Shoalhaven City Council

Asset Management Strategy 2022-26

2024/25 Version

Shoalhaven City Council

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Asset Management Strategy

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Contents

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:

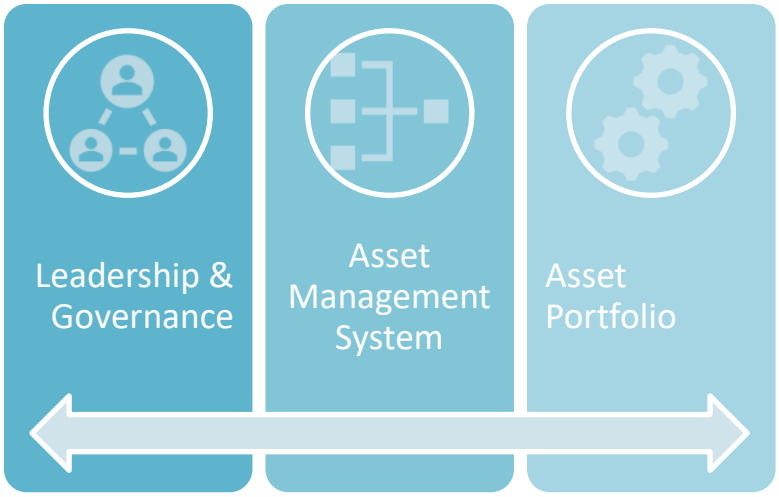
- Community involvement in establishing what is desired for service provisions and standards from the Community Strategic Plan and other strategic plans.
- Reliable information and systems.
- Comprehensive Asset Management Planning undertaken by the Asset Strategic Planner and the Asset Custodian.
- 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.

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

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	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. 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.		
	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	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. The Committee will be pivotal in maintaining the alignment of our asset management performance with our strategic objectives.		
	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, *State of the Assets* 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.	

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.

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

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

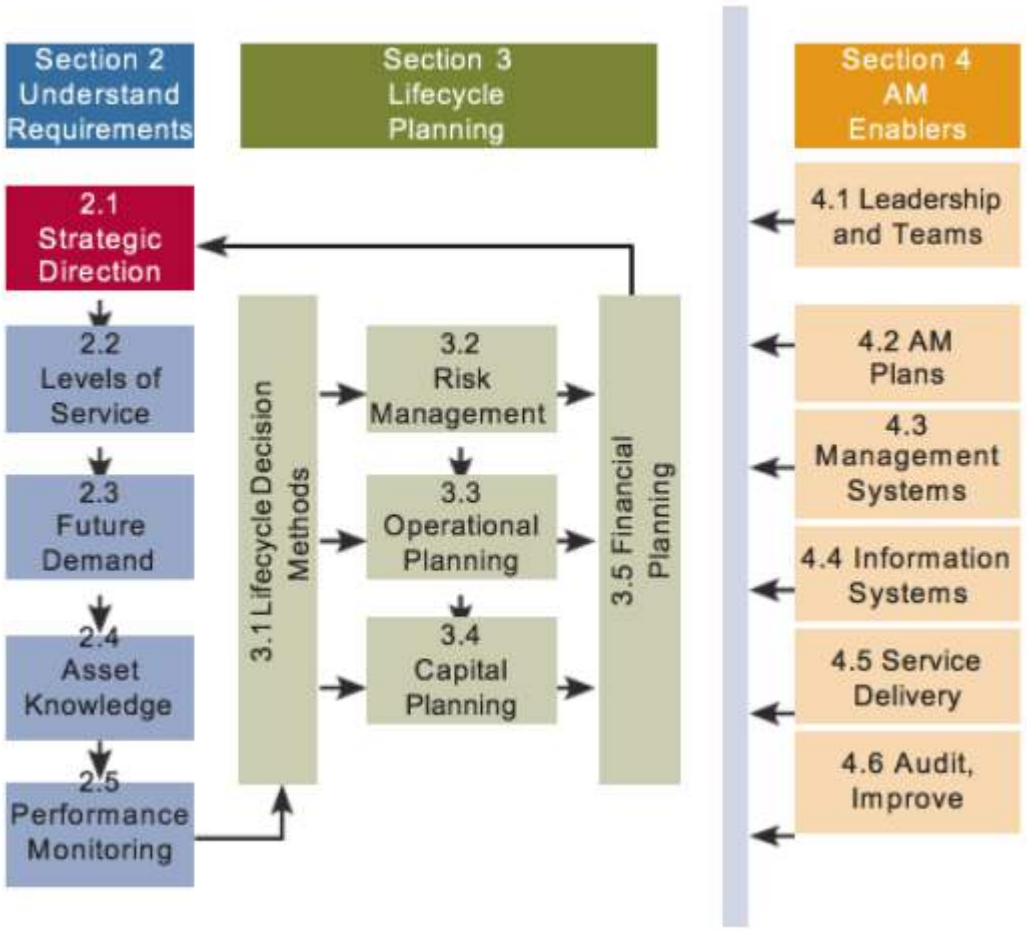
An Asset Management system must include:

- 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.

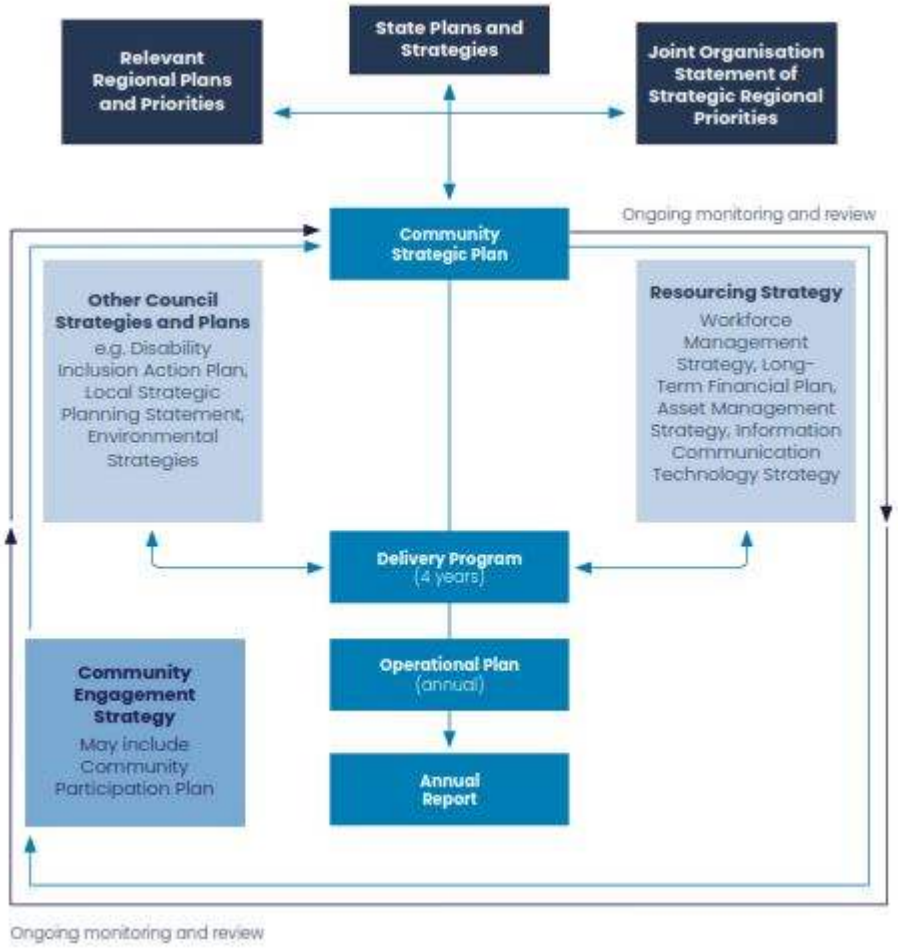
3 Strategic Alignment

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.*

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.

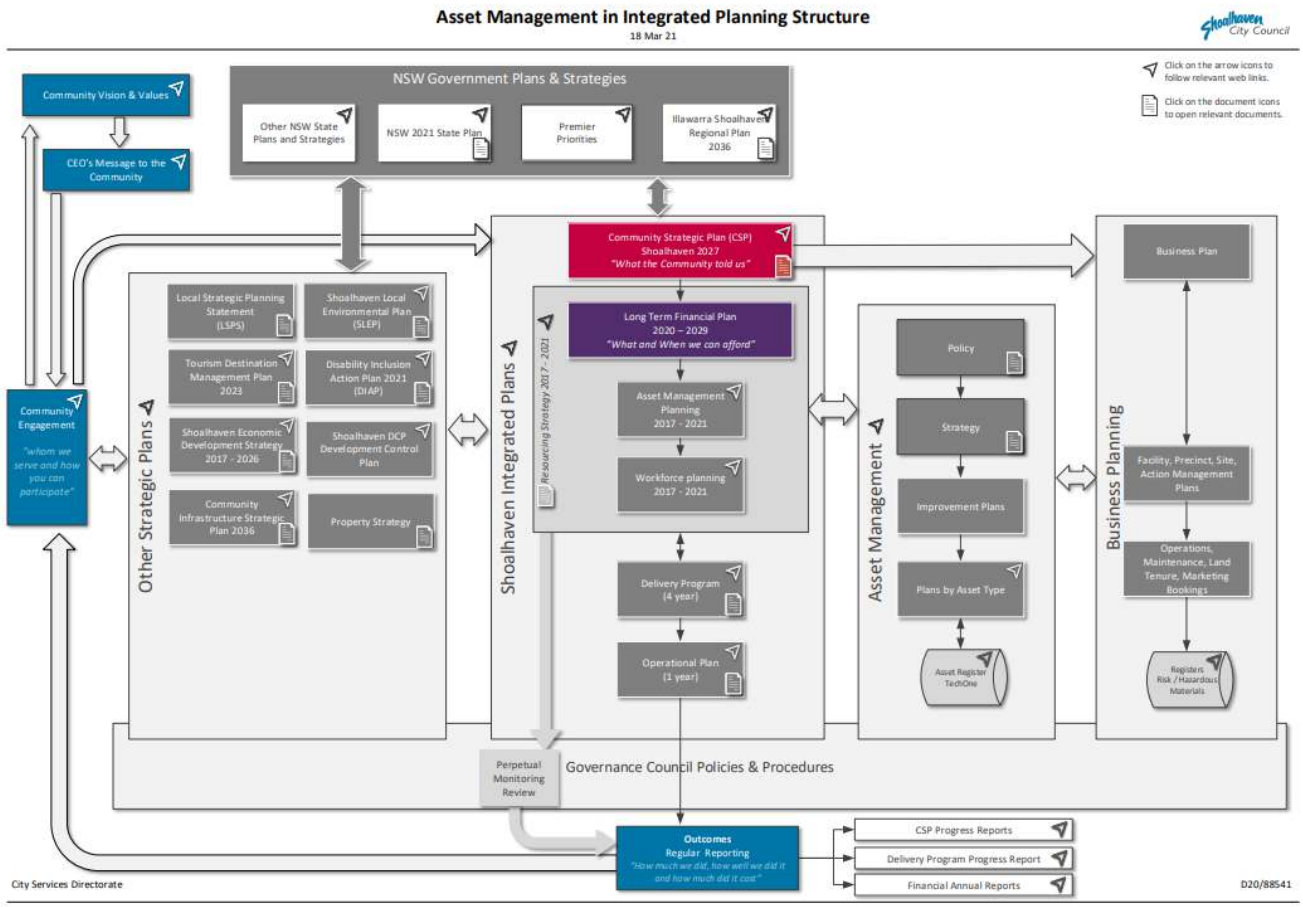
Continuous Improvement

- 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

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.

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.

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

	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
By aggregated asset class	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals [1]	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
Land:														
– 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
Infrastructure:														
– 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
Other assets:														
– Library books	10,012	(8,653)	1,359	–	421	–	(410)	–	–	–	–	2,783	(1,413)	1,370
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	5,562	(2,187)	3,375	267	–	–	(126)	–	–	–	–	5,510	(1,994)	3,516
Total infrastructure, property, plant and equipment	5,893,912	(1,765,359)	4,128,553	86,411	513,919	(9,084)	(85,101)	(403,734)	–	(32,689)	546,976	6,607,106	(1,861,855)	4,745,251

(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 [a] $ '000	Estimated cost to bring to the agreed level of service set by Council [b, 5b] $ '000	2022/23 Required maintenance [c] $ '000	2022/23 Actual maintenance $ '000	Net carrying amount $ '000	Gross replacement cost (GRC) $ '000	Assets in condition as a percentage of gross replacement cost 1 [1]	2 [2]	3 [3]	4 [4]	5 [5]
Buildings	Buildings	6,845	3,574	11,206	9,585	372,845	516,869	25.0%	37.0%	33.0%	4.0%	1.0%
	Sub-total	**6,845**	**3,574**	**11,206**	**9,585**	**372,845**	**516,869**	**25.0%**	**37.0%**	**33.0%**	**4.0%**	**1.0%**
Other structures	Other structures	8,297	1,065	476	313	83,530	140,159	20.0%	29.0%	27.0%	22.0%	2.0%
	Sub-total	**8,297**	**1,065**	**476**	**313**	**83,530**	**140,159**	**20.0%**	**29.0%**	**27.0%**	**22.0%**	**2.0%**
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%
	Sub-total	**114,465**	**50,823**	**20,212**	**17,694**	**1,682,134**	**2,307,427**	**34.8%**	**21.4%**	**26.4%**	**15.4%**	**2.0%**
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%
	Sub-total	**28,302**	**7,436**	**9,703**	**9,531**	**482,494**	**929,471**	**3.0%**	**26.0%**	**59.0%**	**11.0%**	**1.0%**
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%
	Sub-total	**14,812**	**13,349**	**15,699**	**15,227**	**719,798**	**1,026,823**	**17.0%**	**37.0%**	**42.0%**	**3.0%**	**1.0%**
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%
	Sub-total	**9,432**	**7,795**	**1,213**	**1,319**	**196,893**	**311,812**	**4.0%**	**62.0%**	**24.0%**	**7.0%**	**3.0%**
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%
	Sub-total	**3,454**	**871**	**5,975**	**15,959**	**79,372**	**126,407**	**21.1%**	**14.8%**	**53.7%**	**9.7%**	**0.7%**
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%
	Sub-total	**3,112**	**3,206**	**800**	**530**	**36,452**	**63,863**	**14.0%**	**22.0%**	**50.0%**	**9.0%**	**5.0%**
	Total – all assets	**188,719**	**88,119**	**65,284**	**70,158**	**3,653,518**	**5,422,831**	**22.3%**	**29.0%**	**36.4%**	**10.7%**	**1.6%**

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.

a. Uncomfortable driveability experiencing severe up/down and/ or sideways movement. Drivers must maintain good control of steering and reduce speed ins some circumstances.
b. Extent of defects is more than 20% and required actions are complete renewal / replacement.
c. Extreme cracking, rutting, deformation.

6. Failed – Road is closed for public use.

It is noted that extreme weather events are having an impact on the condition of assets especially the transport network and the 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

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.

<table>
<tr><th>Asset Class / AMP</th><th>Asset Type</th><th>Details</th></tr>
<tr><td>Water</td><td>
<table>
<tr><th colspan="2">Asset</th><th>Quantity</th><th>% Critical</th></tr>
<tr><td>Water Storage Dams</td><td></td><td>3 of 5</td><td>60%</td></tr>
<tr><td rowspan="9">Service Reservoirs Pipe System</td><td>Service Reservoirs</td><td>17 of 39</td><td>43%</td></tr>
<tr><td>Balance Tanks</td><td>1 of 2</td><td>50%</td></tr>
<tr><td>Raw Water Mains</td><td>28km of 29km</td><td>96.5%</td></tr>
<tr><td>Reticulation Mains</td><td>136km of 1,151km</td><td>12%</td></tr>
<tr><td>Trunk Mains</td><td>304km of 449km</td><td>68%</td></tr>
<tr><td>Total Pipes</td><td>468km of 1,629km</td><td>29%</td></tr>
<tr><td>PRV's</td><td>3 of 8</td><td>3.7%</td></tr>
<tr><td>Control Valves</td><td>699 of 8,043</td><td>8.6%</td></tr>
<tr><td>Air Valves</td><td>4,529 of 939</td><td>56%</td></tr>
<tr><td>Pump stations</td><td></td><td>11 of 25</td><td>44%</td></tr>
</table>
</td><td>The Asset Type, table within the table, identifies the % of the network that are considered critical.

Water Supply assets are critical, as they provide essential community services.

In addition to this, Water Supply at Holiday Haven parks are critical, as demonstrated during the recent bushfires, where park sites were also used as evacuation sites.</td></tr>
<tr><td>Sewer</td><td>
<table>
<tr><th colspan="2">Asset</th><th>Quantity</th><th>% Critical</th></tr>
<tr><td rowspan="4">Pipe System</td><td>Gravity Pipes – Gravity Mains</td><td>440km of 1,039km</td><td>42%</td></tr>
<tr><td>Gravity Pipes – Overflow Mains</td><td>1.5 of 1.9km</td><td>79%</td></tr>
<tr><td>Rising Mains</td><td>176km of 205km</td><td>86%</td></tr>
<tr><td>Manholes</td><td>4,387 of 23,579</td><td>19%</td></tr>
<tr><td>Pump stations</td><td></td><td>133 of 222</td><td>59%</td></tr>
</table>
</td><td>The Asset Type, table within the table, identifies the % of the network that are considered critical.

Sewerage assets are critical, as they provide essential community services.</td></tr>
<tr><td>Waste Transfer Stations & Landfill</td><td>Waste transfer stations and landfill sites.</td><td>Within these facilities, certain assets play a critical role in ensuring the smooth and</td></tr>
</table>

Asset Class / AMP	Asset Type	Details
	Critical assets within the sites include: • Compactors and Shredders • Weighbridges • Leachate Management Systems • Landfill cell construction and lining • Fire suppression equipment	safe operation of waste handling processes. The availability of sufficient landfill capacity is critical.
Roads & Bridges	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. Roads that are the only access to an area are deemed critical as there is no back up. Roads that enable heavy vehicles to transport goods are critical to provide the Level of Service required for road loads. Traffic volumes and connectivity are also key factors in identifying critical roads assets. Bridges that are the only access to an area are deemed critical, with the criticality rating increasing based on the likelihood of flooding.	The accessibility of access roads, as well as the condition of surrounding roads, directly impacts accessibility to areas.
Stormwater	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.	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.
Buildings	Crematorium is a critical asset as there is no other in the LGA. Buildings at locations identified as evacuation areas. Generators – power back up supply.	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.
Flood Management Systems	Levees, flood walls, and floodgates that manage coastal flooding and drainage.	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.
Coastal Management	Seawalls, breakwaters, and revetments that protect coastlines from erosion and storm surges.	The revetment wall at Lake Conjola, stretching 600 meters, serves a multifaceted purpose by preventing lake intrusion and supporting lake access. Ulladulla Park's boardwalk and stairs to the beach are the sole access points.
	Wetlands and Mangroves	Ecologically sensitive areas act as natural barriers, absorbing floodwater and providing habitat for marine life.

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

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.

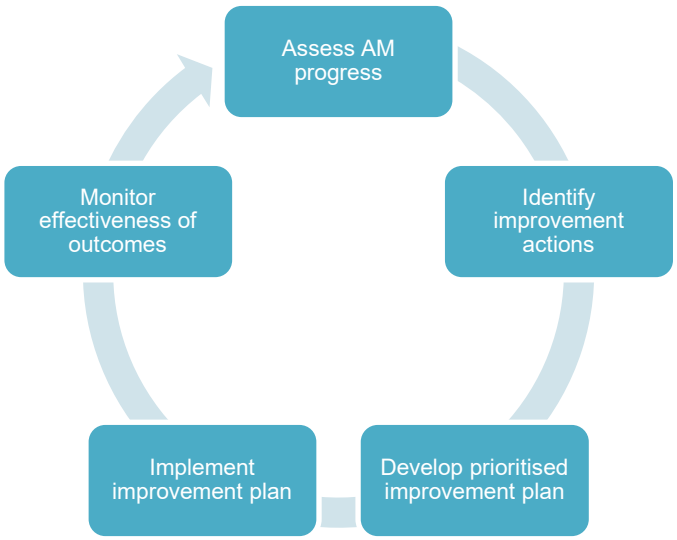
Table 6.1 National Asset Management Assessment Framework, Elements & Characteristics

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.

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
• Service Planner	• Asset Manager • Asset Data Analyst	• Asset Inspector • Asset Operator • Asset Maintainer • Maintenance Scheduler

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

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.

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 of 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

- 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.

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.

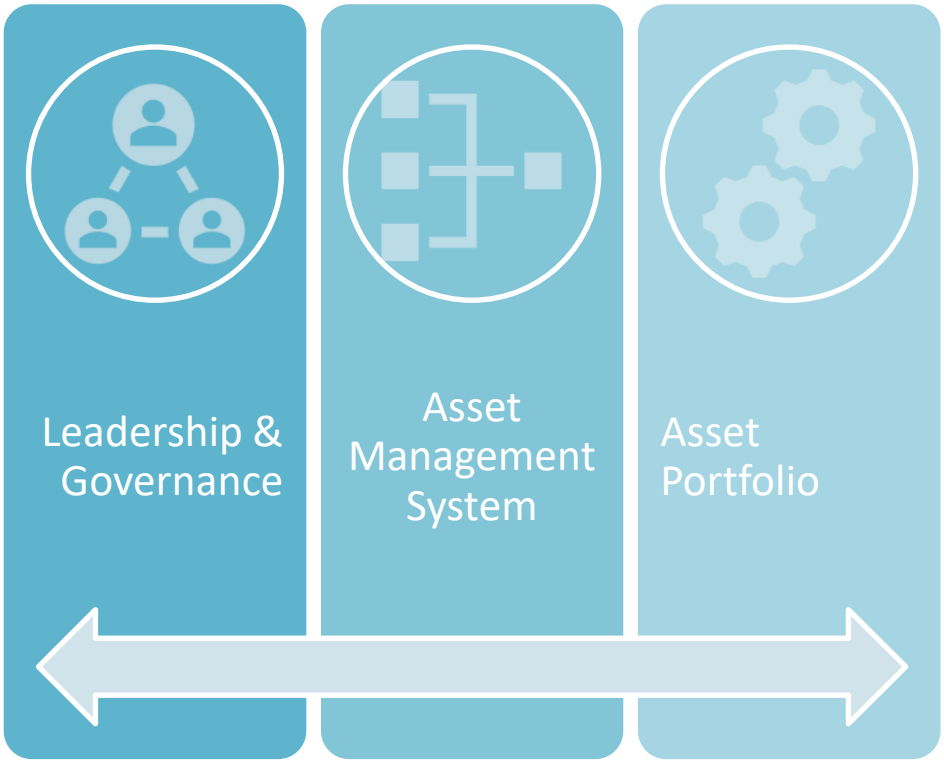
The following table compares the capital works, by asset class, for the three scenarios identified in Council's Long-Term Financial Plan (LTFP), a key component of the resourcing strategy. The values in the table are the cumulative total amounts across the 10 Year CWP. Further details, by financial year, 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
TOTAL EXPENSES		**$ 1,272,154,955.78**	**$ 1,312,945,955.78**	**$ 1,351,793,753.78**
	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
TOTAL EXPENSES		**$ 1,272,154,955.78**	**$ 1,312,945,955.78**	**$ 1,351,793,753.78**
Depreciation		$ 1,071,026,292.00	$ 1,071,026,292.00	$ 1,071,026,292.00
Consolidated Renewal Ratio		64%	67%	71%
PLANNED CAPITAL FUNDING				
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
TOTAL FUNDING		**$ 1,272,154,955.78**	**$ 1,312,945,955.78**	**$ 1,351,793,753.78**

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

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	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. 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.		
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	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. The Committee will be pivotal in maintaining the alignment of our asset management performance with our strategic objectives.		
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.		

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.		

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, *State of the Assets* 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.		
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	• Develop process map for developing the Resourcing Strategy ensuring ongoing alignment of all strategies & plans (Long-Term Financial Plan, Workforce Management Plan, Asset Management Strategy and Asset Management Plans). • Asset Custodians to review Business Plans to ensure they contain adequate interrelationship with good asset management.

Asset Management Policy and Strategy	• AM Policy to be reviewed and updated, focusing on:
	  ○ Training;
	  ○ Roles & responsibilities across the asset lifecycle (including data);
	  ○ Long-term integrated decision-making; and
	  ○ Process and timeframes for community consultation and adoption of Asset Management Plans.
	• Document and communicate the engagement completed to develop and update the Policy and Strategy.
	• Communicate the objectives of the Policy and Strategy so that there is organisational clarity.

Service Planning	• Enhance the business case approach for service provision to determine quadruple bottom line outcomes i.e. social, environmental, financial and good governance. • 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.
Enterprise Asset Management Steering Committee	• Define meeting structure and frequency. • Regularly review performance against the 11 elements of the maturity assessment. • Ensure successful implementation of this Asset Management Strategy. • Develop and deliver an annual State of the Assets report.
Decision Making	• Workshop with stakeholders of community infrastructure various delivery models to seek best value outcomes. • Review the structure and number of AMP documents, with the aim being to group by asset class.

	• Develop protocols for inputting AMP information into the annual budget process for operational and capital works programs. • Develop strategies to meet financial challenges e.g., how fast to bridge the maintenance and renewal 'gap'; how much and how quickly to contribute to 'growth' assets.
Asset Management Culture	• Enhance culture & leadership, with Asset Management being treated the same as "safety". It's everyone's responsibility. • 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.
Resource Allocation / Roles & Responsibilities	• Document corporate responsibilities for the maintenance of asset information. • Complete a capacity assessment, identifying gaps in roles and responsibilities. • Review the management & leasing arrangements for assets to determine service levels, rentals and sustainable subsidisation of each service provision in line with the Community Infrastructure Strategic Plan. • Review resource requirements as AM system functionality and maturity changes.
Performance Framework	• Develop a comprehensive set of performance measures that align with our strategic objectives. • 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.

11.2 Asset Management System Improvements

Asset Management Functions	Improvement Priorities
Asset Management Information System (AMIS)	• Link the financial system with AM database. • Link all Maintenance Management Systems and Inspections software solutions with Asset Register. • Implement a replacement customer request system (Merit) to Asset register/ Work Planning. • Provide definitions, data, and links from the AM information system for statutory and financial reporting to allow automated and consistent completion of reports. • Complete the integration of the AM system with corporate systems and processes/ procedures/ forms.
GIS Mapping	• Improve links of the Geographic Information System (GIS) with Asset register. • Include proposed assets and predicted cash-flows in a Capital Works Database and link the database to a mapping system.
Asset Management Team	• Review resource requirements for system functionality and maturity changes as to core data as Asset custodians mature. • Review the frequency of condition assessments and risk inspections for various asset categories and ensure adequate resources are available. • Develop detailed condition ratings for each Asset Class, with a particular focus on adhering to recognised industry standards.
Asset Management Plans	• Transition responsibility for AMP's over to the Asset Strategy Team. • Complete Asset Management Plans (AMPs) in a timely manner to inform the Resourcing Strategy – especially Long-Term Financial Plan. • Update financial and demand projections when reviewing AMPs. • Continuously update and review AMPs. • Review annual renewal funding needs for all service provision/ precincts/ asset classes and revise the 10 Year Financial Plan. • Review AMPs for data reliability. Improve the accuracy and categorisation of the data and expenditure forecasts held for asset management planning.

	• Review AMPs for maintenance timing/requirements.
Data Driven Asset Planning	• Develop an Asset Data Framework and Improvement Plan specifically for asset data. • Develop & implement an asset service investment model for all new and replaced or proposed to be replaced assets, with whole of life costs. • Develop utilisation measures and record utilisation for all assets, enabling the recommendation to dispose of surplus assets, example being land and buildings. • 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. • Record outcomes of statutory inspections per asset in Asset register.
Processes & Procedures	• Map process for updating Asset Management Plans, incorporating regular cyclic updates to the demand and financial projections, while also identifying the timeline for review. • Document processes/procedures for updating asset information. • Establish appropriate valuation, depreciation, and effective life procedures for each financial asset category. • Refine the procedure for recording asset acquisition and ensure project managers are educated to improve this procedure with reliable data. • Develop the procedure for recognition of contributed assets through the implementation of ADAC – Asset Design As Constructed. • Develop 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.
Asset Valuations	• Determine and enter in the asset register the remaining life for all assets. • 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.
Training and Development	• Review how we do business and current resource requirements for immediate needs (particularly for Asset Custodians to maintain concise asset registers).

11.3 Asset Portfolio Improvements

Asset Management Functions	Improvement Priorities
Asset Inspections	• Undertake stocktakes as identified and more regular condition audits to all assets especially Road Network if impacted by events that may reduce customer satisfaction.
Planning	• Define current and ideal levels of service and performance measures for each asset management plan. • Undertake Community engagement to review levels of service and agree on the 'sustainable' level of service (SLOS) for each asset category. • 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. • Develop risk management strategies for critical assets.
Operations & maintenance	• Record works and cost information through work orders per asset/ service provision for optimum whole-of-life calculations.

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.

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

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
TOTAL	$ 190,630,000.00	$ 111,386,198.36	$ 114,180,404.78	$ 113,868,777.27	$ 96,710,013.76	$ 126,392,808.70	$ 121,814,183.95	$ 128,830,313.66	$ 141,936,829.73	$ 126,405,425.58	$ 1,272,154,955.78
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
TOTAL	$ 190,630,000.00	$ 111,386,198.36	$ 114,180,404.78	$ 113,868,777.27	$ 96,710,013.76	$ 126,392,808.70	$ 121,814,183.95	$ 128,830,313.66	$ 141,936,829.73	$ 126,405,425.58	$ 1,272,154,955.78
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%	59%	65%	64%	62%	64%	63%	65%	62%	69%	64%
PLANNED CAPITAL FUNDING											
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
TOTAL FUNDING	$ 190,630,000.00	$ 111,386,198.36	$ 114,180,404.78	$ 113,868,777.27	$ 96,710,013.76	$ 126,392,808.70	$ 121,814,183.95	$ 128,830,313.66	$ 141,936,829.73	$ 126,405,425.58	$ 1,272,154,955.78

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
TOTAL	$ 190,630,000.00	$ 115,327,198.36	$ 118,180,404.78	$ 117,868,777.27	$ 100,710,013.76	$ 130,392,808.70	$ 125,814,183.95	$ 132,830,313.66	$ 149,614,829.73	$ 131,577,425.58	$ 1,312,945,955.78
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
TOTAL	$ 190,630,000.00	$ 115,327,198.36	$ 118,180,404.78	$ 117,868,777.27	$ 100,710,013.76	$ 130,392,808.70	$ 125,814,183.95	$ 132,830,313.66	$ 149,614,829.73	$ 131,577,425.58	$ 1,312,945,955.78
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%	63%	69%	68%	66%	68%	67%	68%	69%	73%	67%
PLANNED CAPITAL FUNDING											
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
TOTAL FUNDING	$ 190,630,000.00	$ 115,327,198.36	$ 118,180,404.78	$ 117,868,777.27	$ 100,710,013.76	$ 130,392,808.70	$ 125,814,183.95	$ 132,830,313.66	$ 149,614,829.73	$ 131,577,425.58	$ 1,312,945,955.78

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%
PLANNED CAPITAL FUNDING											
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

APPENDIX C Asset Management Policy

Copy is available on Council's website - https://doc.shoalhaven.nsw.gov.au/displaydoc.aspx?record=POL22/146

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	• Develop process map for developing the Resourcing Strategy ensuring ongoing alignment of all strategies & plans (Long-Term Financial Plan, Workforce Management Plan, Asset Management Strategy and Asset Management Plans). • Asset Custodians to review Business Plans to ensure they contain adequate interrelationship with good asset management.	• Manager Corporate Performance & Reporting • Manager Technical Services	• Mar 2025

Asset Management Policy and Strategy	• AM Policy to be reviewed and updated, focusing on:
	  ○ Training;
	  ○ Roles & responsibilities across the asset lifecycle (including data);
	  ○ Long-term integrated decision-making; and
	  ○ Process and timeframes for community consultation and adoption of Asset Management Plans.
	• Document and communicate the engagement completed to develop and update the Policy and Strategy.
	• Communicate the objectives of the Policy and Strategy so that there is organisational clarity.
		• Manager Technical Services	• Mar 2025

Service Planning	• Enhance the business case approach for service provision to determine quadruple bottom line outcomes i.e. social, environmental, financial and good governance. • 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.	• Manager Corporate Performance & Reporting • Manager Technical Services	• Aug 2024
Enterprise Asset Management Steering Committee	• Regularly review performance against the 11 elements of the maturity assessment. • Ensure successful implementation of this Asset Management Strategy.	• Manager Technical Services	• Ongoing
Decision Making	• Workshop with stakeholders of community infrastructure various delivery models to seek best value outcomes. • Review the structure and number of AMP documents, with the aim being to group by asset class. • Develop protocols for inputting AMP information into the annual budget process for operational and capital works programs. • Develop strategies to meet financial challenges e.g., how fast to bridge the maintenance and renewal 'gap'; how much and how quickly to contribute to 'growth' assets.	• Asset Custodians • Manager Technical Services	• Mar 2025
Asset Management Culture	• Enhance culture & leadership, with Asset Management being treated the same as "safety". It's everyone's responsibility. • 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.	• EMT	• Mar 2024
Resource Allocation / Roles & Responsibilities	• Document corporate responsibilities for the maintenance of asset information. • Complete a capacity assessment, identifying gaps in roles and responsibilities. • Review the management & leasing arrangements for assets to determine service levels, rentals and sustainable subsidisation of each service provision in line with the Community Infrastructure Strategic Plan. • Review resource requirements as AM system functionality and maturity changes.	• Manager Technical Services • Manager Recreational Planning • Manager Building Services	• Jul 2025
Performance Framework	• Develop a comprehensive set of performance measures that align with our strategic objectives. • Implement a systematic review process that involves analyzing key performance indicators, evaluating asset management plans, and assessing asset utilisation and performance, to	• Manager Technical Services	• Jun 2025

	continuously identify areas for improvement and ensure our practices are in line with organisational goals.		

Asset Management System Improvements

Asset Management Functions	Improvement Priorities	Responsible	Expected Completion Date
Asset Management Information System (AMIS)	• Link the financial system with AM database. • Link all Maintenance Management Systems and Inspections software solutions with Asset Register. • Implement a replacement customer request system (Merit) to Asset register/ Work Planning. • Provide definitions, data, and links from the AM information system for statutory and financial reporting to allow automated and consistent completion of reports. • Complete the integration of the AM system with corporate systems and processes/ procedures/ forms.	• Chief Information Officer • Manager Technical Services	• Jun 2025
GIS Mapping	• Improve links of the Geographic Information System (GIS) with Asset register. • Include proposed assets and predicted cash-flows in a Capital Works Database and link the database to a mapping system.	• Chief Information Officer • Manager Technical Services	• Jun 2025
Asset Management Team	• Review resource requirements for system functionality and maturity changes as to core data as Asset custodians mature. • Review the frequency of condition assessments and risk inspections for various asset categories and ensure adequate resources are available. • Develop detailed condition ratings for each Asset Class, with a particular focus on adhering to recognised industry standards.	• Manager Technical Services • Asset Custodians	• Jun 2025
Asset Management Plans	• Complete Asset Management Plans (AMPs) in a timely manner to inform the Resourcing Strategy – especially Long-Term Financial Plan. • Update financial and demand projections when reviewing AMPs. • Review annual renewal funding needs for all service provision/ precincts/ asset classes and revise the 10 Year Financial Plan. • Review AMPs for data reliability. Improve the accuracy and categorisation of the data and expenditure forecasts held for asset management planning. • Review AMPs for maintenance timing/requirements.	• Manager Technical Services • Asset Custodians	• Jun 2026
Data Driven Asset Planning	• Develop & implement an asset service investment model for all new and replaced or proposed to be replaced assets, with whole of life costs. • Develop utilisation measures and record utilisation for all assets, enabling the recommendation to dispose of surplus assets, example being land and buildings. • 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. • Record outcomes of statutory inspections per asset in Asset register.	• Manager Technical Services • Asset Custodians	• Dec 2025
Processes & Procedures	• Map process for updating Asset Management Plans, incorporating regular cyclic updates to the demand and financial projections, while also identifying the timeline for review. • Document processes/procedures for updating asset information. • Establish appropriate valuation, depreciation, and effective life procedures for each financial asset category. • Refine the procedure for recording asset acquisition and ensure project managers are educated to improve this procedure with reliable data.	• Manager Technical Services • Chief Financial Officer	• Jul 2025

	• Develop the procedure for recognition of contributed assets through the implementation of ADAC – Asset Design As Constructed. • 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.		
Asset Valuations	• Determine and enter in the asset register the remaining life for all assets. • 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.	• Manager Technical Services • Chief Financial Officer	• Jun 2024

Asset Portfolio Improvements

Asset Management Functions	Improvement Priorities	Responsible	Expected Completion Date
Asset Inspections	• Undertake stocktakes as identified and more regular condition audits to all assets especially Road Network if impacted by events that may reduce customer satisfaction.	• Manager Technical Services • Asset Custodians	• Ongoing
Planning	• Define current and ideal levels of service and performance measures for each asset management plan. • Undertake Community engagement to review levels of service and agree on the 'sustainable' level of service (SLOS) for each asset category. • 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. • Develop risk management strategies for critical assets.	• Manager Technical Services • Asset Custodians	• Dec 2025
Operations & maintenance	• Record works and cost information through work orders per asset/ service provision for optimum whole-of-life calculations.	• Chief Information Officer • Asset Custodians	• Jun 2024

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.

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

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

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

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

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

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

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

Benefit – Cost Analysis (BCA)
A decision technique that quantifies the benefits and costs in monetary terms over the life of the decision for the service provision. Usually for the life of the asset.

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

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

Capital expansion expenditure

Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretional expenditure, which increases future operating, and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group, e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

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

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

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

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

Capital funding
Funding to pay for capital expenditure.

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

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

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

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

Capital renewal expenditure
Expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or 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 discretional and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base, e.g. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

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

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

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

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

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

Consequence
A result or effect or outcome of an event.

Core asset management
Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment,

simple risk assessment and defined levels of service, in order to establish alternative treatment options and long-term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision- making).

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

Council
Shoalhaven City Council.

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

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

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

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

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

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

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

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

Investment property
Property held to earn rentals or for capital appreciation or both, rather than for:
(a) use in the production or supply of goods or services or for administrative purposes; or
(b) sale in the ordinary course of business (AASB 140.5).

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

Life Cycle Cost *
1. **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

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

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

Maintenance
All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

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

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

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

Materiality

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

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

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

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

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

OLG
NSW Office of Local Government.

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

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

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

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

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

Rate of annual asset renewal *

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

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

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

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

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

Recurrent funding
Funding to pay for recurrent expenditure.

Rehabilitation
See capital renewal expenditure definition above.

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

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

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

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

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

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

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

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

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

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

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

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

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.