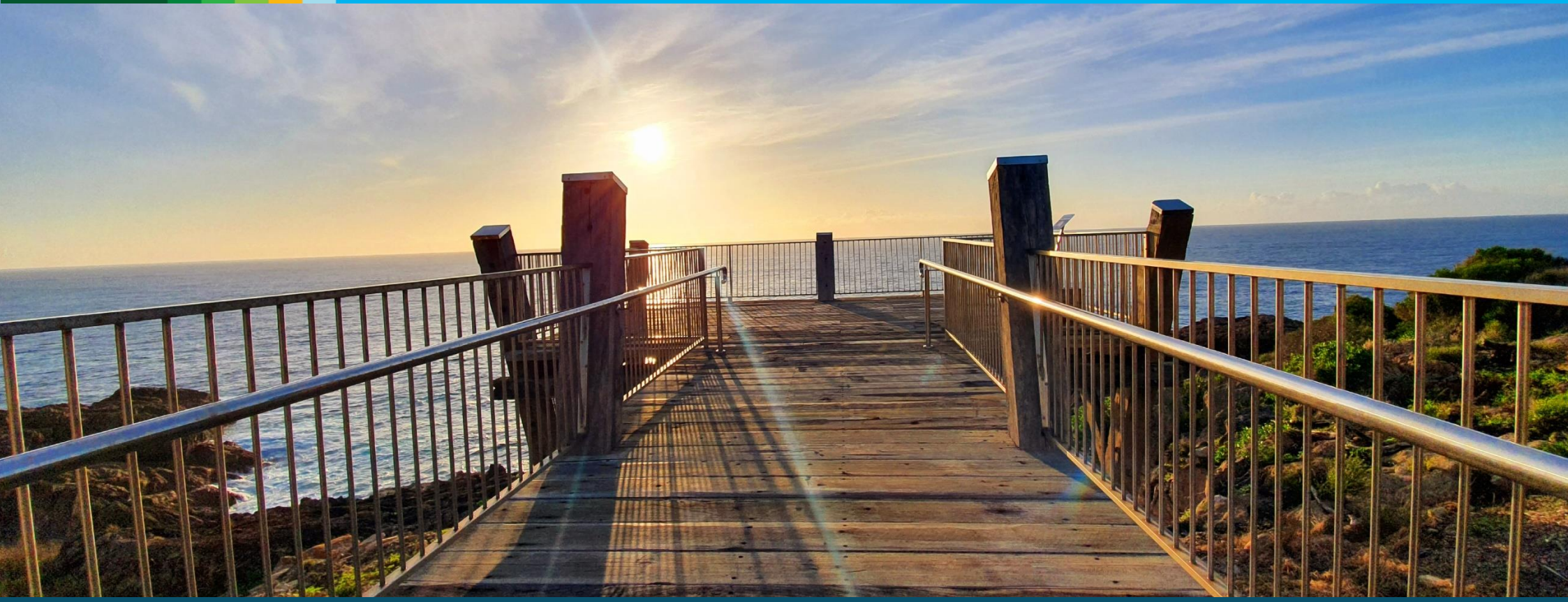
Strategic Asset Management Plan 2022-25 January 2023 Update



bega valley shire council

Bega Valley Shire Council acknowledges and pays our respects to the traditional custodians of the lands, waterways and airspace of the shire.

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Executive Summary

The overall objective of asset management is to provide clear direction for the management of Council-controlled assets, to ensure Council is able to deal with changes to meet community needs, in accordance with legislation, and deliver fit-for-purpose assets for the community.

Council manages and maintains more than $1.7 billion of assets, which enable us to provide services to our community. These assets include roads, drainage, pathways, water and sewer infrastructure, community facilities, parks and recreational facilities, administration buildings, cemeteries, works depots, plant, fleet and the Merimbula Airport. The level of service delivered by these assets is largely determined by the way they are maintained and operated within Council's available resources.

The Strategic Asset Management Plan (SAMP) sets out the broad framework for undertaking structured and coordinated management of Council's assets in accordance with Council's Asset Management Policy. It outlines key principles that underpin our approach to providing the assets that are essential to our community.

Supporting the SAMP are detailed Asset Management Plans (AMP's) for each asset class, which are living documents that are continually updated and refined. Summaries of the AMP's are attached at Appendix 1.

The SAMP aggregates the key insights from those detailed plans and in doing so highlights the long-term funding challenges Council must address to meet the commitments outlined in the Community Strategic Plan and deliver the level of service desired by the community over the next 10 years within constraints.

Considered in conjunction with the Long Term Financial Plan, the SAMP lays bare the available funding under Council's existing revenue compared to the costs of providing levels of service currently adopted to meet the communities current and future demand.

It becomes obvious that Council must seek additional sources of revenue or lower its levels of service in some or most of its service areas. This document provides strategic guidance on the options Council has within its means to align its financial and workforce constraints and its services delivered via its assets.

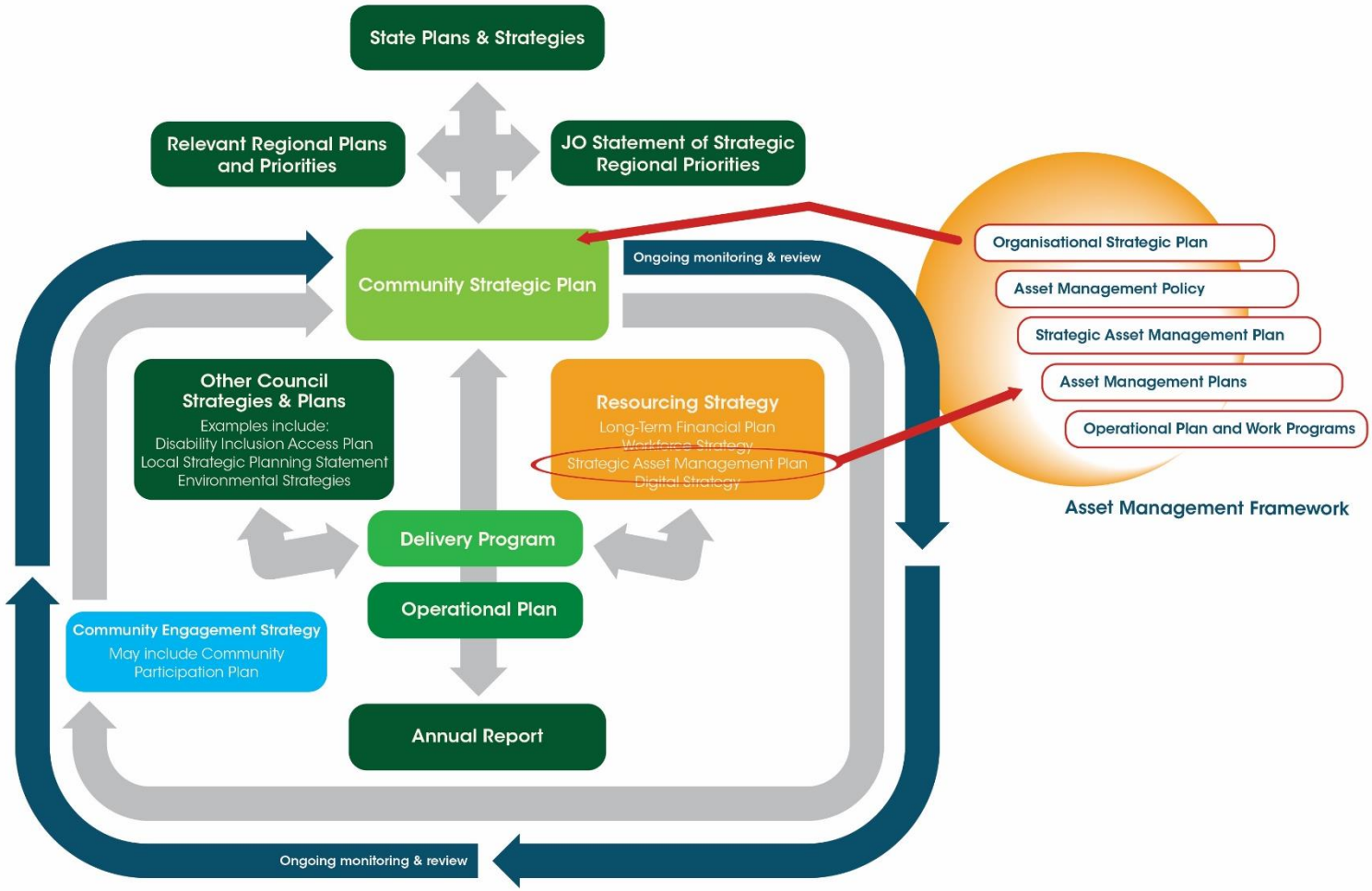
The SAMP 2022-25 was originally adopted in June 2022. Several updates have been made to the SAMP to reflect recent asset revaluation work undertaken. Current replacement costs have been updated to reflect the draft FY22 Audited Financials and extracts from the updated LTFP 2023-32 have been included.

More broadly, Council will also continue to improve on its asset management practices as outlined in the SAMP Improvement Plan thereby demonstrating an ongoing commitment to the effective and responsible administration of public infrastructure.

Framework

Council must account and plan for all existing assets under its control by way of an Asset Management Policy, Strategic Asset Management Plan and Asset Management Plans (AMPs) for each asset class. These documents form an integrated component of Council's overall Resourcing Strategy.

The community has set out their aspirations in the Community Strategic Plan 2042. Council's asset portfolio plays both a direct and an indirect role in achieving the strategic objectives of Council and supporting the service delivery needs of the community.



Legislative Context

There are various legislative requirements, codes of practice and Australian Standards Council must comply with in relation to the management of its assets. Some of these, such as the *Roads Act NSW 1993* and its subordinate regulations and guidelines are only applicable to certain asset classes or service delivery areas, whereas others apply to all of Council's assets. Where relevant these are detailed in the various asset management plans that are summarised in this SAMP.

Integrated Planning and Reporting Framework

Under the *Local Government Amendment (Governance and Planning) Act 2016* and associated guidelines, Council must have a long-term Resourcing Strategy covering the provision of resources required to implement its Community Strategic Plan. The Resourcing Strategy is to cover asset management planning, among other areas. Asset management planning requirements of this legislation include the development of an Asset Management Policy endorsed by Council for inclusion in an Asset Management Strategy. The Asset Management Strategy is required to support the Community Strategic Plan and Delivery Program and provide for a minimum timeframe of 10 years.

Local Government Act

Council has a number of statutory responsibilities in relation to asset management under the *Local Government Act 1993*, which outlines Council's functions, responsibilities and powers, including providing and maintaining community infrastructure.

Other Acts and Regulations

The NSW and Federal Acts and associated Regulations that may apply to strategic asset management include the:

- *Roads Act 1993*
- *Environmental Planning and Assessment Act 1979 and Regulations 2000*
- *Work Health and Safety Act 2011 and Regulations 2011*
- *Protection of the Environment Operation Act 1997 and Regulations 2009.*

The *Civil Liability Act 2002* also requires Council to minimise the risk to Council from public liability and address the reasonable expectations of the community in managing the risk to the public through the prudent management of Council's assets.

Asset Management Policy

The purpose of the Asset Management Policy is to set guidelines for implementing consistent asset management processes throughout Bega Valley Shire Council.

Our vision is that the Bega Valley Shire is an inclusive and welcoming community that integrates quality of life, prosperity, sustainable development and conservation of the environment. Our connection to Country is guided by the culture and heritage of our Traditional Owners.

Scope

The policy encompasses the systems implemented by Council to effectively manage and maintain its assets and should be read in conjunction with the Community Strategic Plan (CSP) 2042, the Resourcing Strategy and the Financial Management Policy. The policy applies to all departments, officers, employees, contractors and elected representatives. The full policy is available as a stand-alone document on Council's website.

Strategic Asset Management Plan

The Strategic Asset Management Plan (SAMP) sets out Council's plans to undertake structured and coordinated management of Council's assets across asset classes and service delivery areas. Infrastructure assets exist within the service delivery areas of transport, buildings, water, sewer, waste, cemeteries, airport and parks, aquatics and recreation.

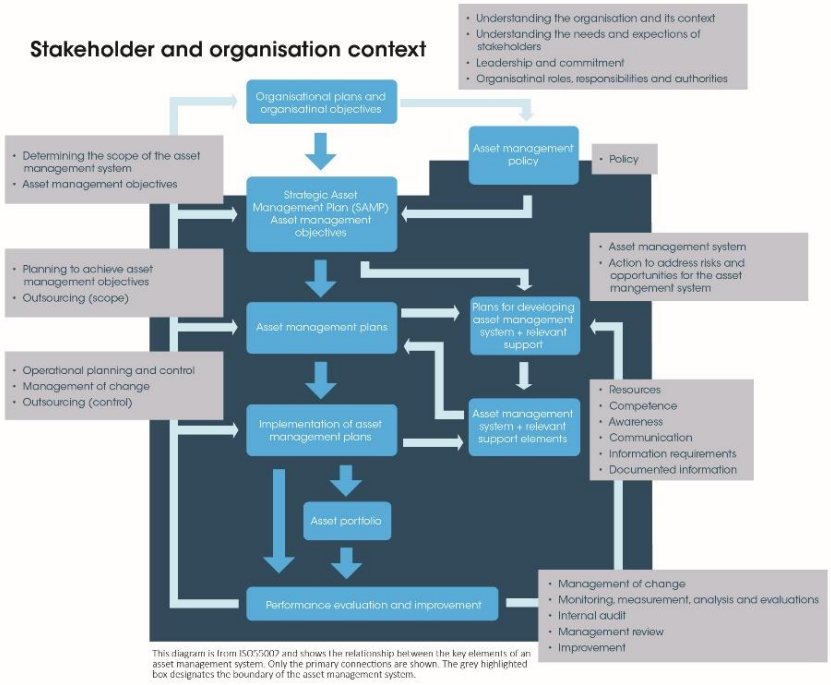
Our Strategic Assessment Management Plan (SAMP) will outline:

- the broader Asset Management System supporting asset planning
- the planning process along with the limitations and exclusions
- the asset strategic priorities
- the current state of our assets
- how assets are delivered and managed in a cost-effective manner throughout the entire asset life cycle
- service levels and service delivery drivers
- future demand and risks
- the financial impact of current and future assets
- continuous improvement actions for asset management.

Asset Management System

The Asset Management System is "the set of inter-acting elements of an organisation to establish AM policies and objectives, and processes to achieve those objectives"[1]. It includes the people, policy, procedures, tools, information technology, data, governance frameworks, and of course the physical assets themselves. The SAMP and Asset Management Plans (AMPs) for each asset class are fundamental planning documents in the system.

Figure 1: ISO 55000 Asset Management System



[1] ISO 55000 Asset management

Planning Process

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council's financial sustainability under scenarios with different proposed service levels.

Planning Integration

The SAMP integrates with the Long Term Financial Plan and the individual asset class Asset Management Plans. In particular it aggregates the asset management requirements for each asset class, prioritises them, and puts forward three scenarios for asset management that reflect the Long Term Financial Plans options for (1) Declining levels of service, (2) Maintained levels of service, and (3) Improved levels of service. By clearly defining these options Council can better consider the benefits, costs and sustainability implications for the community of adopting a particular financial and level of service model.

Limitations of the Plan

The SAMP is developed at a point in time, and bases its assumptions, facts and recommendations on information (data) held static at that point in time. The validity of the SAMP (and related strategies and plans) therefore reduces over time as information is superseded therefore requiring review and monitoring. It is also impacted on the relative confidence level of the data at the point in time it is assessed. In particular, financial information such as asset value, remaining useful life and renewal and upgrade cost estimates are linked to the most recent asset valuation data, which varies in age depending on asset class and service delivery area.

In recognition of this, the SAMP and AMPs implementation is typically reviewed annually, and updated as necessary. A range of asset revaluation and indexation work has recently been undertaken and the SAMP and AMPs have been updated accordingly. Waste assets were revalued externally as part of a transition to Council's Asset Management Information System. Transport related assets including roads, bridges, paths and stormwater along with parks, aquatic and recreation assets had an indexation applied based on industry wide assumptions. Revaluation of buildings is due in 2024.

The LTFP adopted in June 2022 was updated in November 2022, thus requiring adjustments to the options modelled as explained in the "Current State", and "Lifecycle Costs" sections of the SAMP.

This SAMP is based on a medium level of confidence of the information overall. Improvement in information quality/confidence is a key theme of the Asset Management Improvement Plan. The following table explains data confidence levels based upon industry practice guides.

Confidence Level	General Meaning
High	Data based on sound records, procedures, investigation and analysis which is properly documented and recognised as the best method of assessment.
Medium	Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings; for example the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation.
Low	Data based on sounds records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolations from a limited sample for which High or Medium data is available.
No Confidence	Data based on unconfirmed verbal reports and/or cursory inspection and analysis.

Exclusions in the Plan

This version of the SAMP has excluded Water and Sewer assets data from the ”Current State”, “Lifecycle Costs” and “Risks” sections of the SAMP. Separately regulated, Council’s Water and Sewer Services have developed a Strategic Business Plan (SBP) that guides the provision of their services. The SBP was adopted by Council in July 2022.

Whilst their asset data is excluded, they still form part of Council’s Asset Management System and are therefore mentioned throughout the remainder of the SAMP from a policy and governance perspective. Importantly, the revenue base from Water and Sewer charges cannot be considered conceptually isolated from all other Council revenue bases, as collectively they impact the resident and ratepayers’ ability to afford the levels of service provided by Council.

Waste Services have adopted a Strategic Business Plan in October 2021. The adopted levels of service and revenue option (improved levels of service) has been included consistently throughout this SAMP so that those scenarios do not misrepresent Council’s financial options.

Cemeteries and Airport services have not developed Asset Management Plans subordinate to this SAMP. These service delivery areas are provided in such a context that instead, they are guided by a Cemeteries Plan 2020-2030 and Airport Master Plan achieving the same planning objectives. Their data is included throughout the SAMP.

Strategic Priorities

Implementing the SAMP impacts the entire business and to keep focussed, Council has developed high level focus areas to improve asset management practices. The operational actions related to these focus areas are captured in the Asset Management Improvement Plan.

1	**Financial and asset management planning integration and reporting**	Improved decision making and greater value for money by ensuring financial and asset information is available for Council and the community and changes to service levels arising from budget decisions can be easily determined
2	**Data collection and management**	Greater accuracy and consistency of corporate data
3	**Capacity building**	Improved financial and asset management capacity within Council
4	**Operational Implementation**	Service delivery is matched to available resources and operational capabilities

Current State

Asset Management at Council

Council last updated its Strategic Asset Management Plan and asset class Asset Management Plans (AMPs) in 2017, and these have been periodically reviewed and updated since that time. This iteration of the SAMP 2022-25 is an update from the version adopted in June 2022.

A 'whole of organisation' approach to asset management has been developed at Council with the re-vitalisation of the Corporate Asset Management Group in 2020. This group ensures there is a more coordinated approach to strategic and financial planning, information and data management and asset management governance. It also provides wider accountability for achieving and reviewing sustainable asset management practices.

Further achievements in asset management since the last SAMP was adopted include:

- Commencing the implementation of a corporate asset management information system and integrated asset register
- Continuing to mature the Asset Management Group meeting with cross-organisation representation
- Asset management knowledge training for staff from across the business
- Organisational alignment of transport and buildings asset management with the related works department of Council
- Improved Capital works planning and project management procedures
- Significant levels of grant support secured to deliver desired upgrade projects

Asset Maturity Assessment

Council has not undertaken a contemporary ISO55000 asset maturity assessment due to budgetary and other resource constraints imposed in dealing with several years of unprecedented natural disasters and COVID-19 and their impact on the community and Council's assets and operations.

Despite this, Council's maturity is expected to have improved due to several main factors; the re-organisation of asset management structures and procedures in Council, the ongoing implementation of formal information systems and their integration with financial and geospatial systems and further professional development of staff. Undertaking a formal maturity assessment and moving further toward standards compliance of Council's Asset Management System are key features of the Asset Management Improvement Plan, and the logical next steps on Council's roadmap for improving asset management maturity.

Asset Management Plans

This Strategic Asset Management Plan summarises the key issues and data from the following plans:

- Parks, Aquatic and Recreation Asset Management Plan
- Buildings Asset Management Plan
- Roads Asset Management Plan
- Stormwater Asset Management Plan
- Path Asset Management Plan
- Structures Asset Management Plan
- Waste Services Asset Management Plan
- Merimbula Airport Master Plan
- Cemeteries Plan 2020-2030

Our Assets

The Bega Valley Shire Council is responsible for managing the following Assets. **Table 1: BVSC Assets**

Asset Class	Qty Measure
Roads – Sealed	796.6km
Roads - Unsealed[2]	688.9km
Carparks	88
Kerb and Gutter	290.5km
Bridges and Major Culverts >6m	235[3]
Shared Path, Footpaths & Cycleways	144.6km[5]
Airports	1
Urban Stormwater network	123.3km[7]
Major Marine (Wharves & Jetties)	3
Community Halls (sites)	18[9]
Childcare and Pre-schools	5
Civic Centre, Libraries and Museums	8
Regional Galleries	1
Administration and other Buildings	78[10]

Asset Class	Qty Measure
Saleyards	1
Sporting Fields/Ovals	25
Sports Courts	65
Swimming Pool Facilities	13 pools and associated buildings over 7 sites
Playgrounds	43[4]
Skateparks	9
Public Amenities	302[6]
Central Waste Facilities	1
Waste Transfer Stations	6[8]
Cemeteries	14
Beaches	101
Estuaries	29
Recreational Marine Facilities/boat ramps	22
Fleet (Plant and Vehicles)	301

2 The total unsealed road network is considerably less than previously reported due to data improvement, network definition and upgrades
3 This is less than 2017 due to redefinition of complying structures
4 This is less than 2017 as skateparks were not separately reported.
5 This has grown due to several significant upgrades and acquisitions
6 This has increased due to acquisitions and redefinition of complying structures
7 This has grown modestly due to development activity
8 This has decreased due to losses to bushfire
9 This has decreased due to losses to bushfire – The figure states the number of main sites. There may be multiple individual buildings constituting a "hall"
10 Does not include public amenities (toilets) and minor structures such as sheds.

Asset Replacement Cost

Council manages and maintains more than $1.7 billion of assets, which enable us to provide services to our community. These assets include roads, drainage, pathways, water and sewer pipes and treatment plants, community facilities, parks, natural assets and recreational facilities, administration buildings, cemeteries, works depots, plant and fleet and the Merimbula Airport.

Table 2 includes the asset class current replacement cost (CRC) based on the draft FY22 Audited Financials.

Table 2: Asset Replacement Costs

Asset Class	*Current Replacement Cost ($m)*
Buildings	78.107
Roads	242.814
Bridges	155.450
Footpaths	24.370
Bulk Earthworks	193.302
Stormwater Drainage	57.901
Swimming Pools	9.000
Open Space/recreation	50.052
Other Infrastructure	13.002
TOTAL	**823.998**

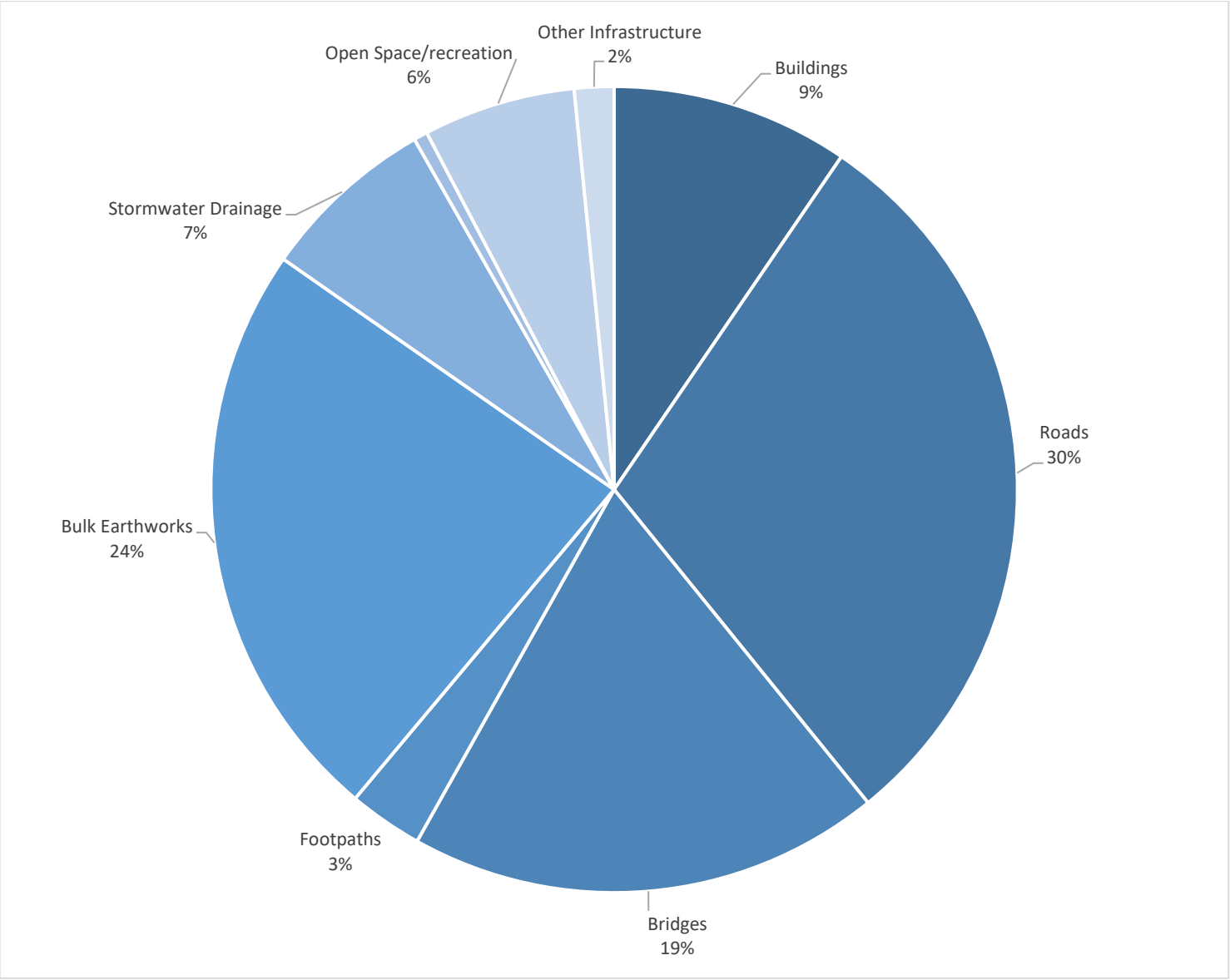


Figure 2: Proportion of total value by asset class based on CRC

Asset Condition

Council regularly assesses the condition of owned assets as part of data collection processes. The condition scores are described in Table 3. The asset condition scoring is based on a scale of 1-5. The descriptions in the table are a general guide to assist in understanding the meaning of each condition score. Asset condition scores contribute to a framework for determining sustainable asset service levels. Other factors to be considered include:

- affordability
- intergenerational equity
- risk of asset failure
- capacity
- function

Table 3: Asset Condition Scores Scale

Condition Score	*Tag*	*Description*	*Remaining service potential*
1	Excellent	New or near new condition. Only planned cyclic inspection and maintenance required.	Very high
2	Good	Sound or good condition with minor defects. Minor routine maintenance along with planned cyclic inspection and maintenance required.	High
3	Average	Fair condition with significant defects requiring regular maintenance on top of planned cyclic inspections and maintenance to keep the asset serviceable.	Adequate
4	Poor	Poor condition with asset requiring significant renewal/rehabilitation, or higher levels of inspection and substantial maintenance to keep the asset serviceable.	Low
5	Very Poor	Very poor condition. Physically unsound and/or beyond rehabilitation. Renewal required.	Very Low

Table 4: BVSC Assets in condition as a percentage of current replacement cost

	Condition 1	*Condition 2*	*Condition 3*	*Condition 4*	*Condition 5*
Roads – Sealed	30.6%	46.8%	11.4%	6.2%	5.0%
Roads – Unsealed	6.3%	14.2%	77.0%	2.4%	0.2%
Carparks	20.5%	45.5%	8.0%	5.7%	20.5%
Kerb and Gutter	59.8%	13.1%	7.6%	3.8%	15.7%
Bridges and Major Culverts >6m	15.9%	64.4%	14.5%	5.2%	0.0%
Urban & Rural Stormwater/Drainage network	41.6%	48.4%	5.1%	1.4%	3.5%
Shared Path, Footpaths & Cycleways*	61.4%	35.9%	0.6%	0.5%	1.6%
Major Marine (Wharves & Jetties)^	0.0%	0.0%	66.7%	33.3%	0.0%
Buildings (combined)	35.0%	19.9%	38.2%	6.6%	0.2%
Recreational and Natural Assets (combined)	9.8%	10.0%	40.5%	32.3%	7.4%
Waste Facilities (combined)	1.1%	32.7%	62.5%	3.3%	0.4%
Airports	71.7%	12.1%	0.3%	0.0%	15.9%
Fleet	Not Reported - Not Managed by Condition				

*There is extremely limited formal condition assessment of our Shared Network. The figures here are extrapolated from existing data.
^There are only 3 assets in this class.
^^ Asset condition was extracted from the FY22 Audited Financials where available. Existing data was used for other asset classes.

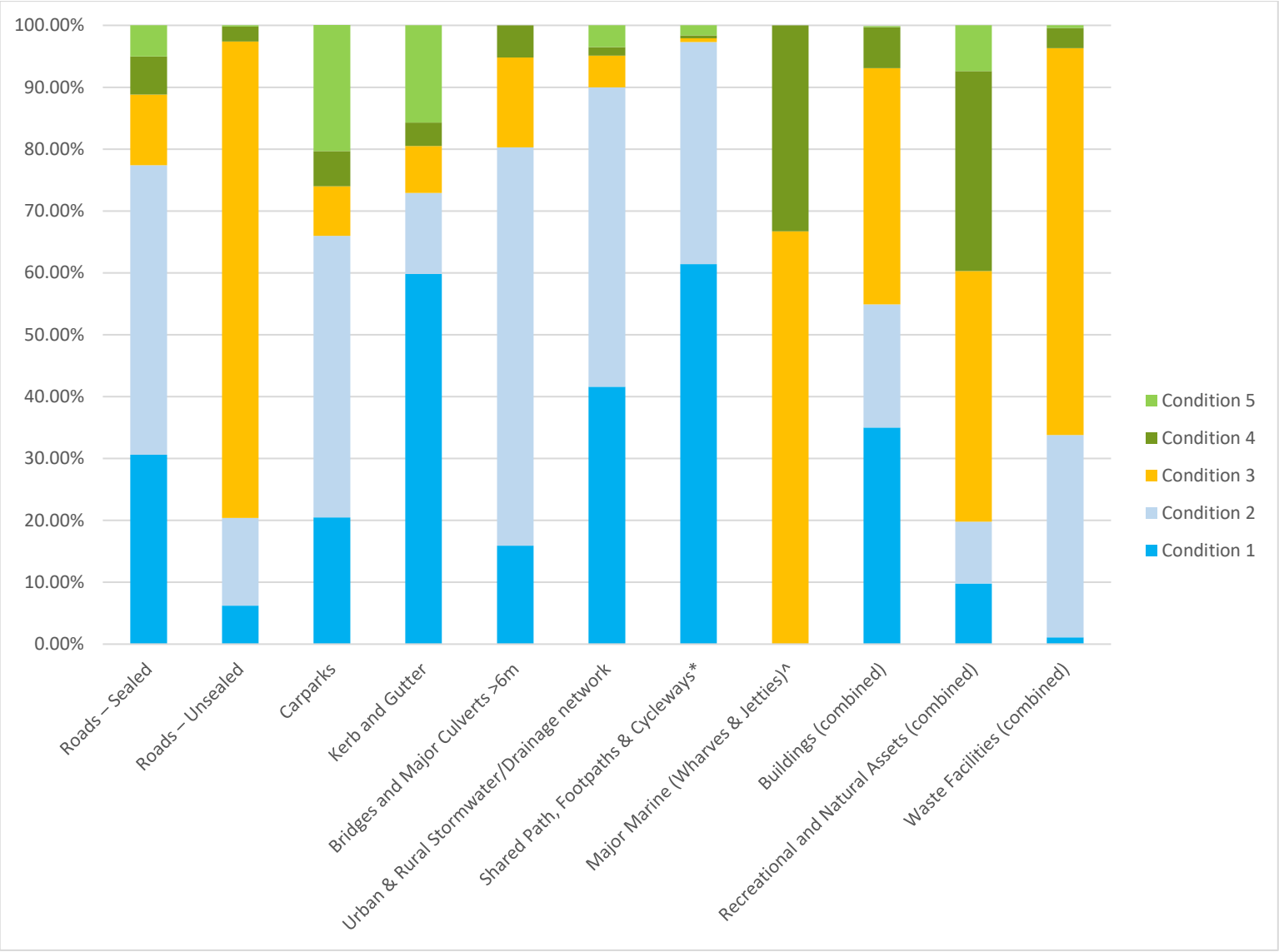


Figure 3: Asset Condition Breakdown

Key Insights

Council's assets have degraded, with the number and value of assets at or below condition level 4 at concerning levels. These condition ratings are based on the draft 2021-22 Audited Financials. Condition level 4 or lower suggests the need for renewal or upgrade. The urgency will depend on safety, criticality, and component condition. It is important to note the following detailed insights:

- The renewal of unsealed roads generally requires a methodology of resheeting e.g. the importation of quality road base material and reconstruction of the road pavement. This is a very expensive methodology relative to the amount of unsealed road renewed.
- The renewal of bridges and other (complex) structures is expensive, generally requiring the replacement of the majority of the structure or the complete decommissioning of the existing structure and replacement with a new, modern equivalent. Bridges and other structures in condition 4 or lower also present potentially extreme risks to safety. The relative few number of assets in this condition should not bely the cost and urgency of renewal requirements.
- The renewal of buildings is a complex undertaking. Some may only require the renewal of commercial fit outs, others may require structural reinforcement, or the replacement of entire components of the building (such as roofs). At condition level 4 or below, the safe habitation of the building may be compromised. The relative few number of assets in this condition should not bely the cost and urgency of renewal requirements. Additionally, buildings may be valued at a whole of building level and not component level which could create inconsistency in renewal/value models.
- The Tathra Wharf upgrade project will treat all major concerns with asset condition in Major Marine assets.
- The ongoing Airport upgrade project has invested significantly in the quality of assets in that service area. Once the project is complete and capitalised it will update our financial position.
- Waste Services indicate that there is insufficient funding to provide agreed levels of service while also meeting NSW EPA licence requirements, and that the adopted improvement model will rely on increases to waste fees and charges, or alternate revenue sources.

Without significant asset renewal intervention, the quality of assets (and the services they support) will continue to decline across key service areas of Council. In particular for several of these asset classes, the safety of the asset is paramount.

Asset Lifecycle Management

Lifecycle management details how Council plans to manage and operate our assets at agreed levels of service while optimising life cycle costs and managing risks. Underpinning any plan are the resources required to deliver it. Rarely do resource inputs perfectly match expenditure output (being driven by levels of services).

Asset Financial Management

The activities required to maintain financial sustainability and meet our asset management needs are detailed in the updated Long-Term Financial Plan (LTFP) 2023-32. The LTFP has been developed using operations, maintenance and renewal forecasts from Asset Management Plans to achieve asset management objectives. The following information provides an explanation of key aspects of asset management that have significant influence on Council's financial sustainability and are integrated in the LTFP.

Asset life cycle costs

Council allocates funds in the Long Term Financial Plan and annual budgets to manage the life cycle costs of assets. Asset renewals, maintenance and operations targets have been developed through asset life cycle modelling and incorporated into the LTFP. Committing and delivering these targets in annual budgets is crucial to achieving the desired outcomes within the Asset Management Framework.

Asset class revaluations

Council undertakes asset revaluations by individual service areas over a five yearly rolling cycle, as recommended by the Audit Office NSW. The revaluations are integral to confirming and updating financial planning figures against our assets. Due to the rolling cycle and fluctuating economic conditions, the assets within a service area may undergo a bold adjustment as condition ratings, unit rates, and replacement values are re-baselined. Multiple asset class revaluations, and in some cases industry benchmarking have recently been undertaken. This is out of sync with the five year cycle as a result of impacts of natural disasters and COVID-19 on resourcing.

Routine Operation and Maintenance

Operations includes regular activities to provide services such as public health, safety and amenity, e.g. cleaning, utility services, street sweeping, grass mowing and street lighting to allow assets to function as intended. Routine maintenance is the regular on-going work that is necessary to keep assets operating for the intended life of the asset, including instances where portions of the asset fail and need immediate repair to make the asset operational again (reactive maintenance).

Funding Asset maintenance

Maintenance funding should aim to align to increases in the size and age of the asset base, changing standards and increasing community expectations.

Asset Renewal and Upgrade

Renewal expenditure is major capital work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original intended service potential. Work that increases an assets original intended design capacity or level of service potential is upgrade/expansion or new works expenditure.

Asset renewal expenditure

Asset renewal is an asset life cycle phase that restores an existing asset or component of an asset to its original condition and service potential. It includes activities that refurbish or replace assets with assets of equivalent capacity or performance capability. Key factors in the decision to undertake asset renewal is the asset desired useful life. This is the extent of time that the asset is desired to remain in service. If renewal occurs prior to useful life being achieved, then there is a financial write off to be accounted for.

Renewal works are identified in forward works plans, and prioritised based on criteria relevant to each asset class, including risk, condition, criticality, technical levels of service and customer levels of service. Due to limited resource constraints prioritised projects are typically included in the Delivery Program and Operational Plan.

Asset renewal funding gap
Infrastructure assets have a useful economic life, after which renewal should occur to ensure continued service and cost-effective maintenance and repairs (which tend to increase as assets age). The availability of infrastructure assets is imperative to the delivery of Council's asset-related services. Therefore, an important performance indicator relating to asset management is the renewal funding gap.

This is determined by identifying projected (or required) renewal expenditure, based on a range of factors, including asset condition, age and remaining life. The projected renewal expenditures are then compared to planned (or funded) renewal expenditure over the planning period. This identifies the funding gap between projected and planned renewals. Minimising this gap ensures that services are being provided in a sustainable manner.

Asset Upgrade Expenditure
Asset upgrades, those capital works that create new or increase an assets original intended design capacity or level of service potential are sometimes essential due to increases in demand regardless of the constraints Council faces. Council proactively seeks financial assistance for upgrade projects and proceeds on the basis of securing non-Council funding.

Asset Disposal

Asset disposal is the removal or decommissioning of assets from service following the end of an asset's service life or change in asset requirements due to rationalisation. It includes the sale of assets no longer deemed operationally useful.

These costs, and the use of the sale proceeds, are determined by Council as part of the disposal decision-making process. Where renewal or replacement of an asset is undertaken before the asset has reached the end of its useful life, the remaining asset value is written off.

The sale of fleet assets is an adopted business practice and is fundamental to the management of this asset class. Council is investigating options to divest (through transfer of ownership/sale) building assets. These include Rural Fire Service, Surf Living Saving and some heritage listed Council managed Crown buildings. There is considerable work, including legislative change, required to pursue this option.

Planning Asset Lifecycles

In the updated LTFP 2023-32 Council developed four options representing various levels of service.

- **Option A.** A 90% increase in rates through a Special Rate Variation (SRv), permanently applied with no service level changes. This option will allow Council to meet current asset management and operational needs and financial sustainability ratios. Asset renewals are prioritised and generally renewed at condition level 3 so that the number of assets at condition level 4 or 5 are limited.

- **Option B.** The equivalent to Option A, split over 2 years. A 45% in 2024 and 37.2% in 2025 SRV permanently applied. This option will allow Council to meet current asset management and operational needs and financial sustainability ratios.

- **Option C.** A 45% increase in rates through an SRV, permanently applied with service level changes required, by an average of $13.9m each year. This option will see a reduction in the levels of service and quality of assets, including extending the operating life of assets beyond their estimated useful life. This option prioritises

catching up on our infrastructure backlog and reducing our capital program below recommended levels.

- **Option D.** A 4.1% increase in rates (based on FY23 rate peg), with significant service level changes required, by an average of $25.9m each year. This option will see a significant reduction in the levels of service and quality of assets, including extending the operating life of assets beyond their estimated useful life. This option continues the unsustainable financial trajectory and will mean we are not able to manage core assets such as roads and bridges.

The SAMP presents Option D, as this is the only model currently affordable within our estimated revenue, without a Special Rate Variation being applied for and approved. The following tables present the financial summary from the updated Long Term Financial Plan 2023-32 and asset performance indicators that are drawn from data from the draft FY22 Audited Financial Statements, updated to exclude Water and Sewer assets.

Long Term Financial Plan 2023-32- Option D

Bega Valley Shire Council										
10 Year Financial Plan for the Years ending 30 June 2033										
INCOME STATEMENT - GENERAL FUND	Projected Years									
Scenario: Option D Rate Peg 4.1%	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	27,758	28,452	29,163	29,892	30,639	31,405	32,190	32,995	33,820	34,665
User Charges & Fees	7,490	7,738	7,931	8,129	8,368	8,542	8,755	8,974	9,239	9,430
Other Revenues	802	822	842	863	885	907	930	953	977	1,001
Grants & Contributions provided for Operating Purposes	26,223	23,520	24,108	24,711	25,327	25,961	26,610	27,275	27,957	28,656
Grants & Contributions provided for Capital Purposes	28,148	15,685	6,063	2,719	1,943	1,160	1,611	3,140	4,979	3,437
Interest & Investment Revenue	766	919	942	966	990	1,015	1,040	1,066	1,093	1,120
Other Income:										
Net Gains from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	**91,186**	**77,135**	**69,049**	**67,280**	**68,152**	**68,989**	**71,136**	**74,404**	**78,063**	**78,309**
Expenses from Continuing Operations										
Employee Benefits & On-Costs	28,232	29,174	30,578	31,908	33,454	35,077	36,433	37,840	39,299	40,813
Borrowing Costs	814	873	896	767	659	597	493	384	271	154
Materials & Contracts	26,206	26,467	23,111	23,759	24,541	24,595	25,459	25,821	26,617	26,981
Depreciation & Amortisation	19,995	20,787	21,591	22,293	22,982	23,580	24,043	24,736	25,456	26,183
Impairment of receivables	-	-	-	-	-	-	-	-	-	-
Other Expenses	1,509	1,547	1,586	1,625	1,666	1,707	1,750	1,794	1,839	1,885
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	**76,757**	**78,848**	**77,761**	**80,352**	**83,303**	**85,557**	**88,179**	**90,575**	**93,482**	**96,016**
Net Operating Result for the Year	**14,429**	**(1,713)**	**(8,712)**	**(13,072)**	**(15,151)**	**(16,567)**	**(17,043)**	**(16,172)**	**(15,419)**	**(17,706)**
Net Operating Result before Grants and Contributions provided for Capital Purposes	**(13,719)**	**(17,398)**	**(14,775)**	**(15,791)**	**(17,094)**	**(17,727)**	**(18,654)**	**(19,312)**	**(20,397)**	**(21,144)**

Table 5: General Fund- Option D Income Statement extract from the updated LTFP 2023-32

Bega Valley Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

$ '000	Amounts 2022	Indicator 2022	Indicators 2021	Indicators 2020	Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals [1]	30,608	143.79%	91.40%	71.55%	>= 100.00%
Depreciation, amortisation and impairment	21,286				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	26,942	2.20%	2.07%	2.74%	< 2.00%
Net carrying amount of infrastructure assets	1,223,158				
Asset maintenance ratio					
Actual asset maintenance	19,190	90.86%	111.91%	98.10%	> 100.00%
Required asset maintenance	21,120				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	26,942	1.67%	1.40%	1.89%	
Gross replacement cost	1,617,156				

(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Table 7: Infrastructure asset performance indicators (consolidated) - FY22 Audited Financial Statements extract

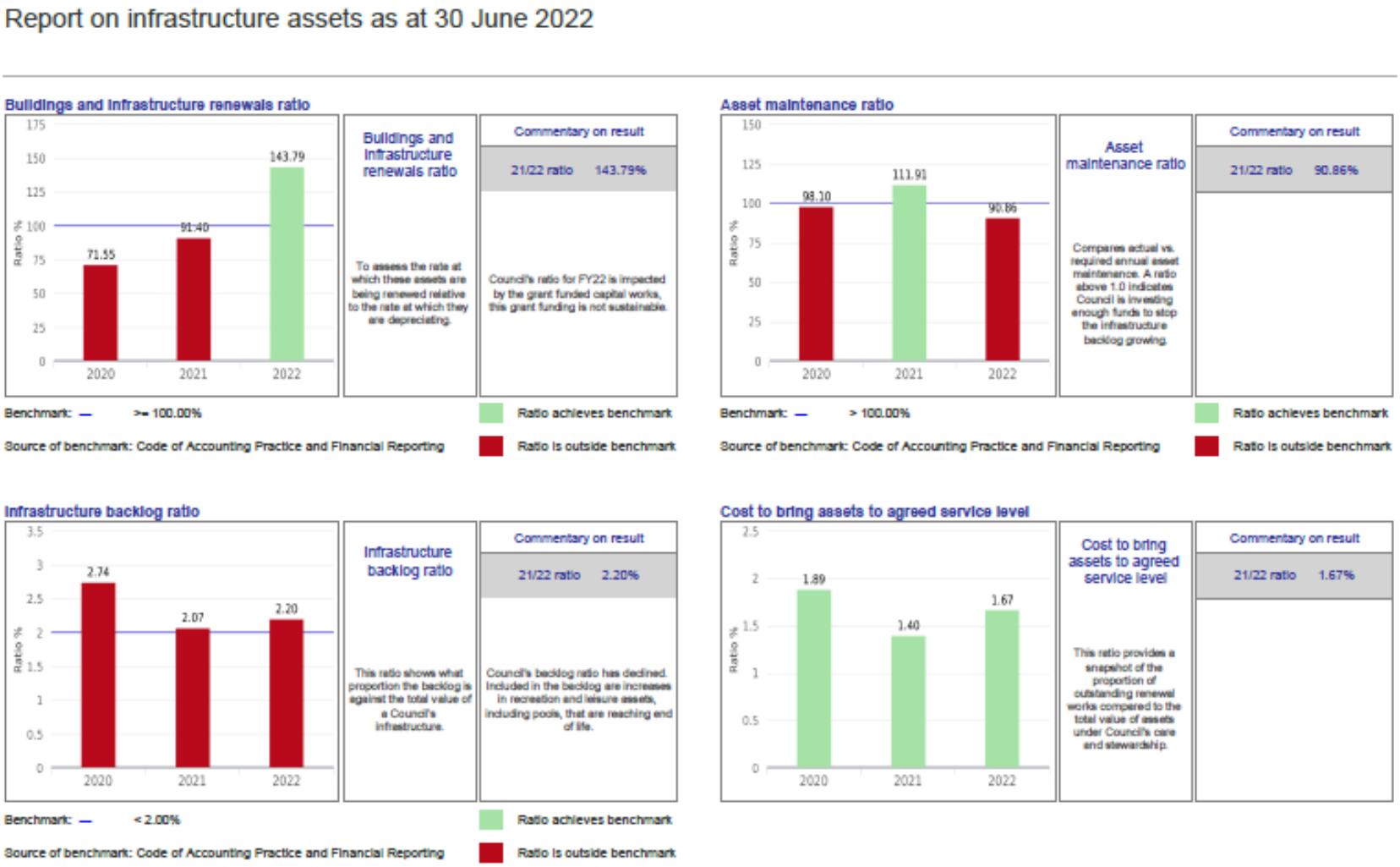


Figure 4: Performance Ratios - FY22 Audited Financial Statements extract

*These ratios include significant proportion of restricted grant funding that cannot be relied upon in future years

** These figures and ratios include significant State funded disaster recovery works and distort the performance of Council in delivering required maintenance. When adjusted to remove these funding sources Council fails to meet it's benchmarks.

Key Insights

Acknowledging the difficulty in meeting service levels over the last three financial years due to constraints imposed by unprecedented successive natural disasters and COVID-19, Council has failed to meet benchmarks for asset renewals investment when adjusted to reflect the large injections of funding from grants secured during the same period. The financial forecast presented in the updated Long Term Financial Plan 2023-32 demonstrates that within available funding, this is likely to continue without some form of intervention which in turn increases the renewal backlog to “catch-up”.

The intervention Council is proposing as modelled in the updated LTFP is an increase in revenue through an SRV. It should be expected, and is evident in the LTFP performance monitoring, that without an SRV Council’s infrastructure renewals ratio will continue to be lower than benchmarks and the infrastructure backlog ratio will worsen in the near term. Whilst Council pursues additional revenue in order to improve the overall asset condition and financial position over the remainder of the 10 year forecast period, if nothing changes, current levels of service must decrease to match the available income.

Service Delivery

Community Consultation

Council's last comprehensive community satisfaction survey was conducted in 2016 which means there is a lack of recent data across the business to assist in definition of required levels of service to meet the community's expectations. There has been targeted community consultation in some service areas including in the development of the Water and Sewer Strategic Business Plan in 2022, Waste Services Strategic Business Plan in 2021 and the Cemeteries Plan in 2020.

The consultation conducted in the development of the Community Strategic Plan 2042 did not directly canvass satisfaction levels against service areas; however, feedback was generally aspirational indicating a potential preference for assets to be provided and managed in line with the Improve model in the LTFP. Improved infrastructure was rated as a key attribute in the community consultation with the following sentiments expressed by the community.

"Improving road conditions, more footpaths, public toilets, tarring the heavily-used dirt roads, preservation of heritage infrastructure, and better infrastructure maintenance in general."

Service Delivery

There are many areas within Council that have responsibility for infrastructure asset management. Responsibilities range from managing an entire road network to single buildings and recreational facilities across the Shire and include identifying projects for delivery, planning project delivery, securing funding and servicing of the physical asset. The physical project delivery and/or servicing can be achieved using in-house or contract resources managed by Council.

Service Level Drivers

It is a key priority action in the Asset Management Improvement Plan to conduct detailed and targeted community consultation on service levels. This was not conducted in the prior Integrated Planning and Reporting review cycle due to COVID-19 and successive natural disasters. Regardless of the strategic and operational environment Council will face in this review cycle, this consultation is of the highest priority.

Council has three key drivers for our levels of service

1. Community Expectations: communicated to Council through various mechanisms including customer requests, have your say and direct/targeted community consultation
2. Legislative Requirements: Local, State and Federal Acts and Regulations.
3. Technical Levels of Service: Linked to annual budgets.

The Technical Levels of Service, definition and examples are indicated in the Table below. They have not changed substantially since the previous Integrated Planning and Reporting review.

Table 8: Technical Levels of Service and Examples

Level of service	Definition and Examples
Operations	Activities to allow services and facilities to function for their intended purpose e.g. opening hours, cleaning, roadside mowing grass, energy, inspections, water pump and chlorination plant operations, dam operations, landfill operations, waste collection, environmental monitoring and maintenance, waste and resource recovery, managing vegetation and noxious weeds, controlling wind-blown litter, graveside maintenance
Maintenance	Activities to allow an asset to reach its intended service life e.g. road patching, unsealed road grading, building and structure repairs, painting buildings, structural repairs, water pump mechanical repairs, chlorination equipment instrument calibration and maintenance, maintenance of environmental controls, maintaining an appropriate network of access roads and tracks in waste facilities, building maintenance and repairs, silt control dams, six monthly or annual inspections and compliance checks, annual maintenance programs (ovals restoration, tree pruning program, pool plant servicing, painting park furniture and shelters)
Renewal	Activities that return an asset to its original service capability e.g. frequency and cost of road resurfacing and pavement reconstruction, pipeline replacement and building component replacement (e.g. replacing a roof), frequency and cost of water mains replacement, replacement of pumping equipment at end of useful life, fencing replacements and renewal of access roads in waste facilities, signage replacement, frequency and cost of pool plant replacement, park furniture replacement, amenities building replacement, play equipment replacement and cemetery furniture replacement
Upgrades	Activities that provide a higher level of service e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size, new kitchen in community building, , increasing the capacity to landfill waste by construction of a new cell, widening or sealing a gravel pathway, adding additional play equipment, adding a viewing platform to a lookout area, increasing sportsground lighting capacity, installing an irrigation system, replacing an oval pavilion with a larger version or a new service that did not exist, e.g. a new library, new water treatment facility, new waste transfer station extension of lawn cemetery, memorial gardens and niche walls

Key Insights

When considering the key insights presented in the “Current State of the Assets” and “Asset Lifecycle Management” sections compared to the modelled options in the updated Long Term Financial Plan, it becomes obvious that the service levels of Council exceed our financial means to sustainably deliver them. In light of changes in demand for Council’s services discussed in the next section, it becomes obvious that Council must seek additional sources of revenue, or lower its levels of service in some or most of its service areas.

Future Demand

Predicting future demand is an uncertain science that enables Council to plan ahead and identify the best way of meeting the predicted demand. Council monitors and analyses demand regularly through various means such as; utilisation data, industry trend reports, population growth and demographics, community surveys and observation of other councils with similar scale and demographics. Various master plans and strategies have been adopted by Council and influence asset management decisions. We understand future demand on Council's assets and services is being driven by three main factors, although there are many more complex and nuanced reasons for changes in demand.

1. Population growth and change in demographic composition
2. Changes in technologies
3. Climate change adaption requiring rebuilding, recovery and resilience (prevention and preparedness) activities

Population growth and change in demographic composition

The current population (2022) in the Bega Valley is estimated to be 35,118 and is expected to grow modestly to 38,138 by 2036. This represents an increase of 8.6% over the 14 year time horizon. Growth can generally be attributed to net migration, with the major contribution historically from Sydney. Dwelling occupancy rates are currently sitting at 84% and are expected to remain consistent. Despite the high vacancy rate (16%) housing supply and affordability are major issues for the Shire. This suggests the high proportion of vacant dwellings are not available for purchase or rent by those seeking accommodation and operate as secondary residences for ratepayers living elsewhere. This trend is forecast to continue in the future. Additionally the average number of persons per household is estimated to be 2.25 people, with a forecast decline to 2.15 people by 2036. This suggests a generally ageing and retiring population, migrating to the Valley.[11]

Figure 5: Forecast household types

Forecast household types

Bega Valley Shire	2016		2026		2036		Change between 2016 and 2036
Type	Number	%	Number	%	Number	%	Number
Couple families with dependents	3,199	21.5	3,175	19.5	3,306	18.6	+107
Couples without dependents	5,549	37.3	6,335	38.9	6,723	37.9	+1,174
Group households	366	2.5	344	2.1	322	1.8	-44
Lone person households	4,168	28.0	4,829	29.6	5,700	32.1	+1,532
One parent family	1,421	9.6	1,426	8.7	1,497	8.4	+76
Other families	167	1.1	192	1.2	207	1.2	+40

Source: Population and household forecasts, 2016 to 2036, prepared by .id (informed decisions), December 2017.

[11] Generated by .id (Informed Decisions)

Specific economic insights cannot be reliably drawn from these estimates; however an ageing population profile is likely to drive change in the way Council services and assets are used. Demand for early childhood services and the assets that support them will likely remain static, whilst demand for recreational assets, community facilities and transport options desired by older populations will increase.

Population growth generally leads to new development activity in the form of new sub-divisions and redevelopment of existing properties. This will result in growth to Council's assets. The rate of new development activity in the shire is significantly greater than in the past; however, the transfer of assets to Council from development tends to be less than 1% of total asset networks annually. Whilst this seems modest, the increase in rateable population does not generally cover the additional costs of those assets to Council over time and presents another sustainability challenge for Council to address, particularly when the quality of assets transferred to Council is varied.

Changes in technology

It is widely accepted that our national and global economic structure is not sustainable. The global community is estimated to consume resources almost twice as fast as the planet's ecosystems can regenerate them, while many resources simply cannot be regenerated naturally. The transition to a circular economy is being advocated at all levels of government, with technology a major component of driving change. Council has recently elected to join other major stakeholders in the shire in the Bega Valley Circular Economy initiative supported by Bega Cheese Limited and Rabobank. Council is in the early stages of adopting a Circular Economy framework which will help guide our future asset management planning to support this transition.

Our transition to a Circular Economy is expected to change the materials and methodologies used in managing our assets, with associated cost impacts. At this time these are not well understood and more work is planned to assess and adopt proven technologies as they emerge.

Climate Change adaptation and resilience

Since the adoption of the previous Asset Management Plans in 2017 the Bega Valley has suffered unprecedented successive natural disasters brought about by rapidly accelerating climate change. We recognise this is now the status quo and must prepare for an increase in detrimental impacts for our community and Council's operations, assets and services. Council is grappling with providing assets that are resilient to the change in expected operating conditions. This includes upgrading our assets to be more sustainable, emitting less carbon, more resilient to extremes in climatic conditions and offering refuge to our communities during events.

In particular our buildings, stormwater and transport infrastructure need to account for sea level rise, larger and more frequent floods and inundation, contrasted with periods of extreme drought and heat leading to more frequent and dangerous bushfires. To proactively adapt to climate change, Council's Asset Management Plans are beginning to be informed by; natural disaster strategies/plans, flood studies and flood plain risk management plans, current and projected exposure and damages from climate change hazards.

Upgrading our assets to meet these needs is predominantly contained in the Improve model, requiring a significant increase in investment. Unfortunately this is beyond our current financial means. Council has been fortunate in recent years to be provided Federal and State Government disaster recovery funding to gradually build back our assets lost or damaged through natural disasters.

Risk Management

Council recognises that risk exists in all aspects of its operations. It takes seriously the impact of risk on business continuity and service delivery and is committed to an approach that embraces a strong risk management culture and fulfils Council's duty to provide a safe environment that fulfills the organisation's purpose.

Council has adopted an Enterprise Risk Management Framework, strategic risk register and corporate risk register that is used to identify and manage enterprise risks. The framework is founded on principles from the Australian and New Zealand ISO Standard on Risk Management (AS/NZ ISO 31000:2018). It guides the monitoring and reporting of risk profiles and the required actions to reduce the level of risk presented to Council and the community. Linked to the corporate risk register is a system that ensures asset specific risk management plans are incorporated into the Asset Management Plans for each asset class. These assist in the identification and management of significant risks and controls for each asset class. They provide detailed evaluation of the risks, risk treatments and risk monitoring activities. This is used to inform the management of the asset class to inform decision making for investment prioritisation. A summary of specific risks to Council assets are provided below

Asset Class / Service Delivery Area	Risk/Opportunity Description	Risk Impact Statement	Mitigation/Management Strategies
Corporate – Whole of Council	1. Forecast asset renewal costs[12] exceed forecast revenue 2. Asset data is low-medium quality	1. Levels of service decline as the condition of assets deteriorate Maintenance costs increase against general fund 2. Margins of error increase and affect quality of decisions	1. Seek external funding opportunities (grants), prepare for special rate variation, lower technical levels of service 2. Complete asset technology transformation projects, conduct revaluations to refresh asset condition, value and depreciation data
Airport	3. Asset capacity does not meet increasing demand for GA[13] and RPT services	3. Lost economic generation, service disputes with carriers and lessee's	3. Complete existing upgrade project and seek additional funding for future stages of development
Buildings incl community facilities	4. Buildings not maintained or components renewed appropriately especially roofs and structural components	4. Assets deteriorate beyond safe or habitable condition, depreciation impacts overall financial viability, assets unused and services relocated	4. Investigate divestment of RFS, Surf Life Saving and high-cost Council managed Crown assets, increase inspection and maintenance activities in lieu of renewals
Cemeteries	5. Low risk-low relative cost service area. No significant risks to report	5. The adopted Cemeteries Plan has not identified any major service impacts	5. Delivery and regular update of the Cemeteries Plan 2020-2030
Parks, Aquatic and Recreation	6. A lack of funding to upgrade or renew assets ultimately leads to a decline in the condition of these assets to be rendered "unfit for purpose"	6. This translates to a real or perceived inequity in provision of facilities below what the community expects, increased potential of injury to the community in the use of Council's park, aquatic and recreational assets, particularly those which are not properly maintained, lower quality of life outcomes	6. Prioritise operations and maintenance programs on high use-high value recreational assets to ensure they are in a 'fit for purpose' condition
Roads Infrastructure	7. Condition and valuation data is becoming obsolescent and due for	7. Renewals and repairs are not prioritised to most needed assets,	7. Convert asset data to corporate system, undertake whole of

[12] Based on condition inspections and remaining useful life estimates
[13] General Aviation and Regular Public Transport

	re-valuation within the term of this plan. Successive intensive climate conditions are accelerating deteriorating assets	local access and rural unsealed road condition worsens	transport revaluation and network definition activities, lower technical levels of service against low use-value assets
Shared Network	8. Assets deteriorating and introduce non-compliant trip hazards. Poor connectivity with shared path network that incorporates cycleways and boardwalks to critical infrastructure like schools, CBD, hospitals, aged care homes etc. Reduced compliance for accessibility and mobility	8. Increased frequency of incidents and claims and maintenance costs from an increase in trip hazards, marginalised vulnerable community members unable to access active transport options	8. Accept risk in this asset class/service area. Prioritise maintenance and inspection for higher traffic areas (Zone 1 CBDs)
Sewer	9. Considered separately in Water and Sewer Strategic Business Plan and Asset Management Plan – however the fees and charges associated with this service delivery area contribute to the corporate level risk of asset forecast renewal costs exceed forecast revenue and the overall resident and ratepayers' ability to afford the levels of service provided by Council		
Stormwater	10. Inundation and extreme vegetation growth impacting system capacity, low confidence condition data due to cost and difficulty of effective inspections	10. Unforeseen, unpredictable localised failure to manage current and future stormwater volume, increased property damage and claims	10. Prioritise condition assessment and reactive maintenance in highly impacted catchments
Structures	11. Timber structures at/nearing end of useful life and costly to replace Detailed inspection regime historically unfunded	11. Load limits applied to routes with negative social and economic impact, assets vulnerable to intense weather events, reactive maintenance activities are not carried out	11. Increase operations and maintenance budgets, convert timber structures to more resilient materials excepting high heritage value assets
Waste	12. Waste generation volumes continue to increase, and with lesser focus on diversion, provision of landfill airspace takes priority over consolidation and maintenance of existing waste infrastructure	12. Waste diversion is not prioritised, landfill airspace is over utilised and Council's ability to deliver affordable waste management solutions deteriorates	12. Consolidate operations, minimise landfill airspace consumption through improved operational practices, increased resource recovery and waste minimisation programs
Water	13. Considered separately in Water and Sewer Strategic Business Plan and Asset Management Plan – however the fees and charges associated with this service delivery area contribute to the corporate level risk of asset forecast renewal costs exceed forecast revenue and the overall resident and ratepayers' ability to afford the levels of service provided by Council		

Asset Management Improvement Plan

The actions outlined in the below Improvement Plan are mutually supportive to continuously improve Council's Asset Management System. This can be conceptualised by visualising the benefits of these actions as the building blocks of a mature Asset Management System.

The Mature Asset Management System		
Strategic objectives are correctly resourced		
Decisions are based on High Quality/Confidence information and sensitive to emerging opportunities and risk		
Processes and their outputs are transparent, repeatable, reliable and well understood		
Consistent, accurate and timely (High Quality/Confidence) information		
Council understands its position	Council understands the needs of its stakeholders	Council understands its strategic and operating environment

Council has developed high level focus areas and specific operational actions to improve asset management practices. These actions, described in the table below, are closely aligned with the Delivery Program and form the Asset Management Improvement Plan which will be implemented by the Corporate Asset Management Group.

Focus Area	Action	Expected Benefit(s)	Timeframe	Priority
Financial and asset management planning, integration and reporting 	Align asset operation, maintenance, renewal, and upgrade information with finance systems and reporting	Consistent, accurate and timely (High quality/confidence) information	FY22-23	High
	Developer Contributions Plans include the priorities of Corporate Asset Management Group adn adopted by Council	Strategic objectives are correctly resourced	FY23 onwards	Medium
	Asset accounting processes identify all asset expenditure requirements into clear categories- renewal, growth, maintenance or operational	Processes and their outputs are transparent, repeatable, reliable and well understood	FY23	High
	Review corporate chart of accounts to ensure cost centres and classifications for each class are accurate and reflect current organisation structure and service delivery	Consistent, accurate and timely (Higher quality/confidence) information	FY25	Medium
	Formalise and document processes that reduce processing time for annual financial budgets and reporting requirements and external valuation processes	Consistent, accurate and timely (Higher quality/confidence) information	FY23	Medium
	Ensure the SAMP is reviewed and updated annually	Planning decisions are based on High quality/confidence information and sensitive to emerging opportunities and risk	Annually in the last FY Quater	Medium
	Document in procedures a consistent approach to calculating depreciation and backlog	Processes and their outputs are transparent, repeatable, reliable and well understood	FY23	High

Focus Area	Action	Expected Benefit(s)	Timeframe	Priority
Data collection and information management 2	Establish clear processes and procedures for all asset classes to the review, collect, maintain and record asset data in the corporate asset register	Processes and their outputs are transparent, repeatable, reliable and well understood	FY23	High
	Ensure all Council assets are captured in Council's corporate asset register and all Council service areas use fit for purpose asset maintenance systems	Consistent, accurate and timely (Higher quality/confidence) information	FY23-FY25	High
	Establish annual audit of information in the corporate asset register to ensure each asset has relevant attributes filled, assets are assigned to a position and that asset managers are confident with the data	Council understands its position Consistent, accurate and timely (Higher quality/confidence) information	FY23	Medium
	Develop and introduce data validation, auditing, and reporting processes that integrate Council's geospatial, finance and customer service systems with asset systems.	Processes and their outputs are transparent, repeatable, reliable and well understood	FY25	High
	Utilise the corporate asset register modelling tool to support the consideration of adding new assets to Council's portfolio, explicitly detail the impact on the future operations and maintenance budgets, "whole of life" costs and risk management assessments	Council understands its strategic and operating environment Planning decisions are based on high quality/confidence information and sensitive to emerging opportunities and risk	FY24	Low
Capacity building 3	Implement and incorporate AS/ISO55000, AS/ISO55001 and AS/ISO55002, AS/ISO55010 (2014) standards into processes	Processes and their outputs are transparent, repeatable, reliable and well understood	FY25	Medium
	Undertake a review of roles, resources and responsibilities for asset management across all service delivery areas and provide recommendations for improvement	Council understands its position Strategic objectives are correctly resourced	FY24	Medium

Focus Area	Action	Expected Benefit(s)	Timeframe	Priority
Operational implementation 4	Undertake an organisation wide Asset Management Maturity Assessment and seek Council commitment to implement recommendations	Council understands its position	FY24	High
	Develop a roadmap for organisation-wide asset management literacy	Strategic objectives are correctly resourced	FY23	Medium
	Enterprise adopted project management software and processesare used for delivering all of Council's capital and operational projects	Processes and their outputs are transparent, repeatable, reliable and well understood	FY23	Medium
	Each asset class has measurable and repeatable methodologies for asset inspection and network assessment	Processes and their outputs are transparent, repeatable, reliable and well understood	FY24	Low
	Conduct targeted community engagement including our strategic partners about the condition and performance of our assets to update service levels	Council understands the needs of its stakeholders Consistent, accurate and timely (Higher quality/confidence) information	FY23-24	High
	Ensure alignment with Council's Risk Management Framework in managing Council's assets and develop Asset Risk Management Plans	Processes and their outputs are transparent, repeatable, reliable and well understood	FY23	Medium
	Revisit the charter, composition and resourcing of the Asset Management Group	Strategic objectives are correctly resourced	FY23	Low
	Review technical levels of service that are compliant with regulatory requirements for each asset class	Council understands the needs of its stakeholders	FY24	High

Focus Area	Action	Expected Benefit(s)	Timeframe	Priority
	Minimum design standards established once technical and community levels of service levels have been confirmed.	Processes and their outputs are transparent, repeatable, reliable and well understood	FY25	Medium
	Develop practices for responding to asset-related risk occurrences	Council understands its strategic and operating environment Processes and their outputs are transparent, repeatable, reliable and well understood	FY23-24	Medium
	Plan and undertake activities to build resilience in the asset base in response to environmental challenges	Council understands its strategic and operating environment	FY25	High

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Structures Asset Management Plan

Assets covered by this plan

Assets that provide crossings of waterways, support to roads and major maritime infrastructure (wharves and jetties):

- Bridges (structures >6m length)
- Major Culverts (<6m length, >1.8m span or 3sq.m), often concrete box or pipe construction
- Causeways (also known as floodways, crossings subject to inundation by floodwater)
- Retaining Walls (structures which support the road reserve or retain material from it)
- Major Marine assets Merimbula Wharf, Tathra Wharf, Merimbula Public Jetty.

Exclusions include:

- Minor Culverts (<1.8m span or 3sq.m) which are considered as Stormwater Assets.

Number and Condition

235 Bridges and Major Culverts > 6m

Average Condition – 2.00

Current replacement cost ($m)

$155m (Source: Draft FY22 Audited Financials)

Levels of service

We understand that our community value a safe, accessible and resilient structures network for use by regular and heavy vehicles.

What does it cost?

The forecast lifecycle costs necessary to provide structures assets includes operation, maintenance, renewal, acquisition, and disposal.

10 year outlay required: $84.4m or $8.44m on average per year.

Future demands which may affect service delivery

- changes in technology e.g., changes in high productivity vehicle (HPV) configurations.
- changes in legislation e.g., transfer of delegation to NHVR, gazettal, Notices, exemptions, conditions (NHVR access permit restrictions).
- School bus services may no longer be required, or additional services required due to changes in development in urban, peri-urban and rural areas.
- Change in industry mix or economic activity, more or less heavy vehicle access required.
- Resilience to natural disasters (flood and fire)

Improvement Plan

- Continuous inspection to validate condition data
- Trial and implement ranking process for works proposals
- Improve renewal cost estimates (scope and unit rates)
- Measure resilience in service delivery, particularly closures due to flooding
- Record, inspect & condition rate retaining wall structures

Risk management

What can happen?

- structural failure leading to collapse of bridge
- Reduced access to properties

Risk treatment plan

- continue to undertake condition inspections to identify structures near end of life

Critical assets

- Cuttagee Lake Bridge, Bermagui River Bridge, Bega River Bridge (Mogareeka), Six Mile Bridge, Seven Mile Ck Culverts, Watergums Ck Bridge (Wonboyn Rd), causeway structures generally

Parks, Aquatic and Recreation Management Plan

Assets covered by this plan

Assets that that provide recreational services for the Bega Valley including sporting facilities, playgrounds and skateparks, parkland reserves, natural reserves, aquatic facilities and marine recreation facilities.

Number and Condition

Average Condition – 2.80

Sporting Facilities	25 ovals, 65 courts, 30 pavilion buildings, + associated assets
Playgrounds and Skate Parks	43 Playgrounds; 9 Skate Parks
Parkland Reserves	83 reserves; multiple asset types including amenities buildings.
Natural Reserves	30 reserves; multiple asset types
Aquatic Facilities	13 pools & features and associated buildings and assets over 7 sites
Marine Recreation Facilities	22 boat ramps and associated assets over 10 sites; water access structures and platforms.

Current replacement cost ($m)

$135.8m Total (Source: The PAR CRC reflects revaluation work undertaken in 2022)
(Includes $50.1m various building assets)

Sporting Facilities	$44.6m
Playgrounds and Skate Parks	$7m
Parkland Reserves	$31.6m
Natural Reserves	$7.6m
Aquatic Facilities	$31m
Marine Recreation Facilities	$14m

Levels of service

We understand that our community value access to good quality open space, recreation and sporting facilities that support health and wellbeing. However maintaining historic provision levels with changing community needs and expectations across a large shire area is an ongoing challenge.

What does it cost?

The forecast lifecycle costs necessary to provide structures assets includes operation, maintenance, renewal, acquisition, and disposal.

10 year outlay required: $133.6m or $13.3m on average per year.

Future demands which may affect service delivery

- Population increases
- Changing demographics (ageing population)
- Changing recreation trends and community needs
- Tourism
- Climate change
- Increasing community expectations

Improvement Plan

- Mapping of Assets on Council's GIS framework
- Continued implementation of AM system (Assetic) as a basis for capital works program
- Improve renewal cost estimates (scope and unit rates)
- Undertake strategic planning across key asset categories and types including review of service levels
- Continued review of asset register unit rates and useful lives and collation into a single register

Risk management

What can happen?

- Increased potential for injury to people while using Council owned and managed facilities, particularly those which are not maintained in a 'fit for purpose' condition.
- Damage to assets as a result of Natural disasters.

Risk treatment plan

- Continuing to develop and review programmed operations and maintenance works for key asset types based on risk and hierarchy.

Critical assets

- Pool Filtration and chemical dosing systems with health related impacts from inability to appropriately dose and filter to NSW Health standards.

Buildings Asset Management Plan

Assets covered by this plan

Assets comprising a variety of property types of all ages, ranging from Council administration buildings, work depots, childcare centres and preschools, public halls, surf lifesaving clubs, bush fire sheds, recreational buildings, and museums.

This does not cover all of Councils Building Assets.
Assets not included in this plan include

- Waste buildings
- Water and Sewer Services (W&SS) buildings
- Recreational buildings including sporting and swimming pool pavilions and public amenities
- Cemeteries
- Saleyard
- Airport

Number and Condition

110 buildings and structures
Average Condition – 2.95

Community Halls (sites)	18
Childcare and Pre-schools	5
Civic Centre, Libraries and Museums	8
Regional Galleries	1
Administration and other Buildings	78

Current replacement cost ($m)

$78m (Source: Draft FY22 Audited Financials)

Levels of service

We understand that our community value building assets that meet local needs, are safe, accessible and fit for purpose. The current allocation is insufficient to continue providing existing services at current levels for the planning period.

What does it cost?

The forecast lifecycle costs necessary to provide structures assets includes operation, maintenance, renewal, acquisition, and disposal.
10 year outlay required: $14.0m or $1.4m on average per year.

Future demands which may affect service delivery

- Increased community expectations and level of utilisation
- Population change
- Increasing costs
- An aging volunteer population, which has predominately managed and maintained community buildings
- Changing community needs and expectations of building quality and amenity of the community
- A history of community managed and maintained buildings, as well as Crown owned facilities becoming the responsibility of Council through changing legislation and demand on volunteers
- Technical Specifications meeting Building Code of Australia (BCA) and other industry related standards

Improvement Plan

- Undertake further detailed condition assessment of all facilities including the entire building envelope i.e hard landscape, carparks, access
- Review service levels
- Undertake further detailed condition
- Improve renewal cost estimates (scope and unit rates)
- Implement Asset Management and Maintenance systems and resourcing.
- Strategically examine if facilities can be incorporated within another as a multi-purpose facility

Risk management

What can happen?

- Buildings not maintained or managed appropriately increasing the risk of injury or failure.
- Increased risk of component failure due to extended life
- Premature failure of some assets.
- Reduction of service levels in some areas.
- Not meeting community expectations for services.
- Non-compliance with regulatory requirements
- Major natural disaster/event that destroys an asset.
- Loss of committees with asset maintenance responsibility falling back to Council
- Increased potential for injury to people while using Council owned and managed facilities, particularly those which are not maintained in a ‘fit for purpose’ condition

Risk treatment plan

- Provide support to volunteer committees of management in the maintenance of Council assets.
- Set up systems and processes to ensure adequate maintenance and renewal to remain fit for purpose.

Critical assets

- Council administration building and depot- Council unable to provide services efficiently

Roads Asset Management Plan

Assets covered by this plan

Assets that provide a transport network including roads, kerbs and gutter along with minor culverts, carparks, roundabouts, traffic islands, bus shelters and guardrails.

Number and Condition

Roads – Sealed	796.6km	1.42
Roads - Unsealed	688.9km	1.55
Carparks	88	2.60
Kerb and Gutter	290.5km	2.59
Guardrail	36.6km	2.58
Minor Culverts	58.4km	2.91

Current replacement cost ($m)

$436.1m Total (Source: Draft FY22 Audited Financials- noting that various road elements are reported at a consolidated level)

Roads	$242.8
Bulk earthworks	$193.3

Levels of service

We understand that our community value a quality transport network that meets the needs of residents in our towns, villages and rural areas and supports our community to work, learn and socialise.

What does it cost?

The forecast lifecycle costs necessary to provide structures assets includes operation, maintenance, renewal, acquisition, and disposal.

10 year outlay required: $211.4m or $21.1m on average per year.

Future demands which may affect service delivery

- Population change Population change
- Diversification of industry
- Climate change
- Changes in community expectations
- Changed in Technology e.g. higher productivity vehicles
- Changes in legislation e.g. NHVR gazettes, notices, exemptions

Improvement Plan

- Document methodologies used to carry out consistent asset condition surveys and defect identification assessments Review service levels
- Conduct community engagement including our strategic partners about the condition and performance of our assets to establish updated service levels)
- Integrating ESRI GIS, REFLECT (Maintenance management system), and Council's management systems with Assetic

Risk management

What can happen?

- Increase in pavement failures and road roughness due to wearing of sealed surfaces
- Major natural disaster or event that destroys asset
- Pavement is unserviceable leading to increased risk of vehicle accidents or restricting property access

Risk treatment plan

- Review cyclic maintenance program (Bitumen reseals, patching, heavy patching) to approach a 10 -15 year cycle.
- Regular defect assessment / monitoring /renewal & maintenance.

Critical assets

- State roads, regional roads, local collector roads

Stormwater Asset Management Plan

Assets covered by this plan

Assets that provide urban stormwater management including stormwater pipes, stormwater pits, stormwater headwalls (inlets and outlets) and basins, channels and ponds.

Number and Condition

123.3km

Average Condition – 2.89

Current replacement cost ($m)

$57.9m (Source: Draft FY22 Audited Financials)

Levels of service

We understand that our community value stormwater infrastructure to effectively manage stormwater in urban localities, and protect assets, property, services and the environment from negative impacts of stormwater.

What does it cost?

The forecast lifecycle costs necessary to provide structures assets includes operation, maintenance, renewal, acquisition, and disposal.

10 year outlay required: $16.2m or $1.6m on average per year.

Future demands which may affect service delivery

- Increase in network size by dedication from development
- Decrease in lot sizes leading to more roof water management
- Change in existing and future network capacity requirements due to climate change
- Improvement in technologies for repairing and renewing stormwater infrastructure

Improvement Plan

- Align stormwater operation, maintenance, renewal and upgrade engineering information with accounting and finance systems data
- Formalise Works as Executed procedures across all of Council to improve quality of information held on newly acquired or renewed assets
- Integrate visual inspection and CRM data into condition data
- Review design standards to support water sensitive urban design

Risk management

What can happen?

- Scour, sink holes, physical failure (collapse), blockage, inundation.
- Surcharge of stormwater and localised flooding
- Vegetation and sedimentation .
- Collapse of adjacent and/or overhead structures and landform.

Risk treatment plan

- Programmed CCTV inspection and visual inspections to identify pipes/culverts near end of life.
- Renewal of assets when required.
- Further develop the pipe/ culvert cleansing program.
- Improve coordination with the other asset class programs (especially roads).

Critical assets

- Urban pit and pipe networks.

Path Asset Management Plan

Assets covered by this plan

Assets comprising footpaths, paved paths, boardwalks, footbridges, path specific signage including wayfinding signage, path specific lighting, bicycle paths and shared paths (both pedestrian and cyclists) and end of trip facilities. This plan does not include private paths i.e., paths not owned/managed by Council, formed or informal paths and tracks developed and delivered by our Parks, Aquatics & Recreation team, these assets are included in the Open Space AMP.
Pedestrian bridges and boardwalks (excluding the new Lakes Street Structure) that form part of the path network have been included in the Structures Asset management Plan.

Number and Condition

144.6km
Average Condition – 2.80

Current replacement cost ($m)

$24.3m (Source: Draft FY22 Audited Financials)

Levels of service

We understand that our community value a path network that is accessible, well-connected and safe where community members can gain pedestrian access (including the use of mobility devices), bicycle access or enjoy exercise through walking and/or cycling.

What does it cost?

The forecast lifecycle costs necessary to provide structures assets includes operation, maintenance, renewal, acquisition, and disposal.

10 year outlay required: $38.5m or $3.85m on average per year.

Future demands which may affect service delivery

- Population and demographics change
- Climate change
- Increase in network size by dedication from development
- Changes in community expectations
- Increasing costs
- The reduction in the number of children walking or cycling to school etc.
- Potential for increasing the support for bicycling as an alternative transport to driving
- Changing needs paths needed for a wide range of users
- Changes in technology and legislation
- Reduced State and Federal funding opportunities.

Improvement Plan

- Review and update useful lives used in the asset register
- Demand monitoring using Local Government Cycling Participation survey and purchase of mobile counter hardware.
- Review and update current replacement costs used in the asset register
- Implement Asset Management and Maintenance systems and resourcing.

Risk management

What can happen?

- Paths become unserviceable due to reaching the end of their useful life and/or as a result of third party works.
- Increased potential for injury to people while using Council owned and managed facilities, particularly those which are not maintained in a ‘fit for purpose’ condition
- Changing environmental conditions

Risk treatment plan

- Undertake regular survey and condition audits at least once every four years.
- Set up systems and processes to ensure adequate maintenance and renewal to remain fit for purpose.

Critical assets

- All paths – potential trip hazards
- Narrow footpaths/walkways/footbridges resulting in non-compliance with access and inclusion standards

Waste Services Asset Management Plan

Assets covered by this plan

Assets that provide waste management services and solutions for the Bega Valley Shire including:

- The Central Waste Facility (CWF) landfill and associated infrastructure;
- An organics processing facility, located at Merimbula;
- Transfer stations, located at Merimbula, Eden, Bermagui, Bemboka, Candelo and Wallagoot;
- Resource recovery and recycling facilities at the above referenced transfer stations;
- Legacy landfills at the above referenced sites, including many at other known locations throughout the shire; and
- A waste collection service, including bins and bin bank infrastructure to enable collection of comingled recycling, food and garden organics, and general waste.

Number and Condition

1 Central Waste Facility, 6 Waste Transfer Stations

Average Condition – 2.60

Current replacement cost ($m)

$9.9m (Source: Waste revaluation report 30 June 2022)

Levels of service

We understand that our community value investment in innovative waste management technologies and processes, a focus on public litter, greater recycling and harnessing the benefits of local waste transformation.

What does it cost?

The forecast lifecycle costs necessary to provide structures assets includes operation, maintenance, renewal, acquisition, and disposal.

10 year outlay required: $167.6m or $16.7m on average per year.

Future demands which may affect service delivery

- Federal, state and locally-adopted waste reduction targets.
- Increase costs for operation, regulation and maintenance of waste facilities and associated infrastructure.
- The volume of landfill airspace available at the CWF landfill.
- Increased community expectations.

Improvement Plan

- Continued update and review of long-term financial plan and 30-year model
- Develop remediation plans for all sites
- Research and development of alternative waste technologies and practices
- Implement Asset Management systems and resourcing

Risk management

What can happen?

- Environmental incident resulting in facility closure
- Collection Service interrupted due to natural disaster, contract or industrial action
- Landfill capacity exhausted prematurely
- Closure of facility due to regulatory non-compliance

Risk treatment plan

- Correct staffing level and capability to improve supervision and accountability in landfill operations reducing risk of regulatory breaches.
- Increase level of waste diversion from landfill

Critical assets

- Central Waste Facility