b>196,860</b>	<b>198,633</b>	<b>220,098</b>	<b>217,006</b>	<b>232,309</b>	<b>222,938</b>	<b>219,627</b>	<b>222,110</b>	<b>216,758</b>	<b>243,039</b>
<b>Non-Current Assets</b>											
Investments	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724
Receivables	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169
Inventories	11,520	9,555	0	680	1,180	3,684	4,184	4,184	4,184	4,184	4,184
Infrastructure, Property, Plant & Equipment	5,050,075	5,132,145	5,295,198	5,460,474	5,624,605	5,770,380	5,943,631	6,111,223	6,284,613	6,473,842	6,644,197
Investment Property	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425
Intangible Assets	368	368	368	368	368	368	368	368	368	368	368
Right of use assets	121	121	121	121	121	121	121	121	121	121	121
Other	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716
<b>Total Non-Current Assets</b>	<b>5,083,118</b>	<b>5,163,223</b>	<b>5,316,721</b>	<b>5,482,677</b>	<b>5,647,308</b>	<b>5,795,587</b>	<b>5,969,338</b>	<b>6,136,930</b>	<b>6,310,320</b>	<b>6,499,549</b>	<b>6,669,904</b>
<b>TOTAL ASSETS</b>	<b>5,328,225</b>	<b>5,360,083</b>	<b>5,515,354</b>	<b>5,702,775</b>	<b>5,864,314</b>	<b>6,027,896</b>	<b>6,192,276</b>	<b>6,356,557</b>	<b>6,532,430</b>	<b>6,716,307</b>	<b>6,912,943</b>

## STATEMENT OF FINANCIAL POSITION - CONSOLIDATED - Continued

	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	37,598	37,599	37,599	37,599	37,599	37,599	37,599	37,599	37,599	37,599	37,599
Income received in advance	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547
Contract liabilities	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601
Lease liabilities	118	118	118	118	118	118	118	118	118	118	118
Borrowings	20,904	21,482	20,747	20,747	19,708	18,257	18,722	13,947	11,967	7,857	0
Employee benefit provision	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560
Provisions	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723
<b>Total Current Liabilities</b>	<b>139,051</b>	<b>139,630</b>	<b>138,895</b>	<b>138,895</b>	<b>137,856</b>	<b>136,405</b>	<b>136,870</b>	<b>132,095</b>	<b>130,115</b>	<b>126,005</b>	<b>118,148</b>
<b>Non-Current Liabilities</b>											
Payables	0	0	0	0	0	0	0	0	0	0	0
Lease liabilities	8	8	8	8	8	8	8	8	8	8	8
Borrowings	172,551	146,416	125,669	118,922	99,214	80,957	62,235	48,288	36,321	28,464	28,464
Employee benefit provision	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336
Provisions	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878
<b>Total Non-Current Liabilities</b>	<b>185,773</b>	<b>159,638</b>	<b>138,891</b>	<b>132,144</b>	<b>112,436</b>	<b>94,179</b>	<b>75,457</b>	<b>61,510</b>	<b>49,543</b>	<b>41,686</b>	<b>41,686</b>
<b>TOTAL LIABILITIES</b>	<b>324,824</b>	<b>299,268</b>	<b>277,786</b>	<b>271,039</b>	<b>250,292</b>	<b>230,584</b>	<b>212,327</b>	<b>193,605</b>	<b>179,658</b>	<b>167,691</b>	<b>159,834</b>
<b>NET ASSETS</b>	<b>5,003,401</b>	<b>5,060,815</b>	<b>5,237,568</b>	<b>5,431,736</b>	<b>5,614,022</b>	<b>5,797,312</b>	<b>5,979,949</b>	<b>6,162,952</b>	<b>6,352,772</b>	<b>6,548,616</b>	<b>6,753,109</b>
<b>EQUITY</b>											
Retained Earnings	1,874,011	1,931,426	1,954,218	1,989,533	2,008,007	2,022,562	2,032,091	2,036,788	2,043,275	2,050,583	2,060,865
Revaluation Reserves	3,129,390	3,129,390	3,283,351	3,442,204	3,606,016	3,774,751	3,947,859	4,126,164	4,309,498	4,498,033	4,692,245
Other reserves	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EQUITY</b>	<b>5,003,401</b>	<b>5,060,816</b>	<b>5,237,569</b>	<b>5,431,737</b>	<b>5,614,023</b>	<b>5,797,313</b>	<b>5,979,950</b>	<b>6,162,952</b>	<b>6,352,773</b>	<b>6,548,616</b>	<b>6,753,110</b>

8% RATE INCREASE

STATEMENT OF CASH FLOWS - CONSOLIDATED	DRAFT/ PROJECTION	FORWARD PLAN									
Balances as at 30 June	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates and Annual Charges	176,559	193,439	204,950	214,467	224,513	235,106	243,689	252,603	261,827	271,392	281,315
User Charges and Fees	96,399	108,035	115,629	122,565	127,903	133,198	137,797	142,566	147,512	152,641	157,959
Interest and Investment Revenue	7,182	8,358	6,351	6,685	6,431	6,022	5,270	4,544	4,933	5,369	5,882
Grants and Contributions	175,433	99,777	61,286	59,268	38,521	35,923	37,057	38,061	39,057	40,123	41,224
Bonds, deposits and retention amounts received	1,630	0	0	0	0	0	0	0	0	0	0
Other Revenues	37,130	5,231	5,234	5,391	5,552	5,720	5,890	6,068	6,250	6,437	6,630
Internal Revenue	0	0	77,280	79,547	81,915	84,353	86,862	89,448	92,111	94,852	97,675
<b>Payments:</b>											
Employee Benefits and On-Costs	(115,759)	(127,703)	(125,055)	(124,807)	(126,935)	(129,320)	(132,560)	(135,900)	(139,292)	(142,782)	(146,361)
Borrowing Costs	(7,248)	(7,430)	(6,819)	(6,000)	(6,047)	(5,249)	(4,462)	(3,667)	(2,872)	(2,118)	(1,557)
Materials and Contracts	(92,733)	(110,605)	(118,303)	(123,317)	(127,307)	(133,832)	(138,934)	(144,424)	(149,033)	(155,065)	(158,946)
Bonds, deposits and retention amounts refunded	(1,892)	0	0	0	0	0	0	0	0	0	0
Waste Levy	(14,208)	(15,000)	(15,450)	(15,914)	(16,391)	(16,883)	(17,389)	(17,911)	(18,448)	(19,002)	(19,572)
Other Expenses	(52,228)	(5,347)	(5,506)	(5,671)	(5,840)	(6,014)	(6,195)	(6,379)	(6,570)	(6,766)	(6,968)
Internal Expenses	0	0	(73,788)	(76,116)	(78,466)	(80,979)	(83,495)	(86,061)	(88,688)	(91,399)	(94,191)
<b>Net Cash Provided from Operating Activities</b>	<b>210,265</b>	<b>148,755</b>	<b>125,809</b>	<b>136,098</b>	<b>123,849</b>	<b>128,045</b>	<b>133,530</b>	<b>138,948</b>	<b>146,787</b>	<b>153,682</b>	<b>163,090</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Investment Securities	154,901	40,000	16,000	0	0	0	16,000	17,000	15,000	8,000	0
Sale of Investment Property		0	0	0	0	0	0	0	0	0	0
Sale of Real Estate	8,381	17,000	10,915	8,320	9,500	5,496	3,500	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	5,237	2,185	2,193	2,318	2,531	2,547	2,627	2,664	2,874	2,960	3,049
Sale of Interest in Joint Venture & Associates	0	0	0	0	0	0	0	0	0	0	0
Other	0	(428)	0	0	0	0	0	0	0	0	0
Deferred debtors receipts	0	0	0	0	0	0	0	0	0	0	0

## STATEMENT OF CASH FLOWS - CONSOLIDATED - Continued

	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Investing Activities - Continued</b>											
<b>Payments:</b>											
Purchase of Investment Securities	(109,750)	(50,227)	0	(9,000)	(9,000)	(5,000)	0	(8,000)	(10,000)	0	(5,000)
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(171,633)	(190,630)	(115,326)	(118,180)	(117,869)	(100,710)	(130,393)	(125,814)	(132,830)	(149,615)	(131,577)
Purchase of Real Estate Assets	451	0	0	0	0	0	0	0	0	0	0
Purchase of Intangible Assets	1	0	0	0	0	0	0	0	0	0	0
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	(20)	0	0	0	0	0	0	0	0	0	0
<b>Net Cash Provided from Investing Activities</b>	<b>(112,432)</b>	<b>(182,100)</b>	<b>(86,218)</b>	<b>(116,542)</b>	<b>(114,838)</b>	<b>(97,667)</b>	<b>(108,266)</b>	<b>(114,150)</b>	<b>(124,956)</b>	<b>(138,655)</b>	<b>(133,528)</b>
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
Proceeds from Borrowings & Advances	15,856	3,751	0	14,000	0	0	0	0	0	0	0
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>											
Repayment of Borrowings & Advances	(19,340)	(29,308)	(21,482)	(20,747)	(20,747)	(19,708)	(18,257)	(18,722)	(13,947)	(11,967)	(7,857)
Repayment of Finance Lease Liabilities	0	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	0	0	(335)	(346)	(355)	(367)	(378)	(389)	(401)	(413)	(425)
<b>Net Cash Provided from Financing Activities</b>	<b>(3,484)</b>	<b>(25,557)</b>	<b>(21,817)</b>	<b>(7,093)</b>	<b>(21,102)</b>	<b>(20,075)</b>	<b>(18,635)</b>	<b>(19,111)</b>	<b>(14,348)</b>	<b>(12,380)</b>	<b>(8,282)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>94,349</b>	<b>(58,902)</b>	<b>17,774</b>	<b>12,463</b>	<b>(12,091)</b>	<b>10,303</b>	<b>6,629</b>	<b>5,687</b>	<b>7,483</b>	<b>2,647</b>	<b>21,280</b>
Plus: Cash & Equivalents - beginning of year	27,431	121,780	62,878	80,651	93,115	81,023	91,326	97,955	103,643	111,126	113,774
<b>Cash &amp; Equivalents - end of year</b>	<b>121,780</b>	<b>62,878</b>	<b>80,652</b>	<b>93,114</b>	<b>81,024</b>	<b>91,326</b>	<b>97,955</b>	<b>103,642</b>	<b>111,126</b>	<b>113,773</b>	<b>135,054</b>
plus: Investments on hand - end of year	95,854	106,081	90,081	99,081	108,081	113,081	97,081	88,081	83,081	75,081	80,081
<b>Total cash, cash equivalents and investments</b>	<b>217,634</b>	<b>168,959</b>	<b>170,733</b>	<b>192,195</b>	<b>189,105</b>	<b>204,407</b>	<b>195,036</b>	<b>191,723</b>	<b>194,207</b>	<b>188,854</b>	<b>215,135</b>

**8% RATE INCREASE**

INCOME STATEMENT - GENERAL FUND	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances as at 30 June											
Income from Continuing Operations											
Revenue:											
Rates and Annual Charges	120,335	129,627	136,557	141,099	145,793	150,645	155,659	160,842	166,199	171,735	177,457
User Charges and Fees	67,664	72,470	78,418	83,632	87,168	90,578	93,204	95,909	98,695	101,564	104,518
Interest and Investment Revenue	4,372	5,904	3,491	3,518	3,546	3,574	3,604	3,634	3,665	3,696	3,729
Other Revenues	8,920	4,957	5,105	5,259	5,416	5,579	5,746	5,919	6,096	6,279	6,467
Internal Revenue	0	69,415	71,577	73,674	75,865	78,121	80,444	82,837	85,301	87,838	90,451
Grants and Contributions provided for Operating Purposes	21,946	33,163	22,667	21,363	21,944	22,530	23,146	23,809	24,454	25,153	25,876
Grants and Contributions provided for Capital Purposes	104,738	62,949	34,811	33,949	12,465	9,121	9,470	9,636	9,806	9,981	10,162
Other Income:											
Net Gains from the disposal of assets	(7,095)	6,099	1,360	9,000	10,000	8,000	4,000	0	0	0	0
Other income	0	0	0	0	0	0	0	0	0	0	0
Total Income from Continuing Operations	320,880	384,584	353,986	371,494	362,197	368,148	375,273	382,586	394,216	406,246	418,660
Expenses from Continuing Operations											
Employee Benefits and On-Costs	93,183	103,771	99,863	99,036	100,520	102,245	104,807	107,453	110,135	112,895	115,727
Borrowing Costs	4,146	4,523	4,136	3,543	3,802	3,201	2,601	2,001	1,408	864	522
Materials and Contracts	74,970	87,213	91,673	94,802	96,904	100,937	103,470	106,410	109,605	114,159	116,511
Depreciation and Amortisation	61,135	64,553	69,013	72,464	76,087	79,891	83,886	88,080	92,484	97,108	101,964
Other Expenses	17,906	20,249	20,855	21,480	22,124	22,787	23,470	24,173	24,898	25,644	26,412
Internal Expenses	0	57,353	59,076	60,736	62,555	64,428	66,358	68,351	70,398	72,506	74,678
Total Expenses from Continuing Operations	251,340	337,662	344,616	352,061	361,992	373,489	384,592	396,468	408,928	423,176	435,814
Net Operating Result	69,540	46,922	9,370	19,433	205	(5,341)	(9,319)	(13,882)	(14,712)	(16,930)	(17,154)
Net Operating Result before grants and contributions provided for capital purposes	(35,198)	(16,027)	(25,441)	(14,516)	(12,260)	(14,462)	(18,789)	(23,518)	(24,518)	(26,911)	(27,316)

8% RATE INCREASE											
STATEMENT OF FINANCIAL POSITION - GENERAL FUND	DRAFT/ PROJECTED	FORWARD PLAN									
Balances as at 30 June	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	58,162	8,170	18,372	31,992	24,683	31,806	35,738	40,313	49,122	59,278	69,797
Investments	73,829	84,056	84,056	84,056	84,056	84,056	84,056	84,056	84,056	84,056	84,056
Receivables	21,609	21,609	21,609	21,610	21,610	21,610	21,610	21,611	21,611	21,611	21,611
Inventories	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656
Other	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Non-current Assets Classified as 'Held for Sale'	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>158,317</b>	<b>118,552</b>	<b>128,754</b>	<b>142,375</b>	<b>135,066</b>	<b>142,189</b>	<b>146,121</b>	<b>150,697</b>	<b>159,506</b>	<b>169,662</b>	<b>180,181</b>
<b>Non-Current Assets</b>											
Investments	0	0	0	0	0	0	0	0	0	0	0
Receivables	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637
Inventories	11,520	9,555	0	680	1,180	3,684	4,184	4,184	4,184	4,184	4,184
Infrastructure, Property, Plant & Equipment	3,585,215	3,652,927	3,755,024	3,871,220	3,978,592	4,068,035	4,163,016	4,255,870	4,351,422	4,448,469	4,552,166
Investment Property	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425
Intangible Assets	306	306	306	306	306	306	306	306	306	306	306
Right of use assets	121	121	121	121	121	121	121	121	121	121	121
Other	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716
<b>Total Non-Current Assets</b>	<b>3,607,940</b>	<b>3,673,687</b>	<b>3,766,229</b>	<b>3,883,105</b>	<b>3,990,977</b>	<b>4,082,924</b>	<b>4,178,405</b>	<b>4,271,259</b>	<b>4,366,811</b>	<b>4,463,858</b>	<b>4,567,555</b>
<b>TOTAL ASSETS</b>	<b>3,766,257</b>	<b>3,792,239</b>	<b>3,894,983</b>	<b>4,025,480</b>	<b>4,126,043</b>	<b>4,225,113</b>	<b>4,324,526</b>	<b>4,421,956</b>	<b>4,526,317</b>	<b>4,633,520</b>	<b>4,747,736</b>

8% RATE INCREASE

## STATEMENT OF FINANCIAL POSITION - GENERAL FUND - Continued

	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	33,370	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371
Contract liabilities	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601
Lease Liabilities	118	118	118	118	118	118	118	118	118	118	118
Borrowings	16,287	16,214	15,587	15,779	14,947	13,309	13,579	8,602	6,411	2,083	0
Employee benefit provision	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560
Provisions	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723
<b>Total Current Liabilities</b>	<b>115,659</b>	<b>115,587</b>	<b>114,960</b>	<b>115,152</b>	<b>114,320</b>	<b>112,682</b>	<b>112,952</b>	<b>107,975</b>	<b>105,784</b>	<b>101,456</b>	<b>99,373</b>
<b>Non-Current Liabilities</b>											
Lease liabilities	8	8	8	8	8	8	8	8	8	8	8
Borrowings	103,390	82,523	66,936	65,157	50,210	36,901	23,322	14,720	8,309	6,226	6,226
Employee benefit provision	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336
Provisions	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878
<b>Total Non-Current Liabilities</b>	<b>116,612</b>	<b>95,745</b>	<b>80,158</b>	<b>78,379</b>	<b>63,432</b>	<b>50,123</b>	<b>36,544</b>	<b>27,942</b>	<b>21,531</b>	<b>19,448</b>	<b>19,448</b>
<b>TOTAL LIABILITIES</b>	<b>232,271</b>	<b>211,332</b>	<b>195,118</b>	<b>193,531</b>	<b>177,752</b>	<b>162,805</b>	<b>149,496</b>	<b>135,917</b>	<b>127,315</b>	<b>120,904</b>	<b>118,821</b>
<b>NET ASSETS</b>	<b>3,533,986</b>	<b>3,580,907</b>	<b>3,699,865</b>	<b>3,831,949</b>	<b>3,948,291</b>	<b>4,062,308</b>	<b>4,175,030</b>	<b>4,286,039</b>	<b>4,399,002</b>	<b>4,512,616</b>	<b>4,628,915</b>
<b>EQUITY</b>											
Retained Earnings	1,172,901	1,219,823	1,229,193	1,248,626	1,248,831	1,243,490	1,234,171	1,220,289	1,205,577	1,188,647	1,171,493
Revaluation Reserves	2,361,085	2,361,085	2,470,673	2,583,324	2,699,461	2,818,819	2,940,860	3,065,750	3,193,426	3,323,969	3,457,423
<b>TOTAL EQUITY</b>	<b>3,533,986</b>	<b>3,580,908</b>	<b>3,699,866</b>	<b>3,831,950</b>	<b>3,948,292</b>	<b>4,062,309</b>	<b>4,175,031</b>	<b>4,286,039</b>	<b>4,399,003</b>	<b>4,512,616</b>	<b>4,628,916</b>



**8% RATE INCREASE**

STATEMENT OF CASH FLOWS - GENERAL FUND											
	DRAFT/ PROJECTED										
Balances as at 30 June	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates and Annual Charges	118,370	129,627	136,557	141,099	145,793	150,645	155,659	160,842	166,199	171,735	177,457
User Charges and Fees	67,664	72,470	78,418	83,632	87,168	90,578	93,204	95,909	98,695	101,564	104,518
Interest and Investment Revenue	4,372	5,904	3,491	3,518	3,546	3,574	3,604	3,634	3,665	3,696	3,729
Grants and Contributions	150,769	96,112	57,478	55,312	34,409	31,651	32,616	33,445	34,259	35,135	36,038
Bonds, deposits and retention amounts received	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	8,920	4,957	5,105	5,259	5,416	5,579	5,746	5,919	6,096	6,279	6,467
Internal Revenue	0	69,415	71,577	73,674	75,865	78,121	80,444	82,837	85,301	87,838	90,451
<b>Payments:</b>											
Employee Benefits and On-Costs	(93,183)	(103,771)	(99,863)	(99,036)	(100,520)	(102,245)	(104,807)	(107,453)	(110,135)	(112,895)	(115,727)
Borrowing Costs	(4,146)	(4,523)	(4,136)	(3,543)	(3,802)	(3,201)	(2,601)	(2,001)	(1,408)	(864)	(522)
Materials and Contracts	(74,970)	(87,213)	(91,673)	(94,802)	(96,904)	(100,937)	(103,470)	(106,410)	(109,605)	(114,159)	(116,511)
Bonds, deposits and retention amounts refunded	0	0	0	0	0	0	0	0	0	0	0
Waste Levy	(11,887)	(15,000)	(15,450)	(15,914)	(16,391)	(16,883)	(17,389)	(17,911)	(18,448)	(19,002)	(19,572)
Other Expenses	(6,018)	(5,249)	(5,405)	(5,567)	(5,733)	(5,904)	(6,081)	(6,262)	(6,450)	(6,642)	(6,841)
Internal Expenses	0	(57,353)	(59,076)	(60,736)	(62,555)	(64,428)	(66,358)	(68,351)	(70,398)	(72,506)	(74,678)
<b>Net Cash Provided from Operating Activities</b>	<b>159,891</b>	<b>105,376</b>	<b>77,023</b>	<b>82,896</b>	<b>66,292</b>	<b>66,550</b>	<b>70,567</b>	<b>74,198</b>	<b>77,771</b>	<b>80,179</b>	<b>84,809</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Investment Securities	17,000	40,000	0	0	0	0	0	0	0	0	0
Sale of Real Estate	6,072	17,000	10,915	8,320	9,500	5,496	3,500	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	3,934	1,965	1,966	2,085	2,291	2,299	2,372	2,402	2,603	2,681	2,762

8% RATE INCREASE											
STATEMENT OF CASH FLOWS - GENERAL FUND - Continued											
	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
Cash Flows from Investing Activities - Continued											
Payments:											
Purchase of Investment Securities	(12,000)	(50,227)	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(130,690)	(143,166)	(63,488)	(78,094)	(69,613)	(52,275)	(59,198)	(58,446)	(62,963)	(66,293)	(74,969)
Purchase of Real Estate Assets	(3,249)	0	0	0	0	0	0	0	0	0	0
Net Cash Provided from Investing Activities	(118,933)	(134,428)	(50,607)	(67,689)	(57,822)	(44,480)	(53,326)	(56,044)	(60,360)	(63,612)	(72,207)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowings & Advances	15,856	3,751	0	14,000	0	0	0	0	0	0	0
Payments:											
Repayment of Borrowings & Advances	(14,216)	(24,691)	(16,214)	(15,587)	(15,779)	(14,947)	(13,309)	(13,579)	(8,602)	(6,411)	(2,083)
Net Cash Provided from Financing Activities	1,640	(20,940)	(16,214)	(1,587)	(15,779)	(14,947)	(13,309)	(13,579)	(8,602)	(6,411)	(2,083)
Plus: <b>Cash &amp; Equivalents - beginning of year</b>	15,564	58,162	8,170	18,372	31,992	24,683	31,806	35,738	40,313	49,122	59,278
Cash & Equivalents - end of year	58,162	8,170	18,372	31,992	24,683	31,806	35,738	40,313	49,122	59,278	69,797
plus: Investments on hand - end of year	73,829	84,056	84,056	84,056	84,056	84,056	84,056	84,056	84,056	84,056	84,056
Total cash, cash equivalents and investments	131,991	92,226	102,428	116,048	108,739	115,862	119,794	124,369	133,178	143,334	153,853

# 8% SCENARIO

## Key Performance Indicators Statement

Indicator	Target	Fund	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>Local Government Industry Indicators</b>												
Operating Performance Ratio	Greater than 0%	Consolidated General	-4.4% -7.0%	-5.7% -8.4%	-4.0% -7.2%	-2.9% -6.6%	-2.5% -6.4%	-2.7% -6.3%	-2.9% -6.3%	-2.5% -6.4%	-2.3% -6.8%	-1.7% -6.7%
Own Source Operating Revenue Ratio	Greater than 60%	Consolidated General	76.0% 74.6%	84.4% 83.7%	85.5% 84.7%	90.4% 90.2%	91.4% 91.2%	91.4% 91.2%	91.4% 91.3%	91.5% 91.3%	91.6% 91.4%	91.6% 91.4%
Unrestricted Current Ratio	Greater than 1.5	Consolidated General	0.74 0.74	1.01 1.01	1.15 1.15	1.27 1.27	1.43 1.43	1.48 1.48	1.70 1.70	1.83 1.83	2.09 2.09	2.25 2.25
Debt Service Cover Ratio	Greater than 2.0	Consolidated General	4.05 3.61	4.32 3.78	4.96 4.33	4.49 3.39	5.00 3.67	5.73 4.44	6.05 4.76	8.52 7.77	10.67 11.02	16.95 32.56
Cash Expense Cover Ratio	Greater than 3 mths	Consolidated General	6.86 3.72	5.59 4.21	6.18 4.72	5.94 4.33	6.25 4.51	5.83 4.58	5.56 4.64	5.56 4.92	5.28 5.17	5.92 5.50
Indicator	Target	Fund	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>Infrastructure Asset Performance Indicators</b>												
Infrastructure Renewals Ratio	Greater than 100%	Consolidated General	58.8% 52.4%	62.9% 56.0%	69.5% 66.3%	68.3% 64.5%	65.6% 60.0%	68.1% 64.0%	66.6% 61.6%	68.3% 64.4%	68.6% 64.9%	73.1% 72.0%
Infrastructure Backlog Ratio	Less than 2%	Consolidated General	3.8% 4.3%	3.8% 4.2%	3.8% 4.1%	3.8% 4.1%	3.8% 4.1%	3.8% 4.1%	3.9% 4.1%	3.9% 4.1%	3.9% 4.1%	4.0% 4.1%
Asset Maintenance Ratio	Greater than 1x	Consolidated General	1.05 0.84	1.05 0.84	1.05 0.84	1.05 0.84	1.05 0.84	1.05 0.84	1.05 0.84	1.05 0.84	1.05 0.84	1.05 0.84

## 12% SCENARIO

If Council were to apply to IPART for an SRV of 12%, Council would be permitted to increase the total rates charged for the year ended 30 June 2026 in the annual budget by an amount of 12%. This scenario has been based on that premise along with the same parameters as the Base Rate Scenario

This scenario would see Council achieve an average renewal rate of 67% over the life of the LTFP, failing the renewal ratio in each year leading to an increase in Councils infrastructure backlog ratio and ongoing maintenance costs.

Councils General Fund unrestricted cash position would grow to the target of \$15m by 30/06/2032, but Councils Operating Performance Ratio would still be below the benchmark for the entire life of the LTFP (no operational surplus achieved in the 10 year plan).

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

**BASE RATE SCENARIO**

INCOME STATEMENT - CONSOLIDATED	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances as at 30 June											
<b>Income from Continuing Operations</b>											
<i>Revenue:</i>											
Rates and Annual Charges	178,178	193,439	208,704	218,350	228,531	239,262	247,989	257,051	266,429	276,153	286,241
User Charges and Fees	97,976	108,035	115,629	122,565	127,903	133,198	137,797	142,566	147,512	152,641	157,959
Interest and Investment Revenue	7,571	8,358	6,351	6,685	6,431	6,022	5,270	4,544	4,933	5,369	5,882
Other Revenues	9,049	5,231	5,234	5,391	5,553	5,720	5,890	6,068	6,250	6,437	6,630
Internal Revenue		0	0	0	0	0	0	0	0	0	0
Grants and Contributions provided for Operating Purposes	21,946	33,163	22,667	21,363	21,944	22,530	23,146	23,809	24,454	25,153	25,876
Grants and Contributions provided for Capital Purposes	124,758	66,614	38,619	37,905	16,577	13,393	13,911	14,252	14,604	14,969	15,348
<i>Other Income:</i>	0	0	0	0	0	0	0	0	0	0	0
Net Gains from the disposal of assets		6,099	1,360	9,000	10,000	8,000	4,000	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
<b>Total Income from Continuing Operations</b>	<b>439,478</b>	<b>420,939</b>	<b>398,564</b>	<b>421,259</b>	<b>416,939</b>	<b>428,125</b>	<b>438,003</b>	<b>448,290</b>	<b>464,182</b>	<b>480,722</b>	<b>497,936</b>
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
<b>Expenses from Continuing Operations</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>0</b>
Employee Benefits and On-Costs	115,650	127,703	125,055	124,807	126,935	129,320	132,560	135,900	139,292	142,782	146,361
Borrowing Costs	7,204	7,430	6,819	6,000	6,047	5,249	4,462	3,667	2,872	2,118	1,557
Materials and Contracts	105,689	110,605	118,303	123,318	127,307	133,833	138,934	144,423	149,034	155,064	158,946
Depreciation and Amortisation	92,758	97,439	104,041	109,439	115,019	121,123	127,623	133,863	139,900	145,961	152,385
Other Expenses	21,681	20,347	20,956	21,584	22,231	22,897	23,584	24,290	25,018	25,768	26,539
Internal Expenses		0	0	0	0	0	0	0	0	0	0
Net Losses from the disposal of assets	9,364	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses from Continuing Operations</b>	<b>352,346</b>	<b>363,524</b>	<b>375,174</b>	<b>385,148</b>	<b>397,539</b>	<b>412,422</b>	<b>427,163</b>	<b>442,143</b>	<b>456,116</b>	<b>471,693</b>	<b>485,788</b>
	0	0	0	0	0	0	0	0	0	0	0
<b>Net Operating Result</b>	<b>87,132</b>	<b>57,415</b>	<b>23,390</b>	<b>36,111</b>	<b>19,400</b>	<b>15,703</b>	<b>10,840</b>	<b>6,147</b>	<b>8,066</b>	<b>9,029</b>	<b>12,148</b>
	0	0	0	0	0	0	0	0	0	0	0
<b>Net Operating Result before grants and contributions provided for capital purposes</b>	<b>(37,626)</b>	<b>(9,199)</b>	<b>(15,229)</b>	<b>(1,794)</b>	<b>2,823</b>	<b>2,310</b>	<b>(3,071)</b>	<b>(8,105)</b>	<b>(6,538)</b>	<b>(5,940)</b>	<b>(3,200)</b>

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED	DRAFT/ PROJECTED 2023/24 \$'000	FORWARD PLAN									
		2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
Balances as at 30 June											
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	121,780	62,878	82,405	94,752	82,678	93,137	100,066	106,202	112,794	113,774	135,055
Investments	88,130	98,357	82,357	91,357	100,357	105,357	89,357	80,357	75,357	67,357	72,357
Receivables	29,399	29,827	29,827	29,828	29,828	29,828	29,828	29,829	29,829	29,829	29,829
Inventories	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737
Other	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Non-current Assets Classified as 'Held for Sale'	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>245,107</b>	<b>196,860</b>	<b>200,387</b>	<b>221,735</b>	<b>218,661</b>	<b>234,120</b>	<b>225,049</b>	<b>222,186</b>	<b>223,778</b>	<b>216,758</b>	<b>243,039</b>
<b>Non-Current Assets</b>											
Investments	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724	7,724
Receivables	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169	7,169
Inventories	11,520	9,555	0	680	1,180	3,684	4,184	4,184	4,184	4,184	4,184
Infrastructure, Property, Plant & Equipment	5,050,075	5,132,145	5,297,198	5,466,534	5,634,846	5,784,928	5,962,615	6,134,777	6,314,367	6,510,917	6,687,310
Investment Property	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425
Intangible Assets	368	368	368	368	368	368	368	368	368	368	368
Right of use assets	121	121	121	121	121	121	121	121	121	121	121
Other	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716
<b>Total Non-Current Assets</b>	<b>5,083,118</b>	<b>5,163,223</b>	<b>5,318,721</b>	<b>5,488,737</b>	<b>5,657,549</b>	<b>5,810,135</b>	<b>5,988,322</b>	<b>6,160,484</b>	<b>6,340,074</b>	<b>6,536,624</b>	<b>6,713,017</b>
<b>TOTAL ASSETS</b>	<b>5,328,225</b>	<b>5,360,083</b>	<b>5,519,108</b>	<b>5,710,472</b>	<b>5,876,210</b>	<b>6,044,255</b>	<b>6,213,371</b>	<b>6,382,670</b>	<b>6,563,852</b>	<b>6,753,382</b>	<b>6,956,056</b>

## STATEMENT OF FINANCIAL POSITION - CONSOLIDATED - Continued

	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	37,598	37,599	37,599	37,599	37,599	37,599	37,599	37,599	37,599	37,599	37,599
Income received in advance	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547	14,547
Contract liabilities	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601
Lease liabilities	118	118	118	118	118	118	118	118	118	118	118
Borrowings	20,904	21,482	20,747	20,747	19,708	18,257	18,722	13,947	11,967	7,857	0
Employee benefit provision	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560
Provisions	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723
<b>Total Current Liabilities</b>	<b>139,051</b>	<b>139,630</b>	<b>138,895</b>	<b>138,895</b>	<b>137,856</b>	<b>136,405</b>	<b>136,870</b>	<b>132,095</b>	<b>130,115</b>	<b>126,005</b>	<b>118,148</b>
<b>Non-Current Liabilities</b>											
Payables	0	0	0	0	0	0	0	0	0	0	0
Lease liabilities	8	8	8	8	8	8	8	8	8	8	8
Borrowings	172,551	146,416	125,669	118,922	99,214	80,957	62,235	48,288	36,321	28,464	28,464
Employee benefit provision	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336
Provisions	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878
<b>Total Non-Current Liabilities</b>	<b>185,773</b>	<b>159,638</b>	<b>138,891</b>	<b>132,144</b>	<b>112,436</b>	<b>94,179</b>	<b>75,457</b>	<b>61,510</b>	<b>49,543</b>	<b>41,686</b>	<b>41,686</b>
<b>TOTAL LIABILITIES</b>	<b>324,824</b>	<b>299,268</b>	<b>277,786</b>	<b>271,039</b>	<b>250,292</b>	<b>230,584</b>	<b>212,327</b>	<b>193,605</b>	<b>179,658</b>	<b>167,691</b>	<b>159,834</b>
<b>NET ASSETS</b>	<b>5,003,401</b>	<b>5,060,815</b>	<b>5,241,322</b>	<b>5,439,433</b>	<b>5,625,918</b>	<b>5,813,671</b>	<b>6,001,044</b>	<b>6,189,065</b>	<b>6,384,194</b>	<b>6,585,691</b>	<b>6,796,222</b>
<b>EQUITY</b>											
Retained Earnings	1,874,011	1,931,426	1,957,972	1,997,170	2,019,662	2,038,373	2,052,202	2,061,347	2,072,436	2,084,505	2,099,713
Revaluation Reserves	3,129,390	3,129,390	3,283,351	3,442,264	3,606,257	3,775,299	3,948,843	4,127,718	4,311,759	4,501,186	4,696,510
Other reserves	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EQUITY</b>	<b>5,003,401</b>	<b>5,060,816</b>	<b>5,241,323</b>	<b>5,439,434</b>	<b>5,625,919</b>	<b>5,813,672</b>	<b>6,001,045</b>	<b>6,189,065</b>	<b>6,384,195</b>	<b>6,585,691</b>	<b>6,796,223</b>



STATEMENT OF CASH FLOWS - CONSOLIDATED	DRAFT/ PROJECTED	FORWARD PLAN										
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances as at 30 June												
<b>Cash Flows from Operating Activities</b>												
<i>Receipts:</i>												
Rates and Annual Charges	176,559	193,439	208,704	218,350	228,531	239,262	247,989	257,051	266,429	276,153	286,241	
User Charges and Fees	96,399	108,035	115,629	122,565	127,903	133,198	137,797	142,566	147,512	152,641	157,959	
Interest and Investment Revenue	7,182	8,358	6,351	6,685	6,431	6,022	5,270	4,544	4,933	5,369	5,882	
Grants and Contributions	175,433	99,777	61,286	59,268	38,521	35,923	37,057	38,061	39,057	40,123	41,224	
Bonds, deposits and retention amounts received	1,630	0	0	0	0	0	0	0	0	0	0	
Other Revenues	37,130	5,231	5,234	5,391	5,552	5,720	5,890	6,068	6,250	6,437	6,630	
Internal Revenue	0	0	77,280	79,547	81,915	84,353	86,862	89,448	92,111	94,852	97,675	
<i>Payments:</i>												
Employee Benefits and On-Costs	(115,759)	(127,703)	(125,055)	(124,807)	(126,935)	(129,320)	(132,560)	(135,900)	(139,292)	(142,782)	(146,361)	
Borrowing Costs	(7,248)	(7,430)	(6,819)	(6,000)	(6,047)	(5,249)	(4,462)	(3,667)	(2,872)	(2,118)	(1,557)	
Materials and Contracts	(92,733)	(110,605)	(118,303)	(123,317)	(127,307)	(133,832)	(138,934)	(144,424)	(149,033)	(155,065)	(158,946)	
Bonds, deposits and retention amounts refunded	(1,892)	0	0	0	0	0	0	0	0	0	0	
Waste Levy	(14,208)	(15,000)	(15,450)	(15,914)	(16,391)	(16,883)	(17,389)	(17,911)	(18,448)	(19,002)	(19,572)	
Other Expenses	(52,228)	(5,347)	(5,506)	(5,671)	(5,840)	(6,014)	(6,195)	(6,379)	(6,570)	(6,766)	(6,968)	
Internal Expenses	0	0	(73,788)	(76,116)	(78,466)	(80,979)	(83,495)	(86,061)	(88,688)	(91,399)	(94,191)	
<b>Net Cash Provided from Operating Activities</b>	<b>210,265</b>	<b>148,755</b>	<b>129,563</b>	<b>139,981</b>	<b>127,867</b>	<b>132,201</b>	<b>137,830</b>	<b>143,396</b>	<b>151,389</b>	<b>158,443</b>	<b>168,016</b>	
<b>Cash Flows from Investing Activities</b>												
<i>Receipts:</i>												
Sale of Investment Securities	154,901	40,000	16,000	0	0	0	16,000	17,000	15,000	8,000	0	
Sale of Investment Property		0	0	0	0	0	0	0	0	0	0	
Sale of Real Estate	8,381	17,000	10,915	8,320	9,500	5,496	3,500	0	0	0	0	
Sale of Infrastructure, Property, Plant & Equipment	5,237	2,185	2,193	2,318	2,531	2,547	2,627	2,664	2,874	2,960	3,049	
Sale of Interest in Joint Venture & Associates	0	0	0	0	0	0	0	0	0	0	0	
Other	0	(428)	0	0	0	0	0	0	0	0	0	
Deferred debtors receipts	0	0	0	0	0	0	0	0	0	0	0	

## STATEMENT OF CASH FLOWS - CONSOLIDATED - Continued

	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
<b>Cash Flows from Investing Activities - Continued</b>											
<i><b>Payments:</b></i>											
Purchase of Investment Securities	(109,750)	(50,227)	0	(9,000)	(9,000)	(5,000)	0	(8,000)	(10,000)	0	(5,000)
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(171,633)	(190,630)	(117,326)	(122,180)	(121,869)	(104,710)	(134,393)	(129,814)	(138,323)	(156,044)	(136,503)
Purchase of Real Estate Assets	451	0	0	0	0	0	0	0	0	0	0
Purchase of Intangible Assets	1	0	0	0	0	0	0	0	0	0	0
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	(20)	0	0	0	0	0	0	0	0	0	0
<b>Net Cash Provided from Investing Activities</b>	<b>(112,432)</b>	<b>(182,100)</b>	<b>(88,218)</b>	<b>(120,542)</b>	<b>(118,838)</b>	<b>(101,667)</b>	<b>(112,266)</b>	<b>(118,150)</b>	<b>(130,449)</b>	<b>(145,084)</b>	<b>(138,454)</b>
<b>Cash Flows from Financing Activities</b>											
<i><b>Receipts:</b></i>											
Proceeds from Borrowings & Advances	15,856	3,751	0	14,000	0	0	0	0	0	0	0
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0	0
<i><b>Payments:</b></i>											
Repayment of Borrowings & Advances	(19,340)	(29,308)	(21,482)	(20,747)	(20,747)	(19,708)	(18,257)	(18,722)	(13,947)	(11,967)	(7,857)
Repayment of Finance Lease Liabilities	0	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	0	0	(335)	(346)	(355)	(367)	(378)	(389)	(401)	(413)	(425)
<b>Net Cash Provided from Financing Activities</b>	<b>(3,484)</b>	<b>(25,557)</b>	<b>(21,817)</b>	<b>(7,093)</b>	<b>(21,102)</b>	<b>(20,075)</b>	<b>(18,635)</b>	<b>(19,111)</b>	<b>(14,348)</b>	<b>(12,380)</b>	<b>(8,282)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>94,349</b>	<b>(58,902)</b>	<b>19,528</b>	<b>12,346</b>	<b>(12,073)</b>	<b>10,459</b>	<b>6,929</b>	<b>6,135</b>	<b>6,592</b>	<b>979</b>	<b>21,280</b>
Plus: Cash & Equivalents - beginning of year	27,431	121,780	62,878	82,405	94,752	82,678	93,137	100,066	106,202	112,794	113,774
<b>Cash &amp; Equivalents - end of year</b>	<b>121,780</b>	<b>62,878</b>	<b>82,406</b>	<b>94,751</b>	<b>82,679</b>	<b>93,137</b>	<b>100,066</b>	<b>106,201</b>	<b>112,794</b>	<b>113,773</b>	<b>135,054</b>
plus: Investments on hand - end of year	95,854	106,081	90,081	99,081	108,081	113,081	97,081	88,081	83,081	75,081	80,081
<b>Total cash, cash equivalents and investments</b>	<b>217,634</b>	<b>168,959</b>	<b>172,487</b>	<b>193,832</b>	<b>190,760</b>	<b>206,218</b>	<b>197,147</b>	<b>194,282</b>	<b>195,875</b>	<b>188,854</b>	<b>215,135</b>

**12% RATE INCREASE**

INCOME STATEMENT - GENERAL FUND	DRAFT/ PROJECTED	FORWARD PLAN										
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances as at 30 June												
Income from Continuing Operations												
Revenue:												
Rates and Annual Charges	120,335	129,627	140,311	144,982	149,811	154,801	159,959	165,290	170,801	176,496	182,383	
User Charges and Fees	67,664	72,470	78,418	83,632	87,168	90,578	93,204	95,909	98,695	101,564	104,518	
Interest and Investment Revenue	4,372	5,904	3,491	3,518	3,546	3,574	3,604	3,634	3,665	3,696	3,729	
Other Revenues	8,920	4,957	5,105	5,259	5,416	5,579	5,746	5,919	6,096	6,279	6,467	
Internal Revenue	0	69,415	71,577	73,674	75,865	78,121	80,444	82,837	85,301	87,838	90,451	
Grants and Contributions provided for Operating Purposes	21,946	33,163	22,667	21,363	21,944	22,530	23,146	23,809	24,454	25,153	25,876	
Grants and Contributions provided for Capital Purposes	104,738	62,949	34,811	33,949	12,465	9,121	9,470	9,636	9,806	9,981	10,162	
Other Income:												
Net Gains from the disposal of assets	(7,095)	6,099	1,360	9,000	10,000	8,000	4,000	0	0	0	0	
Other income	0	0	0	0	0	0	0	0	0	0	0	
Total Income from Continuing Operations	320,880	384,584	357,740	375,377	366,215	372,304	379,573	387,034	398,818	411,007	423,586	
Expenses from Continuing Operations												
Employee Benefits and On-Costs	93,183	103,771	99,863	99,036	100,520	102,245	104,807	107,453	110,135	112,895	115,727	
Borrowing Costs	4,146	4,523	4,136	3,543	3,802	3,201	2,601	2,001	1,408	864	522	
Materials and Contracts	74,970	87,213	91,673	94,802	96,904	100,937	103,470	106,410	109,605	114,159	116,511	
Depreciation and Amortisation	61,135	64,553	69,013	72,464	76,087	79,891	83,886	88,080	92,484	97,108	101,964	
Other Expenses	17,906	20,249	20,855	21,480	22,124	22,787	23,470	24,173	24,898	25,644	26,412	
Internal Expenses	0	57,353	59,076	60,736	62,555	64,428	66,358	68,351	70,398	72,506	74,678	
Total Expenses from Continuing Operations	251,340	337,662	344,616	352,061	361,992	373,489	384,592	396,468	408,928	423,176	435,814	
Net Operating Result	69,540	46,922	13,124	23,316	4,223	(1,185)	(5,019)	(9,434)	(10,110)	(12,169)	(12,228)	
Net Operating Result before grants and contributions provided for capital purposes	(35,198)	(16,027)	(21,687)	(10,633)	(8,242)	(10,306)	(14,489)	(19,070)	(19,916)	(22,150)	(22,390)	

12% RATE INCREASE

STATEMENT OF FINANCIAL POSITION - GENERAL FUND	DRAFT/ PROJECTED 2023/24 \$'000	FORWARD PLAN									
		2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
Balances as at 30 June											
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	103,389	53,397	65,353	78,856	71,565	78,844	83,076	88,099	96,017	104,505	115,024
Investments	28,602	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829
Receivables	21609	21609	21609	21610	21610	21610	21610	21611	21611	21611	21611
Inventories	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656
Other	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
Non-current Assets Classified as 'Held for Sale'	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>158,317</b>	<b>118,552</b>	<b>130,508</b>	<b>144,012</b>	<b>136,721</b>	<b>144,000</b>	<b>148,232</b>	<b>153,256</b>	<b>161,174</b>	<b>169,662</b>	<b>180,181</b>
<b>Non-Current Assets</b>											
Investments	0	0	0	0	0	0	0	0	0	0	0
Receivables	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637	4,637
Inventories	11,520	9,555	0	680	1,180	3,684	4,184	4,184	4,184	4,184	4,184
Infrastructure, Property, Plant & Equipment	3,585,215	3,652,927	3,757,024	3,877,280	3,988,833	4,082,583	4,182,000	4,279,424	4,381,176	4,485,544	4,595,279
Investment Property	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425	3,425
Intangible Assets	306	306	306	306	306	306	306	306	306	306	306
Right of use assets	121	121	121	121	121	121	121	121	121	121	121
Other	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716
<b>Total Non-Current Assets</b>	<b>3,607,940</b>	<b>3,673,687</b>	<b>3,768,229</b>	<b>3,889,165</b>	<b>4,001,218</b>	<b>4,097,472</b>	<b>4,197,389</b>	<b>4,294,813</b>	<b>4,396,565</b>	<b>4,500,933</b>	<b>4,610,668</b>
<b>TOTAL ASSETS</b>	<b>3,766,257</b>	<b>3,792,239</b>	<b>3,898,737</b>	<b>4,033,177</b>	<b>4,137,939</b>	<b>4,241,472</b>	<b>4,345,621</b>	<b>4,448,069</b>	<b>4,557,739</b>	<b>4,670,595</b>	<b>4,790,849</b>

12% RATE INCREASE

STATEMENT OF FINANCIAL POSITION - GENERAL FUND - Continued

	DRAFT/ PROJECTED	FORWARD PLAN										
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
LIABILITIES												
Current Liabilities												
Payables	33,370	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371	33,371
Contract liabilities	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601	29,601
Lease liabilities	18	18	18	18	18	18	18	18	18	18	18	18
Borrowings	16,287	16,214	15,587	15,779	14,947	13,309	13,579	8,602	6,411	2,083		0
Employee benefit provision	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560	34,560
Provisions	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723
Total Current Liabilities	115,659	115,587	114,960	115,152	114,320	112,682	112,952	107,975	105,784	101,456		99,373
Non-Current Liabilities												
Lease liabilities	8	8	8	8	8	8	8	8	8	8		8
Borrowings	103,390	82,523	66,936	65,157	50,210	36,901	23,322	14,720	8,309	6,226		6,226
Employee benefit provision	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336		1,336
Provisions	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878	11,878		11,878
Total Non-Current Liabilities	116,612	95,745	80,158	78,379	63,432	50,123	36,544	27,942	21,531	19,448		19,448
TOTAL LIABILITIES	232,271	211,332	195,118	193,531	177,752	162,805	149,496	135,917	127,315	120,904		118,821
NET ASSETS	3,533,986	3,580,907	3,703,619	3,839,646	3,960,187	4,078,667	4,196,125	4,312,152	4,430,424	4,549,691		4,672,028
EQUITY												
Retained Earnings	1,172,901	1,219,823	1,232,947	1,256,263	1,260,486	1,259,301	1,254,282	1,244,848	1,234,738	1,222,569		1,210,341
Revaluation Reserves	2,361,085	2,361,085	2,470,673	2,583,384	2,699,702	2,819,367	2,941,844	3,067,304	3,195,687	3,327,122		3,461,688
TOTAL EQUITY	3,533,986	3,580,908	3,703,620	3,839,647	3,960,188	4,078,668	4,196,126	4,312,152	4,430,425	4,549,691		4,672,029

12% RATE INCREASE

STATEMENT OF CASH FLOWS - GENERAL FUND		FORWARD PLAN									
	DRAFT/ PROJECTED										
Balances as at 30 June	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates and Annual Charges	18,370	129,627	140,311	144,982	149,811	154,801	159,959	165,290	170,801	176,496	182,383
User Charges and Fees	67,664	72,470	78,418	83,632	87,168	90,578	93,204	95,909	98,695	101,564	104,518
Interest and Investment Revenue	4,372	5,904	3,491	3,518	3,546	3,574	3,604	3,634	3,665	3,696	3,729
Grants and Contributions	150,769	96,112	57,478	55,312	34,409	31,651	32,616	33,445	34,259	35,135	36,038
Bonds, deposits and retention amounts received	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	8,920	4,957	5,105	5,259	5,416	5,579	5,746	5,919	6,096	6,279	6,467
Internal Revenue	0	69,415	71,577	73,674	75,865	78,121	80,444	82,837	85,301	87,838	90,451
<b>Payments:</b>											
Employee Benefits and On-Costs	(93,183)	(103,771)	(99,863)	(99,036)	(100,520)	(102,245)	(104,807)	(107,453)	(110,135)	(112,895)	(115,727)
Borrowing Costs	(4,146)	(4,523)	(4,136)	(3,543)	(3,802)	(3,201)	(2,601)	(2,001)	(1,408)	(864)	(522)
Materials and Contracts	(74,970)	(87,213)	(91,673)	(94,802)	(96,904)	(100,937)	(103,470)	(106,410)	(109,605)	(114,159)	(116,511)
Bonds, deposits and retention amounts refunded	0	0	0	0	0	0	0	0	0	0	0
Waste Levy	(11,887)	(15,000)	(15,450)	(15,914)	(16,391)	(16,883)	(17,389)	(17,911)	(18,448)	(19,002)	(19,572)
Other Expenses	(6,018)	(5,249)	(5,405)	(5,567)	(5,733)	(5,904)	(6,081)	(6,262)	(6,450)	(6,642)	(6,841)
Internal Expenses	0	(57,353)	(59,076)	(60,736)	(62,555)	(64,428)	(66,358)	(68,351)	(70,398)	(72,506)	(74,678)
<b>Net Cash Provided from Operating Activities</b>	<b>159,891</b>	<b>105,376</b>	<b>80,777</b>	<b>86,779</b>	<b>70,310</b>	<b>70,706</b>	<b>74,867</b>	<b>78,646</b>	<b>82,373</b>	<b>84,940</b>	<b>89,735</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Investment Securities	62,227	40,000	0	0	0	0	0	0	0	0	0
Sale of Real Estate	6,072	17,000	10,915	8,320	9,500	5,496	3,500	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	3,934	1,965	1,966	2,085	2,291	2,299	2,372	2,402	2,603	2,681	2,762

12% RATE INCREASE											
STATEMENT OF CASH FLOWS - GENERAL FUND - Continued	DRAFT/ PROJECTED	FORWARD PLAN									
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000
Cash Flows from Investing Activities - Continued											
Payments:											
Purchase of Investment Securities	(12,000)	(50,227)	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(130,690)	(143,166)	(65,488)	(82,094)	(73,613)	(56,275)	(63,198)	(62,446)	(68,456)	(72,722)	(79,895)
Purchase of Real Estate Assets	(3,249)	0	0	0	0	0	0	0	0	0	0
Net Cash Provided from Investing Activities	(73,706)	(134,428)	(52,607)	(71,689)	(61,822)	(48,480)	(57,326)	(60,044)	(65,853)	(70,041)	(77,133)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowings & Advances	15,856	3,751	0	14,000	0	0	0	0	0	0	0
Payments:											
Repayment of Borrowings & Advances	(14,216)	(24,691)	(16,214)	(15,587)	(15,779)	(14,947)	(13,309)	(13,579)	(8,602)	(6,411)	(2,083)
Net Cash Provided from Financing Activities	1,640	(20,940)	(16,214)	(1,587)	(15,779)	(14,947)	(13,309)	(13,579)	(8,602)	(6,411)	(2,083)
Plus: Cash & Equivalents - beginning of year	15,564	103,389	53,397	65,353	78,856	71,565	78,844	83,076	88,099	96,017	104,505
Cash & Equivalents - end of year	103,389	53,397	65,353	78,856	71,565	78,844	83,076	88,099	96,017	104,505	115,024
plus: Investments on hand - end of year	28,602	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829	38,829
Total cash, cash equivalents and investments	131,991	92,226	104,182	117,685	110,394	117,673	121,905	126,928	134,846	143,334	153,853

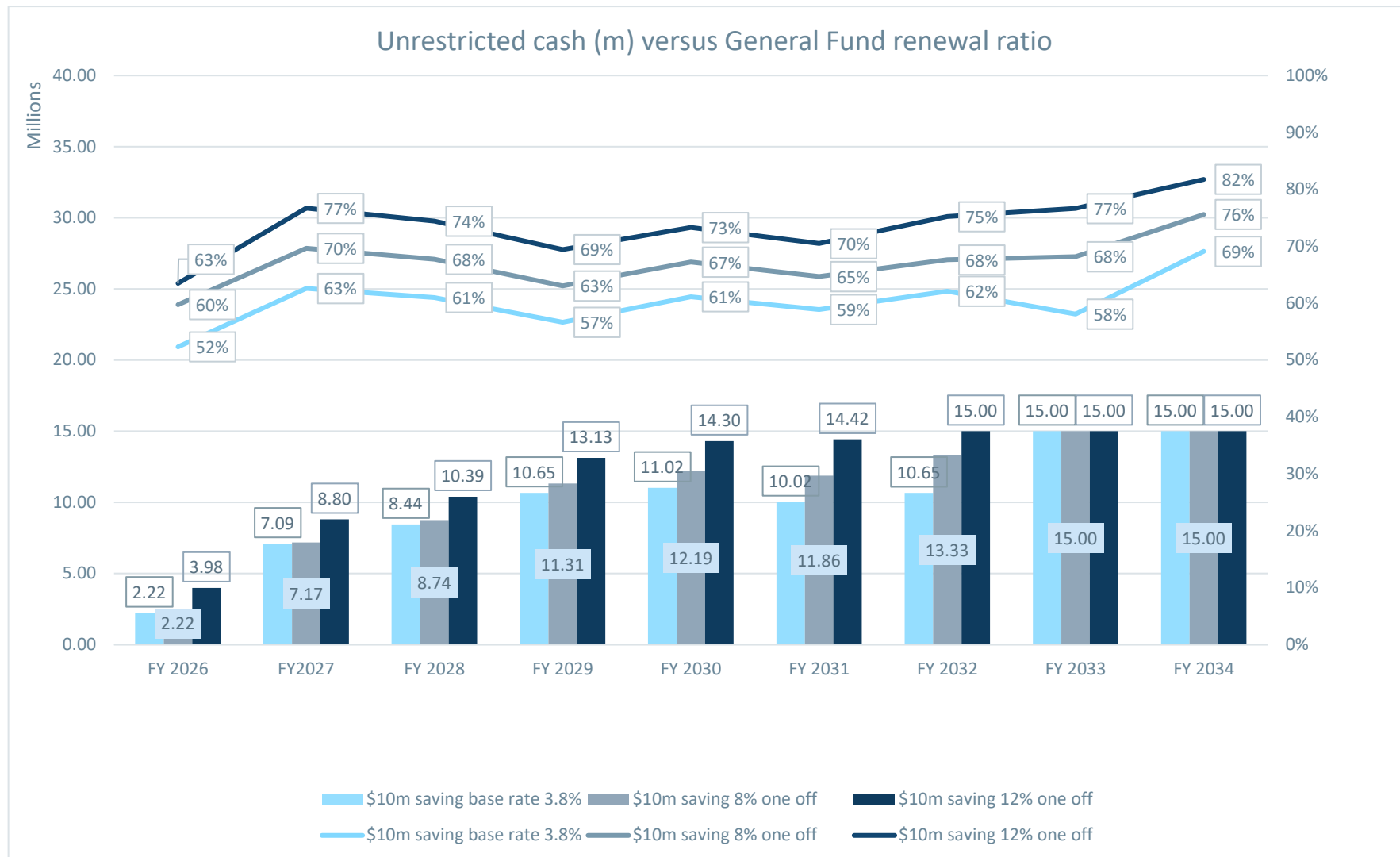


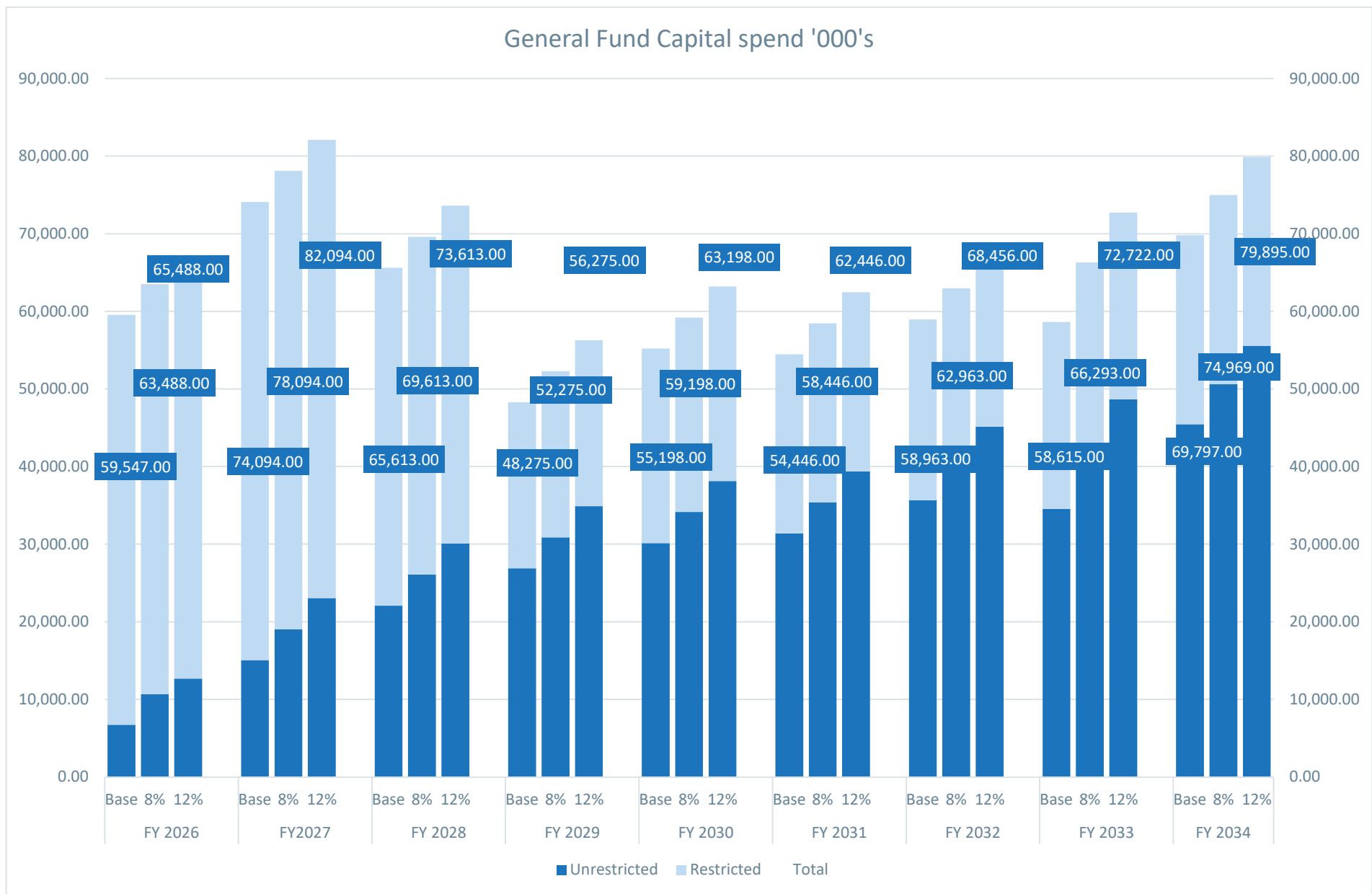
## Key Performance Indicators Statement

Indicator	Target	Fund	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>Local Government Industry Indicators</b>												
Operating Performance Ratio	Greater than 0%	Consolidated General	-4.4%	-4.6%	-2.9%	-1.8%	-1.4%	-1.7%	-1.9%	-1.5%	-1.3%	-0.7%
			-7.0%	-7.2%	-5.9%	-5.3%	-5.2%	-5.1%	-5.1%	-5.1%	-5.5%	-5.4%
Own Source Operating Revenue Ratio	Greater than 60%	Consolidated General	76.0%	84.6%	85.6%	90.5%	91.5%	91.5%	91.5%	91.6%	91.7%	91.7%
			74.6%	83.9%	84.9%	90.3%	91.3%	91.3%	91.4%	91.4%	91.5%	91.5%
Unrestricted Current Ratio	Greater than 1.5	Consolidated General	0.74	1.04	1.18	1.30	1.46	1.51	1.74	1.86	2.09	2.25
			0.74	1.04	1.18	1.30	1.46	1.51	1.74	1.86	2.09	2.25
Debt Service Cover Ratio	Greater than 2.0	Consolidated General	4.05	4.45	5.11	4.64	5.16	5.92	6.25	8.80	11.00	17.48
			3.61	3.97	4.54	3.59	3.90	4.71	5.05	8.23	11.68	34.45
Debt Service Ratio	Less than 15%	Consolidated General	11.7%	8.4%	7.6%	7.3%	6.5%	5.7%	5.5%	4.0%	3.2%	2.1%
			9.3%	6.3%	5.8%	5.7%	5.1%	4.4%	4.1%	2.6%	1.8%	0.6%
Cash Expense Cover Ratio	Greater than 3 mths	Consolidated General	6.86	5.64	6.24	5.99	6.31	5.89	5.64	5.61	5.28	5.92
			3.72	4.28	4.78	4.39	4.58	4.66	4.73	4.98	5.17	5.50
Indicator	Target	Fund	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>Infrastructure Asset Performance Indicators</b>												
Infrastructure Renewals Ratio	Greater than 100%	Consolidated General	58.8%	65.2%	73.7%	72.4%	69.4%	71.7%	70.0%	72.9%	73.7%	76.8%
			52.4%	59.6%	73.0%	70.9%	66.1%	69.8%	67.1%	71.6%	73.0%	77.9%
Infrastructure Backlog Ratio	Less than 2%	Consolidated General	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.9%	3.9%	3.9%	4.0%
			4.3%	4.2%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Asset Maintenance Ratio	Greater than 1x	Consolidated General	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
			0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84

## SUMMARY

The graphs below provide a side by side comparison of the three scenarios with a focus on unrestricted cash, buildings and infrastructure renewal ratios, and restricted and unrestricted capital spend.





The table below shows the impact on average rates across all rating categories for each of the three scenarios.

Options Being Considered	Average FY2024/25	Average FY2024/25 + Base (3.8%)	Average FY2024/25 + 8%	Average FY2024/25 + 12%
Residential	1,499.60	1,556.58	1,619.57	1,679.55
Residential non urban	131.17	136.15	141.66	146.91
Business ordinary	43.10	44.73	46.54	48.27
Business Nowra	4,529.64	4,701.77	4,892.02	5,073.20
Business Industrial Commercial	2,424.19	2,516.31	2,618.12	2,715.09
Business Major Retail Nowra	78,795.10	81,789.31	85,098.71	88,250.51
Business Major Retail Vincentia	41,159.50	42,723.56	44,452.26	46,098.64
Farmland	3,078.83	3,195.82	3,325.13	3,448.29
Farmland dairy	2,289.75	2,376.76	2,472.93	2,546.52



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