

Gunnedah Shire

Strategic Asset Management Plan

December 2024



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In presenting this document to the community, Gunnedah Shire Council acknowledges the Kamilaroi Nation as the traditional Custodians of the Land on which we live and work. In doing so, Council pays its respect to all Elders both past and present as well as to the young Indigenous leaders of tomorrow.

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Executive Summary

Gunnedah Shire Council is responsible for the acquisition, operation, maintenance, renewal and disposal of an extensive range of physical assets with a replacement value of approximately \$865M.

"Roads, rates and rubbish" is a phrase often heard echoed when asking the public about the role of local government and the services provided. However, the functions of local government unequivocally extend beyond this through the provision of services which support the development of cities, regions and shires into healthy, prosperous and sustainable communities.

Infrastructure assets lie at the heart of many of these services, from roads that enable the safe and efficient movement of people and goods, to parks and community facilities which help to create active and engaged communities. The application of good asset management practice is pivotal to the cost effective provision of local government services to the community.

Table 1 below shows the value of our Infrastructure Assets, as reported at 30 June 2024 using the Financial Subclass categorisation. Table 5 shows how these Financial Subclasses have been allocated to Asset Management Plans (AMPs) based on service delivery and Engineering management practices.

Table 1: Asset Financial Subclass and replacement cost as at 30 June 2024

Asset Class	Replacement Cost
Bridges	\$57,418,736
Buildings - Non-Specialised	\$41,901,700
Buildings - Specialised	\$57,259,146
Footpaths	\$13,528,628
Other Infrastructure	\$18,006,992
Other Open Space/Recreational Assets	\$16,698,709
Other Road Assets (including bulk earthworks)	\$6,264,221
Other Structures	\$11,817,500
Roads	\$349,273,469
Sewerage Network	\$89,944,925
Stormwater Drainage	\$81,971,188
Swimming Pools	\$9,142,700

Asset Class	Replacement Cost
Water Supply Network	\$112,143,280
Total	\$865,371,194

These assets include buildings and other structures, parks, recreation areas, saleyards, roads, footpaths, drainage systems, water supply and sewerage services, and associated operating assets. They provide services essential to our community's quality of life.

This Strategic Asset Management Plan (SAMP) takes the organisational objectives in our Community Strategic Plan and develops the asset management objectives, principles, framework and strategies required to achieve these objectives.

The plan summarises activities and expenditure projections from individual AMPs to achieve the asset management objectives.

Current situation

Our aim is to achieve a 'core' maturity for asset management activities and continue maturity improvement where the benefits exceed the costs. Improvement tasks have been identified and documented in Table 18.

What does it cost?

Operating outlays (excluding depreciation)

The projected operating outlays necessary to provide the services covered by this SAMP includes operation and maintenance of existing assets over the 10-year planning period, which is an estimated \$9.7M on average per year.

Capital outlays

The projected required capital outlays including renewal/replacement and upgrade of existing assets and acquisition of new assets over the 10-year planning period is \$11.2M on average per year.

This SAMP has been developed to facilitate a balance between the projected expenditures in the SAMP and AMPs with financial outlays in the Long Term Financial Plan (LTFP) involving:

- community consultation on desirable and affordable levels of service;
- balancing service performance, risk and cost in a trade-off of projects and initiatives;
- considering the impact of trade-offs and accepting the service and risk consequences; and
- no borrowings to finance capital renewal and upgrade/new projects.

What we will do

Our aim is to provide the services needed by the community in a financially sustainable manner. Achieving financial sustainability requires balancing service levels and performance with cost and risk.

It may not be possible to meet all expectations for services within current financial resources. We will continue to engage with our community to ensure that needed services are provided at appropriate levels of service, at an affordable cost, while managing risks.

What we have deferred

We do **not** have enough funding to provide all services at the desired service levels or provide new services.

Council has adopted differing renewal criteria based on the criticality, risk, and perceived community expectations of the services to be provided through the assets to reduce the required funding. Some assets are accepted to be in condition 4 (poor) and will be renewed when they reach condition 5 (very poor). Whilst this has reduced the funding required, the current funding is still insufficient.

Managing the risks

There are risks associated with providing the service and not being able to complete all identified initiatives and projects. **We have identified major risks as:**

Airport

- Airport Runways - runways incapable of emergency landings to provide medical services to injured community members.

Buildings

- As the condition of assets deteriorates, they may become unsafe. Failed assets can pose a danger to the community.
- If buildings do not meet current standards Council could be at risk of litigation should an incident occur.
- With no new buildings or land improvements to demonstrate prosperity, new residents may not be attracted to the area.

Open Space

- Open Space assets are a highly visible asset class and affect community perception of Council performance, so new residents may not be attracted to the area if they are in poor condition.
- As the condition of assets deteriorates, they may become unsafe. Failed assets (such as playgrounds) can pose a danger to the community.
- If Open Space assets do not meet current standards, Council could be at risk of litigation should an incident occur.

Recreation

- The Stage 2 Gunnedah Memorial Pool Upgrade has a LTFP allocation of \$6.9M in 2032/33. Strategic estimates from consultant design works, Council experience from Stage 1, and projected indexation are that this will cost \$17M, indicating a significant deficit.
- The delivery of this upgrade aligns to the decommissioning of the indoor 25m heated pool and building, which is anticipated to be in poor condition at that time. If the upgrade cannot be delivered, Council will need to review the strategy for the management of the existing building.

Stormwater

- Blockage due to soil infiltration through damaged assets or failure of Stormwater causing localised flooding and damage to our community or our assets.
- Catastrophic failure of stormwater, causing hazards under roadways or public infrastructure and causing risks to our community.

Transport

- Sealed roads - increased risk of traffic accidents and vehicle damage.
- Unsealed roads - increased risk of traffic accidents, vehicle damage and delays for locals, tourists and the heavy vehicle transport industry.
- Un-sheeted roads - increased risk of traffic accidents, vehicle damage and delays for locals, tourists and the heavy vehicle transport industry.
- Footpaths that are unformed may force users onto the road and are not fit for purpose.
- Carparks which do not meet user requirements may cause reputational damage to Council and may be a safety liability.
- Kerb and channel drainage assets may leave Council liable if inundation or flooding occurs due to their incapacity to control and channel stormwater.

We will endeavour to manage these risks within available funding by:

Airport

- Monitoring the condition of assets and prioritise intervening with repairs, maintenance and asset renewal when budget permits.

Buildings

- Monitoring the condition of assets and intervening with repairs, maintenance and asset renewal when budget permits.
- Seek and respond to all grant (and other opportunities) to obtain external funding for asset renewal and acquisition.

Open Space

- Undertaking general park maintenance in accordance with the service level desired from each Open Space area.

- Monitoring the condition of assets and intervening with repairs, maintenance and asset renewal when budget permits.
- Seek and respond to all grant (and other opportunities) to obtain external funding for asset renewal and acquisition.

Recreation

- Seeking external grants. Engaging suitably qualified professionals to review project scope, design, delivery options, and works estimates.

Stormwater

- Inspecting and monitoring all stormwater assets regularly, prioritising and repairing defects in accordance with our inspection schedule to ensure functionality and safety.
- Reviewing and updating the Stormwater Management Plan.

Transport

- Distributing available funding to maintain critical assets to meet service levels.
- Managing asset maintenance and operations budgets to meet the road hierarchy programme.
- Reviewing and adjusting functional service standards.
- Implementing an improvement program for remedial work.
- Conducting regular condition assessment, routine maintenance and renew deteriorating components as required.
- Regular defect assessment / monitoring..

Confidence Levels

This SAMP is based on low to medium level of confidence information.

Next steps

The actions resulting from this SAMP are discussed in Section 7 and summarised below:

- Incorporate the projections from this SAMP and the AMPs into the LTFP.
- Consult with our community about the level of services we intend to provide, adjust to meet their expectations, and discuss what we can afford and what they are willing to pay for.
- Monitor the ongoing works and outcomes for our assets against how we expect them to perform and adjust our planning as more information becomes available.
- Investigate actions to extend the life of assets without affecting performance and risk.
- Continually improve our asset data management and decision-making processes.

1. Asset management strategy

1.1. Asset management system

Asset management enables an organisation to realise value from assets in the achievement of organisational objectives, while balancing financial, environmental and social costs, risk, quality of service and performance related to assets.

An asset management system is a set of interrelated and interacting elements of an organisation to establish the asset management policy and asset management objectives, and the processes needed to achieve those objectives.

The SAMP fits within the organisation's strategic and operational planning process as shown in Figure 1.

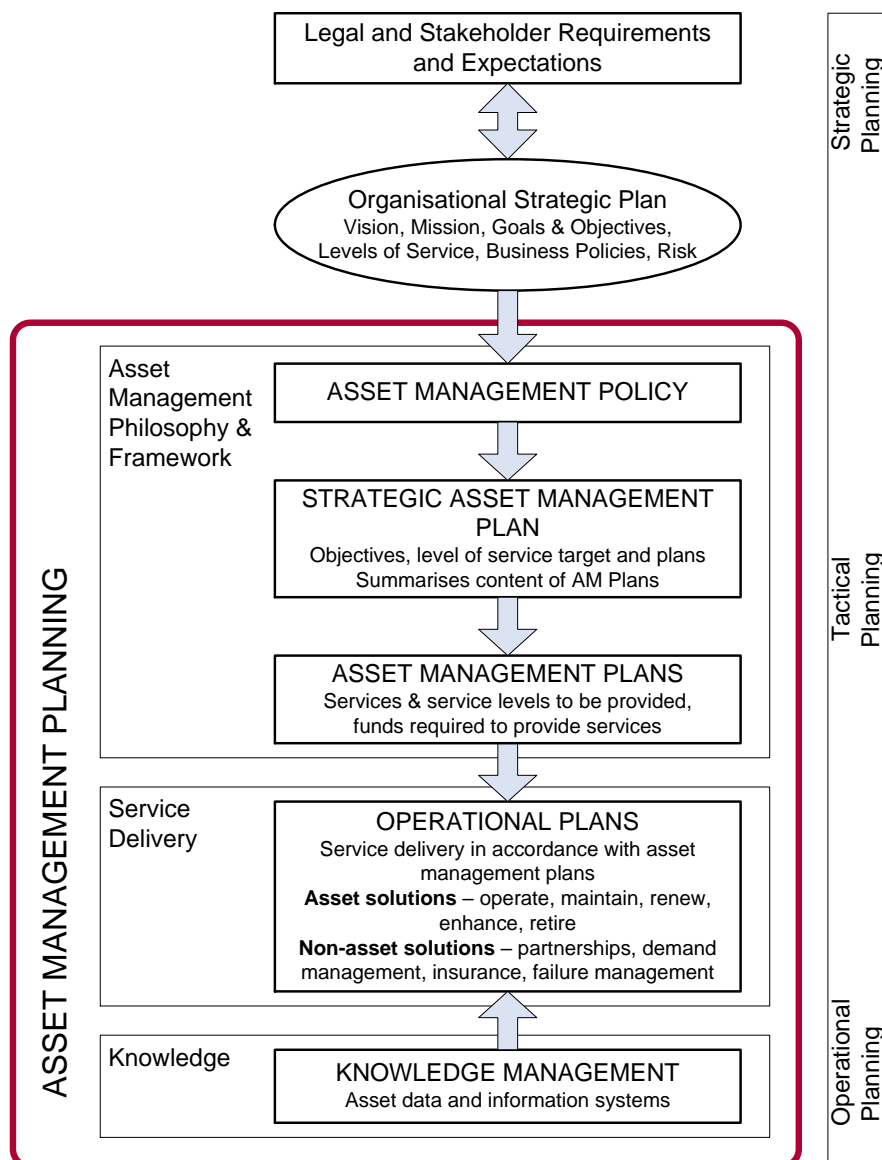


Figure 1: Strategic Asset Management Plan and the Asset Management Planning Process

1.2. Asset management policy

The asset management policy sets out the principles by which the organisation intends applying asset management to achieve its organisational objectives. Council's Asset Management Policy has been reviewed and updated, as required in 2022.

1.3. Asset management objectives

The asset management objectives provide the link between the organisational objectives and the AMPs that describe how those objectives are going to be achieved.

Table 2. The Asset Management Objectives

Asset Management Objectives
<i>Gunnedah Shire Council is committed to good asset management practices.</i>
<i>Stakeholders are engaged in the management of assets.</i>
<i>Assets are managed in a financially sustainable manner.</i>
<i>Gunnedah Shire Council is committed to continuous improvement.</i>

1.4. Asset management plans

This SAMP summarises the key services and concerns from the following AMPs:

- Airport
- Buildings
- Open Space (Playgrounds, Seating, Shelters, BBQs, Cemeteries, Other Structures)
- Recreation (Swimming Pools)
- Saleyards
- Sewerage Network (AMP in development)
- Stormwater
- Transport (Roads, Bridges, Causeways, Culverts, Pathways, Other Road Assets)
- Water Supply Network (AMP in development)

The SAMP is part of the organisation's strategic and annual planning and reporting cycle as shown below in Table 3.

Table 3. Strategic Asset Management Plan within the Integrated Planning and Reporting Cycle

Plan		Planning Cycle	Performance Reporting	Reporting Method
Community Planning	Community Strategic Plan	10 years	Community Objectives Indicators	Annual Report
Strategic Planning	Long Term Financial Plan	10 years	Financial Indicators	
	Strategic Asset Management Plan Asset Management Plans		Asset Management Objectives	
	Delivery Program	4 years	Strategic Objectives Indicators	Six Monthly Reports to Council
Operational Planning	Operational Plan, incorporating Annual Budget	1 year	Annual Objectives Budget Objectives	
Annual Planning	Directorate/Departmental Work Plans		Work Plan Objectives	Reporting to Executive Leadership Team
	Individual Work Plans		Work Plan Objectives	Performance Reviews

1.5. What assets do we have?

We manage a wide range of assets to provide services to our community. The assets provide the foundation for the community to carry out its everyday activities, while contributing to overall quality of life.

Table 4. Assets covered by this Plan

Asset Management Plan	Asset Types	Dimension (or number of)
Airports	Aerodrome Facility	383 assets
Buildings	Buildings	107 assets
Open Space	Open Space Assets	250 assets
Recreation	Swimming Pool Facility	21 assets
Saleyards	Saleyard Infrastructure	20 assets
Sewerage Network	AMP in development	tbd
Stormwater	Stormwater Pipes	49.5kms
	Stormwater Pits	1,218 assets
Transport	Sealed Roads	598 kms
	Unsealed Roads	1,064 kms
	Kerbs	146.7 kms
	Car Parks	12 Units
	Pathways	35.7 kms
	Bridges	20 Units
	Culverts	719 Units
	Causeways	13 Units
	Other Road Assets	159 Units
Water Supply Network	AMP in development	tbd

1.6. Our Assets and their management

1.6.1. Asset values

The infrastructure assets, the AMP they are managed within, replacement cost, depreciated value and annual depreciation expense covered by this SAMP are shown in Table 5. These assets are used to provide services to the community.

Table 5. Asset Values by AMP and Financial Subclass

Asset Management Plan	Financial Subclass	Replacement Cost	Depreciated Value	Depreciation Expense 23/24
Airports	Buildings – Non-Specialised	\$1,022,000	\$473,655	\$10,059
	Other infrastructure	\$16,342,564	\$10,469,007	\$161,396
Buildings	Buildings – Non-Specialised	\$39,473,439	\$24,807,820	\$314,661
	Buildings – Specialised	\$48,110,507	\$29,664,206	\$557,542
	Other Structures	\$635,000	\$344,438	\$10,619
Open Space	Other Open Space/Recreational Assets	\$16,417,809	\$11,057,476	\$425,362
	Other Structures	\$1,770,700	\$848,390	\$34,586
Recreation	Buildings – Specialised	\$9,112,000	\$7,466,309	\$207,839
	Other infrastructure	\$43,404	\$20,258	\$567
	Other Open Space/Recreational Assets	\$280,900	\$258,029	\$20
	Swimming Pools	\$9,142,700	\$7,663,168	\$232,374
Saleyards	Buildings – Non-Specialised	\$1,406,261	\$817,706	\$16,531
	Buildings – Specialised	\$36,639	\$16,965	\$495
	Other Structures	\$7,232,200	\$6,184,030	\$151,060
Stormwater	Stormwater Drainage	\$46,272,343	\$33,886,869	\$378,339

Asset Management Plan	Financial Subclass	Replacement Cost	Depreciated Value	Depreciation Expense 23/24
Transport – Bridges	Bridges	\$23,991,157	\$16,107,575	\$230,009
Transport – Carparks	Other Infrastructure	\$1,589,869	\$560,666	\$31,628
	Other Structures	\$118,000	\$99,865	\$831
Transport – Causeways	Bridges	\$6,651,033	\$5,033,563	\$63,528
Transport – Culverts	Bridges	\$26,776,546	\$15,708,311	\$255,078
Transport – Kerbs	Stormwater Drainage	\$35,698,845	\$13,122,062	\$563,185
Transport – Other Road Assets	Other Road Assets (including bulk earthworks)	\$3,183,095	\$2,311,055	\$40,247
Transport – Pathways	Footpaths	\$13,528,628	\$10,504,818	\$136,777
	Other Infrastructure	\$31,155	\$16,075	\$421
Transport – Roads	Other Road Assets (including bulk earthworks)	\$3,081,125	\$2,293,624	\$195,400
	Roads	\$349,273,471	\$272,141,248	\$4,368,613
Sewerage	Other Structures	\$134,800	\$111,691	\$2,964
	Sewerage Network	\$89,944,925	\$59,404,621	\$1,049,531
Water Supply	Water Supply Network	\$112,143,280	\$72,224,907	\$1,496,460
Not Applicable*	Other Structures*	\$1,926,800	\$805,728	\$19,561
TOTAL		\$865,371,195	\$604,424,135	\$10,955,683

* Includes assets that are recognised as an asset in Council's Financial Reporting but are managed by others (e.g. War Memorials, some Racecourse Assets).

Figure 2 below shows the replacement cost of our assets, by AMP.

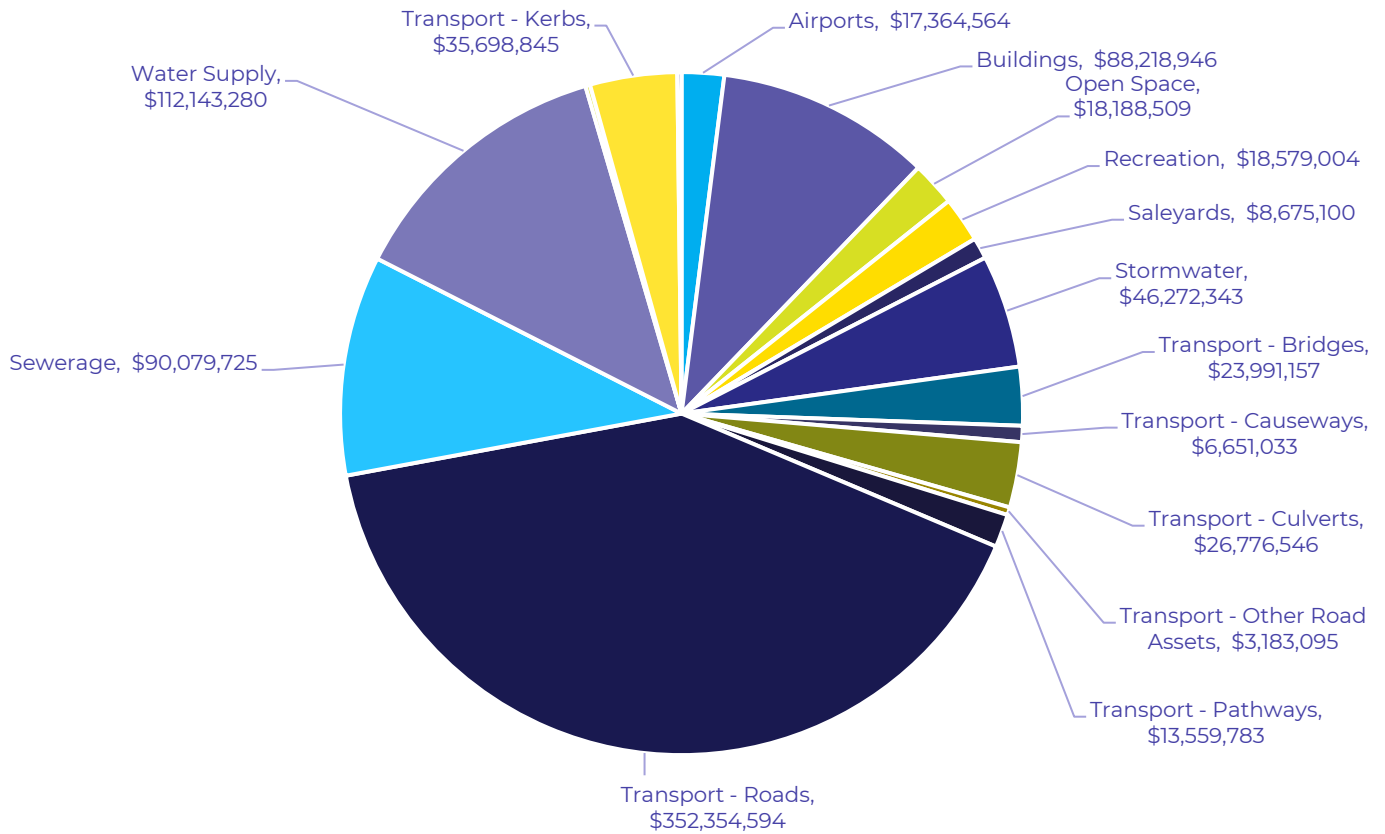


Figure 2: Asset Replacement Cost by Asset Class

1.6.2. Asset Condition, Function and Capacity

Our State of the Assets Report monitors the performance of the assets under three community service indicators:

- condition/quality – how good is the service?
- function – does it meet users' needs?
- capacity/utilisation – is the service usage appropriate to capacity?

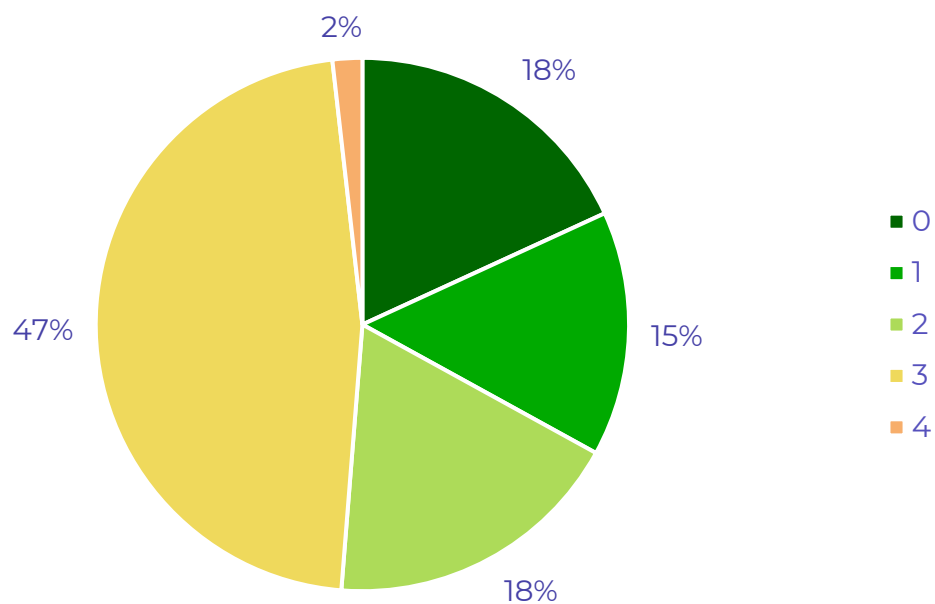
Council does not have current functionality or capacity/utilisation readily available and associated to specific assets, so current planning is based on asset condition.

Table 6 below describes the rating scale used to assess asset condition.

Table 6: Condition Assessment Framework

Condition Rating	Condition Description	Actions
0	As New	No action required
1	Excellent/Very Good	No action required
2	Good	Minor defects only
3	Fair	Maintenance required to return to accepted level of service
4	Poor	Consider renewal
5	Very Poor	Approaching unserviceable
6	End of Life	Unserviceable

Figure 3 shows the state of the infrastructure assets as a percentage of their replacement value.

**Figure 3: State of the Assets**

1.6.3. Lifecycle Costs

Lifecycle costs (or whole of life costs) are the average annual costs that are required to sustain the service levels over the longest asset life. Lifecycle costs include operation and maintenance expenditures plus asset consumption (depreciation). Life cycle costs can be compared to lifecycle expenditure to give a comparison of current expenditures to lifecycle costs of services.

Lifecycle expenditures include operation and maintenance expenditures (excluding depreciation) plus capital renewal expenditure. The capital renewal component of lifecycle expenditure can vary depending on the timing of asset renewals.

The forecast lifecycle costs and expenditures averaged over the 10-year planning period are shown below in Table 7.

Table 7. Forecast Asset Lifecycle Costs

Asset Class/Category	Lifecycle Cost (\$M/yr)	Lifecycle Expenditure (\$M/yr)	Lifecycle Expenditure Indicator
Airport	\$0.32	\$0.11	35%
Buildings	\$3.90	\$1.33	34%
Open Space	\$2.32	\$1.76	76%
Recreation	\$0.91	\$0.82	90%
Saleyards	\$0.20	\$0.20	100%
Sewerage (AMP in development)	tbd	tbd	tbd
Stormwater	\$0.13	\$0.11	86%
Transport	\$13.21	\$9.51	72%
Water Supply (AMP in development)	tbd	tbd	tbd
TOTAL	\$21.0	\$13.8	66%

Note:

- Lifecycle Cost = average 10-year lifecycle forecast for operations, maintenance and projected renewal requirements.
- Lifecycle Expenditure = average 10-year planned budget for operations, maintenance and renewals.
- Lifecycle Expenditure Indicator = lifecycle planned budget/lifecycle forecast.
- The Lifecycle Expenditure Indicator gives us insight to whether assets are being renewed at the rate they are being consumed over the first 10-years of the planning period.

Figure 4 below shows the forecast lifecycle costs compared to the planned budget in the 10-year long-term financial plan, averaged per year over the following 10 years.

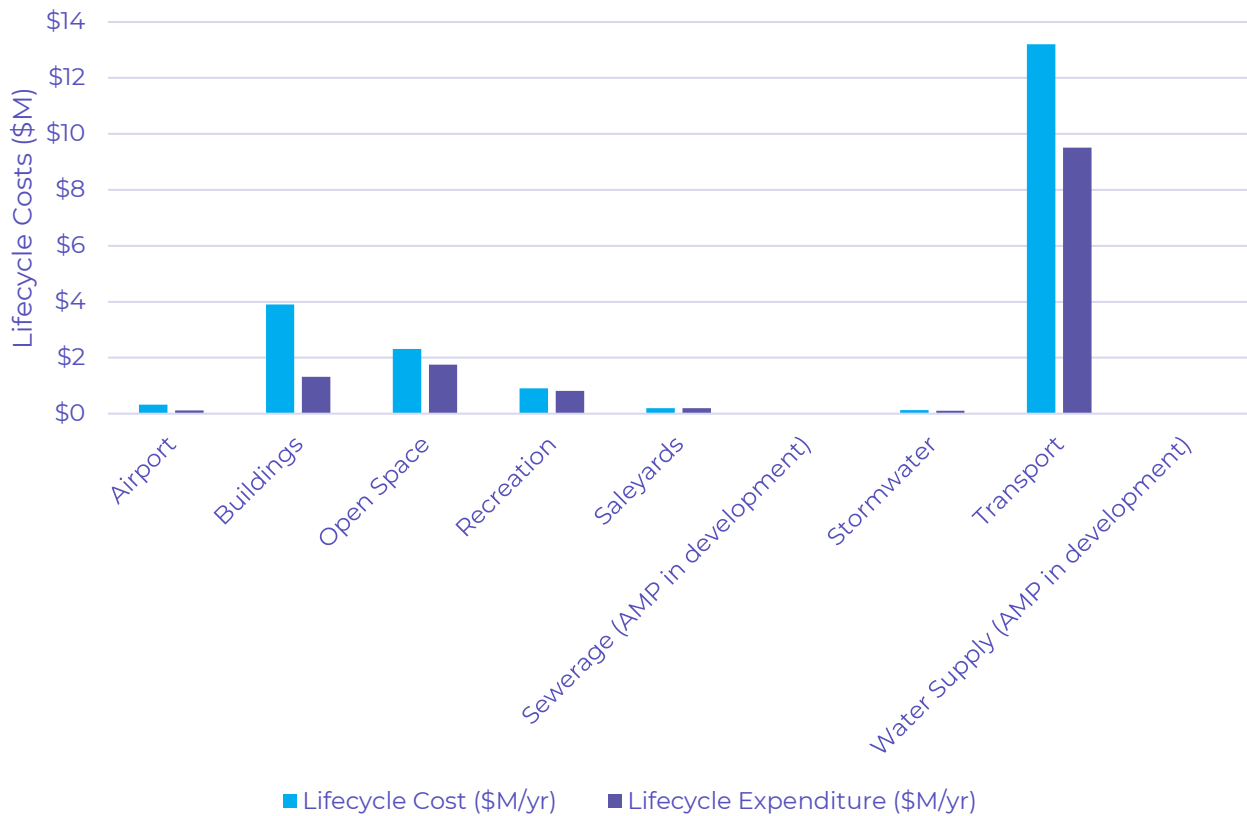


Figure 4: Summary lifecycle costs and budget – average per year

1.6.4. Opportunities and Risks

Infrastructure risk management plans are incorporated in the relevant AMPs.

1.6.5. Asset and Financial Management Maturity

Figure 5 summarises the current maturity scores for core competencies developed from the National Frameworks on asset planning and management and financial planning and reporting against target 'core' and 'advanced' levels of maturity. This assessment was undertaken in 2021 and has not yet been updated to include the significant work undertaken from then to 2024 related to system migration, asset lifecycle planning, and updates to the AMPs and SAMP.

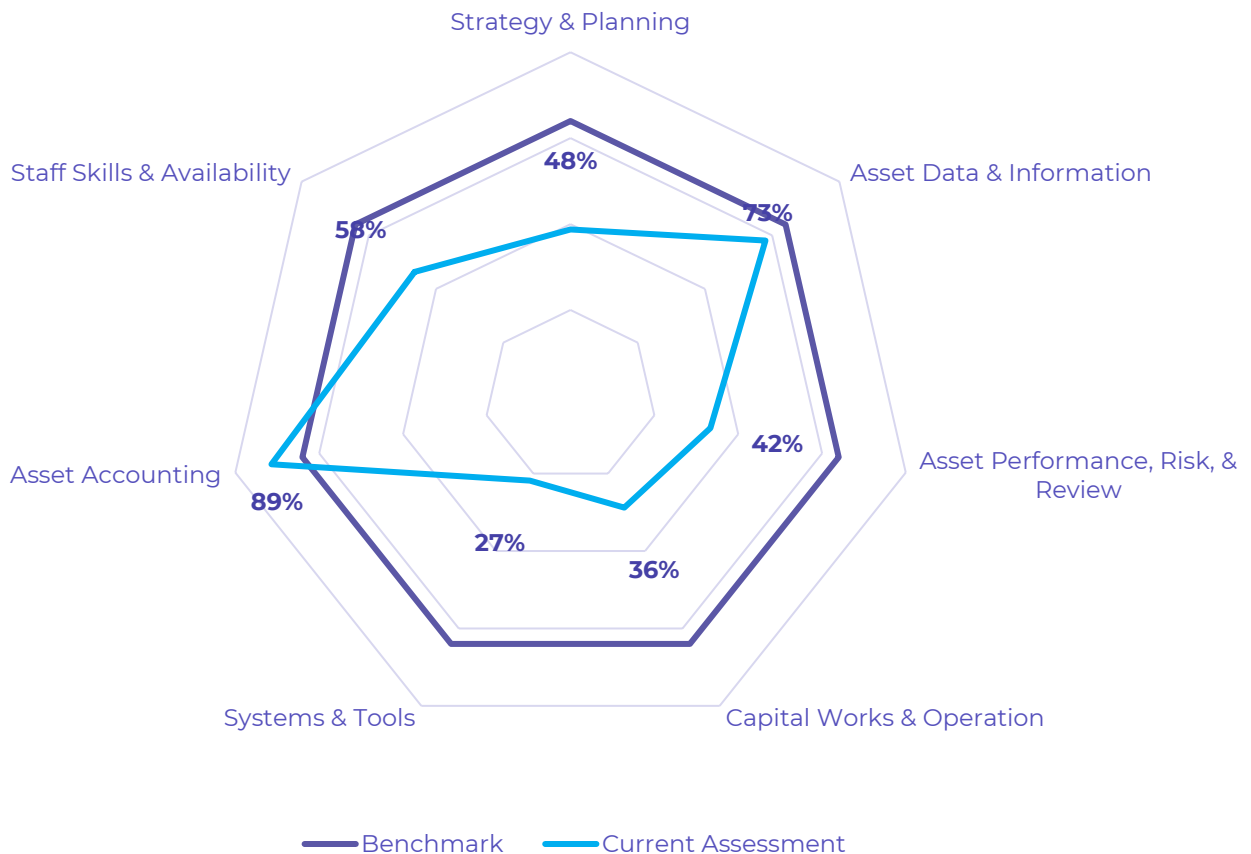


Figure 5: 2021 Maturity Diagnostic Outcomes

It is anticipated that the work completed from 2021 to 2024 has improved scoring around Strategy and Planning, and Systems and Tools. The elements remaining with low maturity scores, when assessed from the Asset Management perspective, are:

- Skills and Processes.
- Asset Performance, Risk, and Review.
- Capital Works and Operation.

Elements with highest priority for improvement are:

- **Asset Data and Information, Systems and Tools:** Council is in the process of implementing the Assetic Asset Information Management System, however the data related to assets is fragmented across several systems. By bringing this together into one system, Asset Management will be able to better and more efficiently support decisions made throughout Council.
- **Capital Works and Operation:** While Council is effective in the delivery of capital works programs, they are often identified on an ad-hoc basis from staff observations, customer service requests, or through specific detailed reporting and investigation projects. Council has developed lifecycle modelling as part of the AMP update process that proposes works candidates for renewal over the 10-year planning horizon, so this improvement item is to incorporate them into the capital planning processes and assess their accuracy for subsequent improvement actions.

1.6.6. Strategy Outlook

1. It may not be possible to maintain current levels of service for the next ten years based on current knowledge and projections in AMPs and the LTFP. Assets will require renewal and there is not sufficient budget available for this to take place at the optimum time.
2. Funding of current infrastructure lifecycle costs is considered inadequate for long term needs. Review of services, service levels and costs will need to be carried out to identify and monitor changes in demand for services and affordability over the longer term. Seeking external funding from grants will be a critical part of council's funding strategy.
3. Our current asset and financial management maturity are below 'core' level and improvements are recommended.

1.7 Where do we want to be?

1.7.1 Community Expectations

We have identified community expectations for service levels to be generally consistent with current levels of service.

During the development of the Community Strategic Plan in 2017, a Community Engagement Strategy was prepared and implemented by Gunnedah Shire Council. The outcomes of this community engagement process were used to inform the current suite of AMPs.

Community engagement is necessary to ensure that informed decisions are made on future levels of service and costs and that service and risk consequences are known and accepted by stakeholders.

1.7.2 Organisational Objectives

The organisational objectives are developed in the Gunnedah Shire Council Community Strategic Plan 2017-27 under Vision, Mission, Values and Priority Areas as shown below.

Our vision is:

"A prosperous, caring and proud community reflected in the achievements and aspirations of the people."

Our Core Values are:

- **Community Spirit:** we have welcoming towns, villages and rural areas working in partnership to share the good times and bad, looking out for and supporting one another. We genuinely care.
- **Environmental Care:** we embrace preservation of our heritage, our natural resources and our social fabric to achieve sustainability.
- **Lifestyle Access:** we enjoy access to services and facilities in Gunnedah, yet benefit from the peace, tranquillity, safety, security, beauty and friendliness of our rural community.

The organisational objectives developed for priority areas are shown In Table 8.

Table 8. Strategic Priority Areas and Organisational Objectives

Strategic Priority Area	Organisational Objective
Social	<ul style="list-style-type: none"> • Closer cooperation and cohesion between community groups • Improved community services and facilities • Enhanced community spirit, cultural and arts awareness and pride • Improved opportunities for our communities • Enhanced public order and safety
Economic	<ul style="list-style-type: none"> • Expansion of industries and growth in businesses • Employment growth • Improved infrastructure
Environment	<ul style="list-style-type: none"> • Collaborative approach to environmental management and protection • Improved town entrances and streetscapes • Safe and reliable water supplies and road networks for communities • Improved infrastructure across • Well planned towns in accordance sound planning principles
Civic Leadership	<ul style="list-style-type: none"> • Effective communication and consultation with communities • Efficient and effective services • Skilled and informed elected officials and staff • Engaged leaders and volunteers in each community

1.7.3 Asset Management Objectives

The asset management objectives (or strategies) translate the organisational objectives into the required service outcomes to be provided by infrastructure assets and the activities described in the AMPs.

Table 9. Asset Management Objectives

Asset Management Objective	Performance Measure
Gunnedah Shire Council is committed to good asset management practices	Asset Management Policy adopted by Council and reviewed every four years. AMPs are used to inform Council's LTFP.
Stakeholders are engaged in the management of assets	Community Engagement Strategy reviewed and implemented for each new Community Strategic Plan. Asset Management Plans are placed on public exhibition upon completion and remain accessible at all times on Council's website.
Assets are managed in a financially sustainable manner	AMPs outline long-term expenditure forecasts to maintain the agreed level of service. The difference between AMP funding requirements and the annual budget, in terms of levels of service, is explained each year in the Annual Report.
Gunnedah Shire Council is committed to continuous improvement	This Strategic Asset Management Plan improvement plan identifies a pathway towards achieving better Asset Management practices. The Asset Management Improvement Plan is reported annually to senior management.

1.8 Asset Management Vision

To ensure the long-term financial sustainability of the organisation, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, we aspire to:

"Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the future, in the most cost-effective and fit for purpose manner."

Strategies to achieve this position are outlined in Section 2.4.

1.8.1 How will we get there?

This SAMP proposes strategies to enable the organisational objectives and asset management policies to be achieved.

Table 10. Asset Management Strategies

No	Strategy	Desired Outcome
1	Incorporate Year 1 of LTFP revenue and expenditure projections into annual budgets.	Long-term financial planning drives budget deliberations and the long-term implications of all services are considered in annual budget deliberations.
2	Report our financial position at fair value in accordance with Australian Accounting Standards, financial sustainability, and performance against organisational objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
3	Develop and maintain an LTFP covering 10 years, incorporating AMP expenditure projections with a sustainable funding position outcome by incorporating the asset lifecycle modelling completed within the AMPs.	Sustainable funding model to provide our services.
4	Develop and annually review AMPs and SAMP covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
5	Review and update AMPs, SAMP and the LTFP after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	We and the community are aware of changes to service levels and costs arising from budget decisions.
6	Develop and maintain a risk register of operational and service delivery risks showing current risk levels, risk management treatments and report regularly to Council on current high-level risks.	Risk management of operational and service delivery risks is an integral part of governance.

No	Strategy	Desired Outcome
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance, and 'whole of life' costs.	Improved decision-making and greater value for money. Council's decision-making processes consider intergenerational equality.
8	Report on our resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an improvement plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within the organisation.
11	Report six monthly to the Executive on development and implementation of the SAMP, AMPs, and the LTFP.	Oversight of resource allocation and performance.

1.9 Asset Management Improvement Plan

The tasks required in achieving a 'core' financial and asset management maturity are shown in priority order in the asset management improvement plan in Section 7 Plan Improvement and Monitoring.

2 Levels of service

2.1 Consumer Research and Expectations

The expectations and requirements of various stakeholders were considered prior to the preparation of Council's current Community Strategic Plan.

2.2 Organisational Objectives

Section 1.7 of this SAMP reported the organisational objectives from the Gunnedah Shire Council Community Strategic Plan 2017-2027.

2.3 Legislative Requirements

We have to meet many legislative requirements including Australian and State legislation and State regulations. These are detailed in the various AMPs which are summarised in this SAMP.

2.4 Levels of Service

Service levels are defined in three ways, customer values, customer levels of service and technical levels of service.

Customer Values indicate:

- what aspects of the service are important to the customer,
- whether they see value in what is currently provided, and
- the likely trend over time based on the current budget provision.

Customer Levels of Service measure how the customer receives the service and whether the organisation is providing value. Customer levels of service measures used in the AMPs are:

Quality/condition	<i>How good is the service?</i>
Function	<i>Does it meet users' needs?</i>
Capacity/Utilisation	<i>Is the service usage appropriate to capacity?</i>

Technical Levels of Service support the community service levels and are operational or technical measures of performance. Technical service measures are linked to annual budgets covering:

Operation – the regular activities to provide services such as availability, cleaning, mowing, etc.

Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (e.g. road patching, unsealed road grading, building and structure repairs),

Renewal – the activities that return the service capability of an asset similar to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement) or to a lower service level.

Acquisition – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Service managers plan, implement and control technical service levels to influence the customer service levels.

Together the customer and technical levels of service provide detail on service performance, cost and whether service levels are likely to stay the same, get better or worse.

Our current levels of service for the services covered by this SAMP and how we will track if we are meeting them are shown in the respective AMPs.

3 Future demand

3.1 Demand Drivers

Drivers affecting demand can include population change, changes in demographics, climate change, consumer expectations, government decisions, regulatory changes, economic factors and agricultural practices.

3.2 Demand Forecast

Demand drivers that may impact future service delivery and utilisation of assets are documented in Table 11.

3.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown below in Table 11. Asset class specific demand drivers and their impact on service delivery are further discussed within each AMP.

Table 11. Demand Drivers, Projections and Impact on Services

Projection	Impact on services
Population	
Population	By 2036 the population is expected to increase by 589 people (4.6%) to 13,280, which is anticipated to have minimal impact on service provision.
Climate Change	
Increased rainfall intensity, less annual rainfall.	Outcomes from storm events could worsen resulting in more frequent flooding with increased adverse impacts. Council assets may be adversely affected.
Expectations	
Higher expectations and levels of awareness.	Community demands for improved services.

Projection	Impact on services
Regulation	
Higher standards may be imposed on Council by regulators.	Council may need to upgrade assets to meet new standards.
Increased grant funding for capital works	
Increased demand for Plant usage if workload increases.	Reduced reliability and availability for existing plant.
Industry	
Diversification of agriculture.	Diversification of agricultural activities may lead to increased demand for the transport infrastructure. In order for new crops to reliably reach the market, roads must be made accessible in all weather.
Mining	Increased demand for transport infrastructure. In order for minerals to reliably reach dispersal and ongoing transport to ports, roads must be made accessible in all weather.

3.4 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand, and demand management. Demand management practices can include non-asset solutions, insuring against risks and managing failures. Opportunities identified for demand management are shown below in Table 12.

Table 12. Demand Management Plan Summary

Service Impact	Demand Management Plan
The population of Gunnedah is expected to continue slowly increasing which may impact on the demand for services from these asset classes.	Monitor customer service requests and other feedback from the community to determine any new trends in community priorities.

Service Impact	Demand Management Plan
Outcomes from storm events could be worse. More frequent flooding with increased adverse impacts. Assets may be adversely affected.	Monitor trends and plan asset lifecycle activities accordingly.
Community demands for improved services.	Community education explaining what Council can and cannot afford to do within the confines of available budget. Council to seek external funding from grants and other opportunities, whenever possible to fund service enhancements.
Council may need to upgrade assets to meet new standards.	Monitor situation and external funding opportunities, when an external factor, such as regulatory change necessitates an upgrade.
Increased demand on services.	Monitor weather events and ensure assets remain fit for purpose and ready to respond when needed.
Reduced reliability and availability for existing plant.	Prepare business case to acquire more plant or to renew plant earlier if usage increases beyond the capability of existing plant.
Diversification of agricultural activities may lead to increased demand for transport infrastructure. In order for new crops to reliably reach the market, roads must be made accessible in all weather.	Monitor customer service requests and other feedback from the community to determine any new trends in community priorities. Liaison with industry.
Bores may not cope in an emergency or prolonged drought.	<p>Run and test all bores to ascertain long term suitability of underground water supply to ensure that Council can meet the demand for water in an emergency or prolonged drought.</p> <p>Adhere to Water NSW and Namoi Joint Organisation Drought Management Plan water sustainability targets.</p> <p>Community Education on Drought Management Plan and water conservation measures.</p>

4 Lifecycle management plan

The lifecycle management plan details how the organisation plans to manage and operate the assets at the agreed levels of service while optimising life cycle costs and managing risks.

4.1 Background Data

4.1.1 Physical parameters

The assets covered by this SAMP are shown in Table 4 and Table 5.

4.2 Routine Operation and Maintenance Plan

Operation 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.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

Future operation and maintenance expenditure is forecast to trend in line with the value of the asset stock and their projected change in condition, as shown in Figure 6. This shows the current LTFP funding allocation per AMP (columns), the projected funding requirement for the current LTFP renewal allocation (line) as well as the projected funding requirement should renewal funding be sufficient to meet the desired level of service (line).

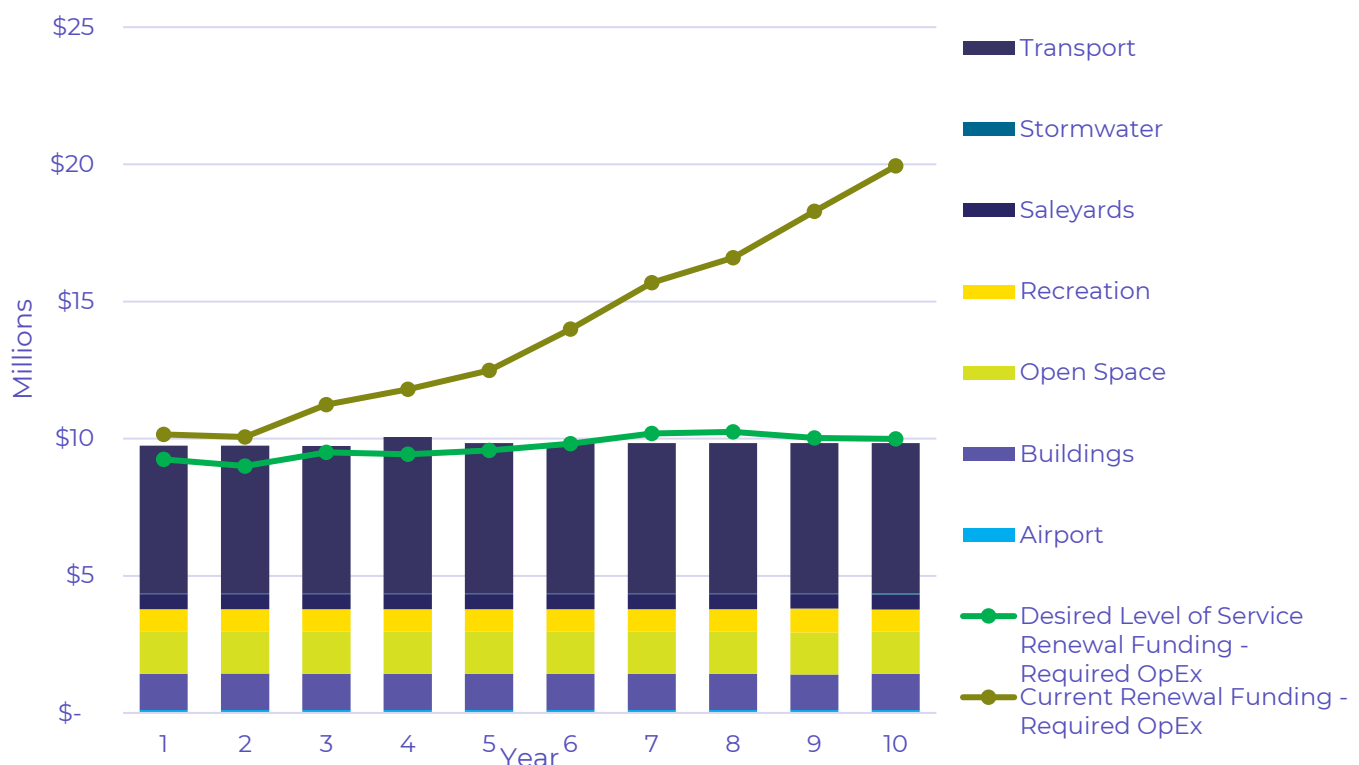


Figure 6: Projected Operation and Maintenance Expenditure and LTFP Outlays

Figure 6 demonstrates that, under current renewal funding allocation, there is anticipated to be significant increase in operational and maintenance expenditure to manage the risks that Council and the community will be exposed to as assets degrade over the next 10 years.

4.3 Renewal/Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential. Work over and above restoring an asset to original service potential is an upgrade/expansion or new works expenditure.

Over the 10-year planning period, there is a projected total requirement of \$112.8M of renewal while current LTFP renewal funding is \$43.4M. This will result in a backlog of \$69.4M in year 10. Note that this does not yet include funding allocated to or required for Sewer and Water related assets.

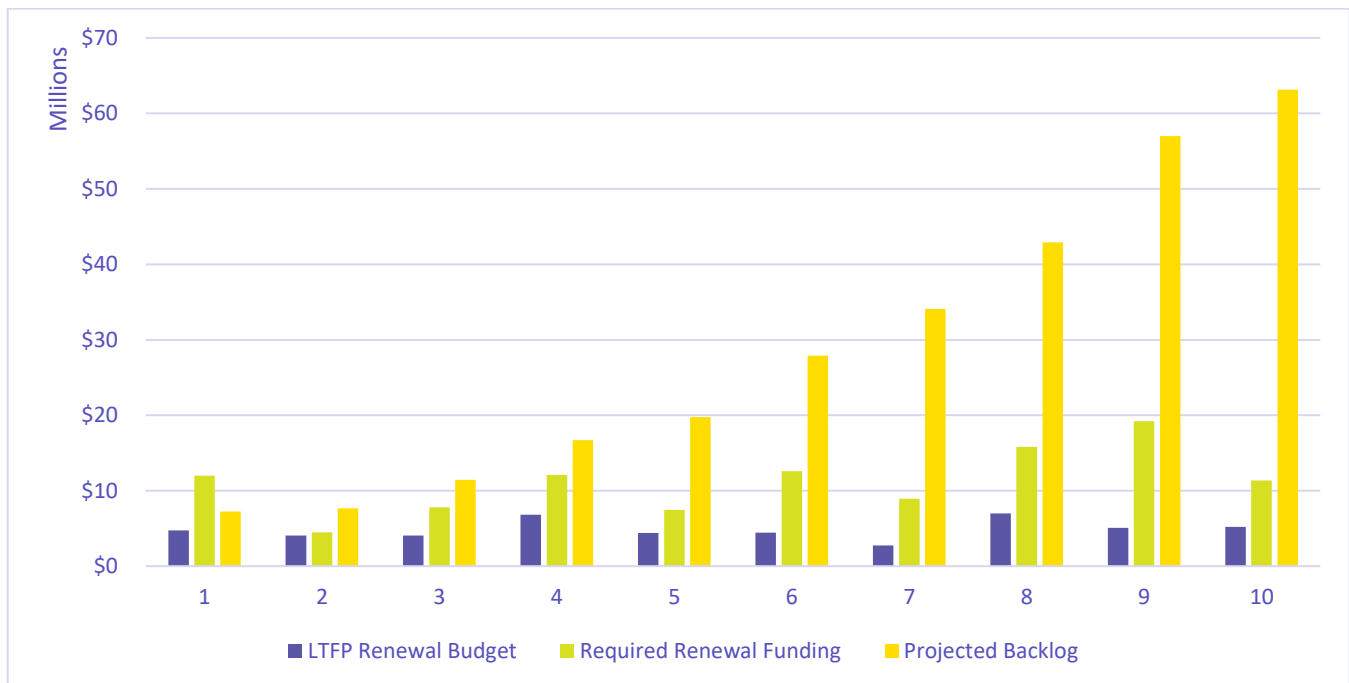


Figure 7: Projected Capital Renewal and Replacement Expenditure, LTFP Outlays, and Backlog

4.4 Creation/Acquisition/Upgrade Plan

New works are those works which create a new asset that did not previously exist or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. These assets will incur ongoing costs for their operation, maintenance, and renewal.

4.4.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as elected officials or community requests, proposals identified by strategic plans or partnerships with other organisations. Proposals are inspected to verify the need and to develop

preliminary renewal estimates. Verified proposals are ranked by priority and available funds and scheduled in future works programmes.

Figure 8 below shows the timing and value of creation/acquisition/upgrade works committed within the current LTFP.

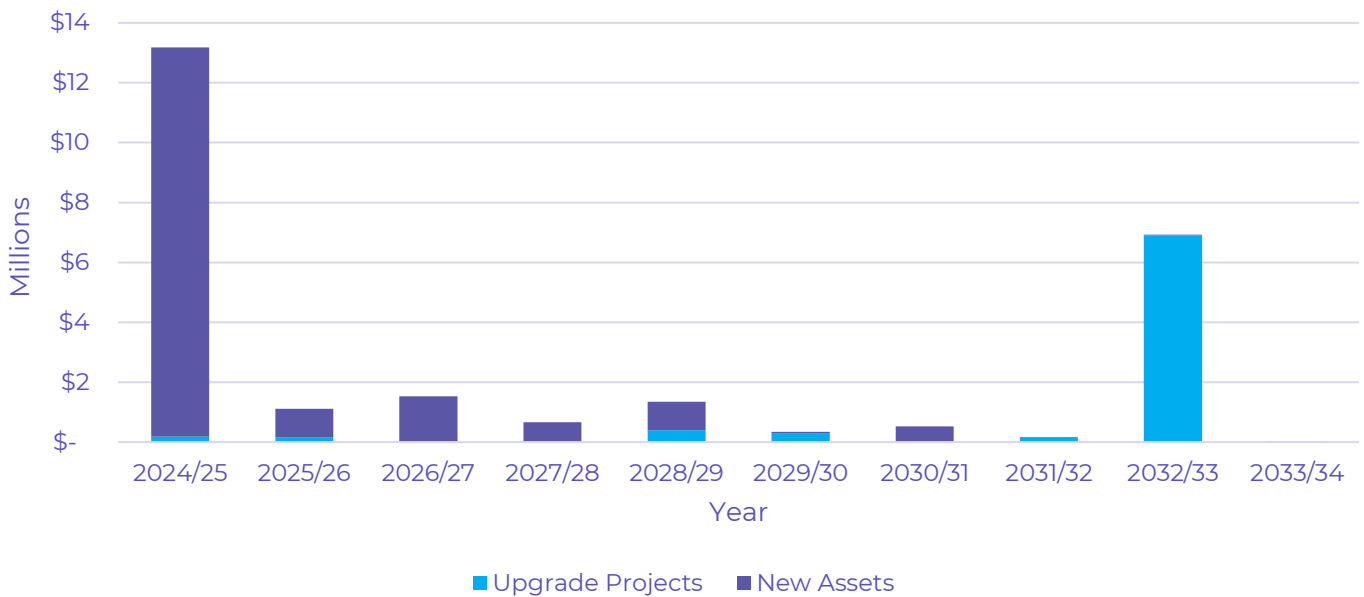


Figure 8: LTFP Committed New or Upgrade Projects

Note that the upgrade project in 2032/33 is for the Stage 2 Upgrade of the Gunnedah Memorial Pool, which has a current allocation in the LTFP of \$6.9M. There is significant risk identified with this project as strategic estimates place the cost of works at \$17M.

4.5 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in the respective AMPs.

4.6 Service Consequences and Risks

Council has prioritised decisions made in adopting the AMPs to obtain the optimum benefits from its available resources.

The AMPs are based on balancing service performance, cost and risk to provide an agreed level of service from available resources in our LTFP.

4.6.1 Deferred initiatives and projects

There may be some operation and maintenance initiatives and capital projects that have been deferred for the next 10 years. Gunnedah Shire Council is yet to formally document these initiatives.

4.6.2 Service and Risk Trade-Offs

Operation and maintenance initiatives and capital projects that have been deferred will maintain or create service consequences for users. The major service consequences and potential risks include:

Airport

- Airport Runways - runways incapable of emergency landings to provide medical services to injured community members.

Buildings

- As the condition of assets deteriorates, they may become unsafe. Failed assets can pose a danger to the community.
- If buildings do not meet current standards, Council could be at risk of litigation should an incident occur.
- With no new buildings or land improvements to demonstrate prosperity, new residents may not be attracted to the area.

Open Space

- Open space assets are a highly visible asset class and affect community perception of Council performance, so new residents may not be attracted to the area if they are in poor condition.
- As the condition of assets deteriorates, they may become unsafe. Failed assets can pose a danger to the community.
- If Open Space assets do not meet current standards, Council could be at risk of litigation should an incident occur.

Stormwater

- Blockage due to soil infiltration through damaged assets or failure of Stormwater causing localised flooding and damage to our community or our assets.
- Catastrophic failure of stormwater, causing hazards under roadways or public infrastructure and causing risks to our community.

Transport

- Sealed roads - increased risk of traffic accidents and vehicle damage.
- Unsealed roads - increased risk of traffic accidents, vehicle damage and delays for locals, tourists and the heavy vehicle transport industry.
- Un-sheeted roads - increased risk of traffic accidents, vehicle damage and delays for locals, tourists and the heavy vehicle transport industry.
- Footpaths that are unformed may force users onto the road and are not fit for purpose.
- Car parks which do not meet user requirements may cause reputational damage to Council and may be a safety liability.

- Kerb and channel drainage assets may leave Council liable if inundation or flooding occurs due to their incapacity to control and channel stormwater.

5 Risk management planning

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

5.1 Critical assets

Critical assets are defined as those which have a **high** consequence of failure causing significant loss or reduction of service. Similarly, critical failure modes are those which have the highest consequences. Critical assets have been identified and their typical failure mode and the impact on service delivery are summarized in Table 13.

Table 13. Critical Assets

Critical Asset(s)	Failure Mode	Impact
Airports		
Runway	Surface failure, structural failure	Non-trafficable surface for aircraft, no access for emergency services, tourism, business, or recreational use.
Aerodrome Fences	Wildlife getting past fence and onto runway.	Inability for aircraft to safely take-off or land.
Buildings		
Civic Theatre	Structural degradation or failure, power failure, fire, flood or vandalism	Service interruption, public safety risks, reputation damage and negative financial impact.
Council Administration Building	Structural degradation or failure, power failure, fire, flood or vandalism	Impact to Council operations and reduced service provision, public safety risks, reputation damage and negative financial impact.
Gunnedah Town Hall	Structural degradation or failure, power failure, fire, flood or vandalism	Impact to Council operations and reduced service provision, public safety risks, reputation damage and negative financial impact.

Critical Asset(s)	Failure Mode	Impact
Koala Sanctuary (In Construction)	Structural degradation or failure, power failure, fire, flood or vandalism	Service interruption, public safety risks, reputation damage and negative financial impact.
Open Space		
Playgrounds	Degradation, failure, vandalism.	Reduced service provision, public safety risks to our youth, reputation damage and negative financial impact.
Recreation		
Swimming Pool	Degradation, failure, water quality issues.	Service interruption, public safety risks, loss of gathering place, loss of exercise opportunity, reputation damage and negative financial impact.
Saleyards		
Weighbridge	Degradation, failure, water quality issues.	Inability for Saleyards to function, cannot weigh and sell livestock.
Yards and Ramps	Degradation, failure, water quality issues.	Inability for Saleyards to function, cannot unload, store, or load livestock.
Sewerage - tbd		
Stormwater		
Pipes, Pits, Outlets, GPT's, Culverts	Breakdown and failure, joint displacements, blockages.	Local flooding and surcharge of stormwater, erosion, property damage.
Transport		
Roads Sealed	Degradation, flooding/ heavy rain event	<p>Failure of the road surface leading to water infiltration and rapid degradation of the base material.</p> <p>Road closures leading to inability to access areas of the municipality or longer travel times to emergency services.</p>

Critical Asset(s)	Failure Mode	Impact
Roads Unsealed	Degradation, flooding/ heavy rain event	Insufficient gravel depth leading to poor user experience and restricted access in wet weather. Road closures leading to inability to access areas of the municipality or longer travel times to emergency services.
Culverts	Collapse	Potential for severe accidents causing death or injury to road users. Road closures leading to inability to access areas of the municipality or longer travel times to emergency services.
Bridges and Large Culverts	Collapse	Potential for severe accidents causing death or injury to road users. Road closures leading to inability to access areas of the municipality or longer travel times to emergency services.
Water - tbd		

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

5.2 Risk Assessment

The risk management process used as part of this SAMP is reflective of Council's Risk Management Policy, adopted 2020, and Risk Management Framework which is based on the fundamentals of the ISO Risk Assessment Standard ISO 31000:2018.



Figure 9: Risk Management Process – Abridged

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

An assessment of risks associated with service delivery from infrastructure assets will identify the critical risks that will result in significant loss, 'financial shock' or a reduction in service.

Critical risks are those assessed with 'Very High' (requiring immediate corrective action) and 'High' (requiring corrective action) risk ratings when assessed using Council's Risk Management Framework and identified in the Infrastructure Risk Management Plan. The residual risk and treatment cost of implementing the selected treatment plan is shown below in Table 14. It is essential that these critical risks and costs are reported to management and Council.

Table 14. Critical Risks and Treatment Plans

Service or Asset at Risk	What can happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
Common to all AMPs					
Asset conditions unknown	Assets are in poor condition, users are at risk, Council is unaware and unable to manage the risk.	H	Regular defect and condition assessment and monitoring.	M	Defect monitoring through staff time – within existing budget. Condition Audits \$100k/yr
Insufficient funding of asset renewal	Failure to complete renewal in a timely manner and asset fails unexpectedly to deliver required services.	VH	Improve asset register to enable better prioritising and planning of renewals, so assets can continue to deliver services.	M	Staff and possibly consultant time.
Loss of staff with historic knowledge of the region and organisation.	Loss of knowledge base.	VH	Succession planning and document existing processes and knowledge.	M	Staff time – within existing budget.

Service or Asset at Risk	What can happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
Inability to recruit skilled staff	No qualified staff to undertake asset operations, maintenance and renewal.	VH	Investigate alternative sources of staff. Train in house. Upskill staff. Apprenticeship programs. Reward and recognise staff.	M	Staff time – within existing budget.
Airports					
	Inadequate airstrip capacity.	M	Review and adjust design service standards.	L	Staff time – within existing budget.
	Inadequate airstrip function.	H	Review and adjust functional service standards.	L	Staff time – within existing budget.
	Inadequate visibility.	M	Implement an improvement program for visibility remedial work.	L	Plan development within staff time. Plan actions tbd.
Buildings					
Buildings	Asset failure – injury and potential threat to life. Damage to reputation.	VH	Regular inspections and maintenance. Renew assets before they fail.	L	Existing Operations and Maintenance budget is sufficient. Renewal budget is insufficient.

Service or Asset at Risk	What can happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
Buildings	Vandalism	H	Installation of better security, such as deadbolts and screens.	L	Quotations to be obtained and works prioritised accordingly.
Amenities and other public buildings	Amenities are not cleaned and maintained regularly, resulting in public dissatisfaction.	H	Inspect and monitor amenities to identify areas which need more or less cleaning and maintenance. Develop a schedule that focusses on amenities most impacted, to ensure frequencies and expenditure reflects need.	L	Cleaning and maintenance are covered by existing budgets.
Open Space					
Open Space	Injuries associated with deteriorating parks assets or playgrounds.	H	Inspect and monitor to identify areas that need more or less maintenance, in accordance with service standards.	L	Maintenance covered by existing budgets.
Sporting Surfaces	Sporting facilities are not appropriately maintained to support community sports.	H	Inspect and monitor to identify areas that need more or less maintenance, in accordance with service standards.	L	Maintenance covered by existing budgets.

Service or Asset at Risk	What can happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
Irrigation Systems	Climate change results in less frequent, more intense rainfall events, leading to insufficient watering of grassed areas and garden beds.	H	Inspect, monitor, and manage irrigation systems for key grassed areas or garden beds.	L	Maintenance covered by existing budgets.
Recreation					
Swimming pools	Injuries associated with deteriorating surface condition	H	Ongoing maintenance to surfaces	L	Staff time – within existing budget.
Saleyards					
	Infections or disease can spread through livestock in constrained space.	H	Have suitable practices in place to understand the health of incoming livestock, inspect a random sample within the yards, manage appropriately. Regular cleaning of facilities and management of livestock waste.	L	Within existing maintenance budgets.

Service or Asset at Risk	What can happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
	Weighbridge, Yards, or Ramps condition deteriorates rendering the facility inoperable.	H	Monitor conditions and schedule renewals as required.	L	Renewal as per proposed renewal program in AMP.

Sewerage - tbd

Stormwater

Pipe	Breakdown failure, joint displacement. Blockage caused by siltation, debris, tree roots, or other underground service installations	H	Replacement, repair, realignment Cleaning and root cutting Relocation of other services	M - H	Maintenance within existing maintenance budgets. Renewal as per proposed renewal program in AMP.
Pits	Blockage, Failure, Breach, Grate failure	H	Cleaning, Repair/Renewal	M - H	Within existing maintenance budgets.
Water Quality Improvement Devices (GPT)	Failure, Breach, Breakdown, Vandalism	H	Repair, replacement renewal	M	Renewal as per proposed renewal program in AMP.
Open table drains	Design capacity reduction due to siltation	H	Regular removal vegetation and re-excavation if required.	M	Within existing maintenance budgets.

Service or Asset at Risk	What can happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
Transport					
Unsealed Road Network	Reduction in number of roads with all-weather access	H	Develop a road hierarchy, appropriate cyclic maintenance program (gravel re-sheeting). Match service levels to available funds.	M	Renewal as per proposed renewal program in AMP.
Sealed Road Network	Increase in pavement failures and road roughness due to wearing of sealed surfaces	H	Develop a road hierarchy, appropriate cyclic maintenance program (Bitumen Reseals, patching, heavy patching) to approach a 10 -15 year cycle. Match service levels to available funds.	L	Renewal as per proposed renewal program in AMP.
Footpaths / Pathways	Trips and Falls	H	Maintain defect data, determine priorities based on service and risk criteria, monitor prioritised program for defect rectification.	M	Inspection and defect rectification within existing maintenance budgets.

Service or Asset at Risk	What can happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
Bridge	Bridge failure, such as a catastrophic collapse Bridge must be replaced temporarily with a sidetrack.	L	Conduct regular condition assessment, routine maintenance and renew deteriorating components as required.	L	Renewal as per proposed renewal program in AMP.
	Bridge is in a degraded and weakened condition – a condition assessment indicates that a load restriction is appropriate for the structure	M	Conduct regular condition assessment, routine maintenance and renew deteriorating components as required.	L	Renewal as per proposed renewal program in AMP.
	Component of the structure, such as a guardrail fails	M	Conduct regular condition assessment, routine maintenance and renew deteriorating components as required.	L	Within existing maintenance budget
Car Park	Car park assets deteriorate	H	Regular defect assessment / monitoring	L	Staff time – within existing budget

Service or Asset at Risk	What can happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
	Car park assets do not meet community needs	M	Monitor customer service requests against Levels of Service and adjust if required	L	Renewal as per proposed renewal program in AMP.
Water Supply - tbd					

Note: The residual risk is the risk remaining after the selected risk treatment plan is implemented.

5.3 Infrastructure Resilience Approach

The resilience of our critical infrastructure is vital to the ongoing provision of services to customers. To adapt to changing conditions we need to understand our capacity to “*withstand any given level of stress or demand*” and respond to possible disruptions to ensure continuity of service.

Resilience is built on aspects such as robustness, response and recover planning, financial capacity and crisis leadership.

5.4 Service and Risk Trade-Offs

The decisions made in adopting this SAMP are based on the objective to achieve the optimum benefits from the available resources.

5.4.1 What we cannot do

There are some operation and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

Airport

- Renewal of assets in accordance with lifecycle modelling with the AMP. Funding is inadequate to cover the identified and required works within the next 10 years.

Buildings

- Scheduled and cyclic maintenance of buildings and other structures. Maintenance is often reactive, undertaken to rectify identified defects.
- Renew all assets in condition 4 (poor) or 5 (very poor) in accordance with the service levels in the AMP before they reach end of life and fail to deliver service.
- Upgrade assets to meet current standards or the level of service desired by the community.
- Acquire new assets unless external funding is provided.

Open Space

- Renew all assets in condition 4 (poor) or 5 (very poor) in accordance with the service levels in the AMP before they reach end of life and fail to deliver service.
- Acquire new assets unless external funding is provided.

Recreation

- While the facility itself is projected to have sufficient funding over the next 10 years, the car park is not anticipated to meet the desired level of service over this period and funding is not currently available to renew it.

Saleyards

- No significant impacts identified from the current funding scenario.

Sewerage Services

- To be determined.

Stormwater Drainage

- Replacement/ Upgrade of the existing pipes, pits, culverts and GPTs.

Transport

- Renew all assets in condition 4 (poor) or 5 (very poor) in accordance with the service levels in the AMP before they reach end of life and fail to deliver service.

Water Supply

- To be determined.

5.4.2 Service trade-off

If there is forecast work (Operation, maintenance, capital renewal, upgrade / new) that cannot be undertaken due to available resources, then this will result in service consequences for users. These include:

Airport

- The runway is anticipated to require a reseal in year 8 of the planning period, which is currently unfunded.

Buildings

- The condition of buildings will continue to deteriorate, resulting in the provision of a lower level of service.
- Asset not renewed in a timely manner will fail prematurely, resulting in no service provision.
- Assets not upgraded to contemporary standards will deliver a lower level of service when compared to other authorities that can upgrade assets. Reputational damage for Council and a lower quality of life for residents.
- With no new buildings, intergenerational equity may be compromised. No service improvements.

Open Space

- The condition of open space assets will continue to deteriorate, resulting in the provision of a lower level of service.

Recreation

- The deterioration of the carpark is not anticipated to have significant impact on the services provided through the swimming pool, however it is anticipated that this will impact access to the facility as well as community perception on the maintenance of the facility.

Saleyards

- Current funding is assessed as being suitable for the expected asset usage over the next 10 years.

Sewerage Services

- To be determined.

Stormwater Drainage

- Service disruption to users from stormwater asset breaks and blockages.

Transport

- Sealed roads will deteriorate leading to an unsafe surface at higher speeds and causing water infiltration to the pavement, increasing road pavement degradation.
- Unsealed roads will not be passable during and/or after most rainfall events.
- Un-sheeted roads will be impassable for long periods after rainfall events.
- Footpaths and shared pathways will not meet demand service levels or user expectations and requirements.
- Some car parks will be unusable after heavy rainfall events.
- Existing urban kerb and channel drainage assets will not be adequate drain effectively.

Water Supply

- To be determined.

5.4.3 Risk trade-off

The operation and maintenance activities and capital projects that cannot be undertaken may maintain or create risk consequences. These are primarily around the degrading conditions of the assets and the risks associated with:

- Community safety – as the condition degrades due to insufficient renewal funding, there is increased risk of safety incidents from the users of those assets.
- Reputation Damages – whilst Council is proactively managing the available funding across assets to meet desired levels of service and risk exposure, the current funding deficit will mean that assets will degrade beyond the desirable conditions and the community may perceive this as mismanagement by Council.

These actions and expenditures are considered and included in the forecast costs, and where developed, the Risk Management Plan.

6 Financial summary

This section contains the financial requirements resulting from all the information presented in the previous sections of this SAMP. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

6.1 Financial Indicators and Projections

6.1.1 Asset Renewal Funding Ratio

The Asset Renewal Funding Ratio indicates whether projected capital renewal and replacement expenditure are able to be financed in the LTFP. It is calculated by dividing the projected capital renewal expenditure shown in the AMPs by the estimated capital renewal budget provided in the LTFP. Over the next 10 years, we are forecasting that we will have the following percentages of the funds required for the optimal renewal and replacement of assets.

Table 15. Asset Renewal Funding Ratio

Asset Class	Asset Renewal Funding Ratio
Airport	3%
Buildings	0%
Open Space	28%
Recreation (Swimming Pools)	0%
Saleyards	100%
Sewerage Network	tbd
Stormwater	0%
Transport	49%
Water Supply	tbd

6.2 Funding Strategy

The funding strategy to provide the services covered by this SAMP and supporting AMPs is contained within the organisation's 10-year LTFP.

6.3 Valuation Forecasts

Asset values may increase if additional assets are added to the asset stock from construction and acquisition by the organisation or donated to the organisation.

6.4 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this SAMP and in preparing the forecasts of required operating and capital expenditure, asset values, depreciation expense, and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the information behind the financial forecasts.

Key assumptions made in the AMPs, and hence this SAMP, are shown in Table 16. The most recent versions of Gunnedah Shire Council AMPs were prepared in 2024 before the preparation of this SAMP.

Table 16. Key Assumptions made in Asset Management Plans

Asset Class	Assumption
Airports	Assumptions were made around the remaining useful lives, the distribution of available renewal budgets, and the extent of some assets. This may impact the timing and cost of works.
Buildings	Costs have been determined as a portion of the building's current replacement cost per building component. This may impact the estimated cost of renewal works.
Open Space	Conditions have been drawn from Council's valuation dataset, assuming they were informed from condition audits and deteriorated consistently through depreciation. Costs have been used as per Council's valuation replacement cost, assuming they are accurate for brownfield asset renewal.
Recreation	Costs have been determined as a portion of the kiosk and amenity building's current replacement cost, per building component, or as the valuation replacement cost for other assets. This may impact the estimated cost of renewal works.
Saleyards	Significant assumptions were made in the development of the AMP relating to the assets in the asset register, useful lives, and renewal costs.
Sewerage Network	To be determined.

Asset Class	Assumption
Stormwater	Significant assumptions were made in the development of the AMP relating to the condition using an aged-based approach and costs have been used as per Council's valuation replacement cost.
Transport	Conditions have been drawn from Council's valuation dataset, assuming they were informed from condition audits and deteriorated consistently through depreciation. Lives have been adopted as generally consistent across the network regardless of use, with the assumption that higher use and lower use areas will balance out funding projections.
Water Supply	To be determined.

6.5 Forecast Reliability and Confidence

The expenditure and valuations projections in this SAMP are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. The estimated confidence level for and reliability of data used in this SAMP is shown in Table 17.

Table 17. Data Confidence Assessment for AMPs summarised in this SAMP

AM Plan	Confidence Assessment	Comment
Airport	Low	Some assumptions were required to be made throughout the AMP development on asset register, grouping of assets, and conditions improved by recent works.
Buildings	Medium	Complete asset register, condition data present. Treatments developed to reflect asset criticality. Unit costs of future works based on portion of valuation data as applicable to the component rather than project unit rates.
Open Space	Medium	Complete asset register, condition data present. Unit costs of future works based on valuation data rather than project unit rates.

AM Plan	Confidence Assessment	Comment
Recreation (Swimming Pools)	Medium	Complete asset register, condition data present and recent, and major upgrade works recently completed reflected in the dataset. Unit costs of future works based on valuation data rather than project unit rates.
Saleyards	Low	Assumptions were required to be made throughout the AMP development on asset register and the allocation of budgets.
Sewerage Network	tbd	
Stormwater	Low	Modelling is largely aged based, conditions are unknown, and projections are based on typical asset lifecycles rather than understanding the specific network.
Transport	Medium	Condition data is acceptable for all assets except unsealed roads. Unit rates are determined from recent projects. Relative asset criticality/hierarchy is not present for treatment calibration.
Water Supply	tbd	

Over all data sources, the data confidence is assessed as medium confidence level for data used in the preparation of this SAMP.

Actions to mitigate the adverse effects of data quality are included within Table 18. Improvement Plan.

7 Plan Improvement and Monitoring

7.1 Status of Asset Management Practices

Major changes to asset management practices identified in this plan are:

- Council is in the process of implementing Brightly Assetic Cloud as their Asset Information Management System. As the system is implemented and more information becomes available, it will better be able to inform decisions relating to assets, reduce the assumptions that are required to be made, and identify where assets are not performing as desired.

- During the development of this SAMP, Council has developed updated AMPs with lifecycle modelling using the Brightly Predictor software. This has provided better insight into the ability of our assets to deliver our community's desired level of service, identified funding gaps, and what the ideal funding levels per asset class should be.
- Council does not have documented repeatable methodologies to carry out consistent asset condition surveys and defect condition assessments, as documented in a Condition Rating Assessment Manual for applicable asset classes. Gunnedah Shire Council relies on external valuers to condition assess assets, when the revaluation takes place, every 4-5 years.

7.2 Improvement Plan

An Asset Management Maturity Assessment was performed in late 2021, with the details discussed in Section 1.6.5. Table 18 below outlines Council's Improvement Plan to address the gaps in the maturity assessment, as well as to ensure that the assets are suitably maintained throughout their lifecycle in collaboration with our community.

Table 18. Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Incorporate AMP funding requirements into LTFP and determine which funding requirements identified in AMPs are not able to be funded.	Engineering Services, Finance.	Existing staff resources.	For future iterations of the LTFP
2	Consult with our community on the levels of service we can sustainably provide, determine community areas of focus of limited budgets, and discuss willingness to pay should the community expectation be higher than what can be sustainably provided.	Customer & Information Services, Engineering Services, Finance.	Existing staff resources.	By end of financial year, then ongoing.
3	Monitor works program candidates developed within each AMP for accuracy of treatment application and costs.	Engineering Services, Asset Custodians.	Existing staff resources.	At end of each Financial Year.
4	Investigate alternative and emerging technology or treatments to extend the lives of our assets or reduce the costs of renewing them.	Asset Custodians.	Existing staff resources.	Ongoing.

Task No	Task	Responsibility	Resources Required	Timeline
5	<p>Consolidate asset information into Asset Information Management System.</p> <p>Ensure that relevant information is available as required for decision-making throughout Council.</p> <p>Identify any missing assets, register them in the Asset Information Management System and schedule them for detailed data collection and condition assessment during the next condition audit of that class.</p>	Engineering Services, Finance.	Existing staff resources.	Ongoing.
6	Incorporate detailed condition audit programs into AMPs on a rolling cycle as they are collected, rather than drawing the information from Valuation data.	Engineering Services.	Existing staff resources.	In line with annual revaluation process.

7.3 Monitoring and Review Procedures

The SAMP has a life of 4 years (election cycle) and is due for complete revision and updating within one year of each Council election, though the plan can be updated in line with Council's Integrated Planning and Reporting Framework.

7.4 Performance Measures

The effectiveness of the SAMP can be measured in the following ways:

- The degree to which the projected required expenditures identified in this SAMP are incorporated into the organisation's LTFP.
- The degree to which detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the summarised AMPs.
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans.
- The Asset Renewal Funding Ratio achieving the target of 90 - 100%, given the limitations on funding available to Council and the reliance on grants.

References

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Gunnedah Shire Council Community Strategic Plan 2017-2027.

Gunnedah Shire Council Delivery Program 2022-2026 and Operational Plan 2024-25.

Gunnedah Shire Council's 'Asset Management Maturity Assessment', November 2021.

Gunnedah Shire 2024 Asset Management Plans