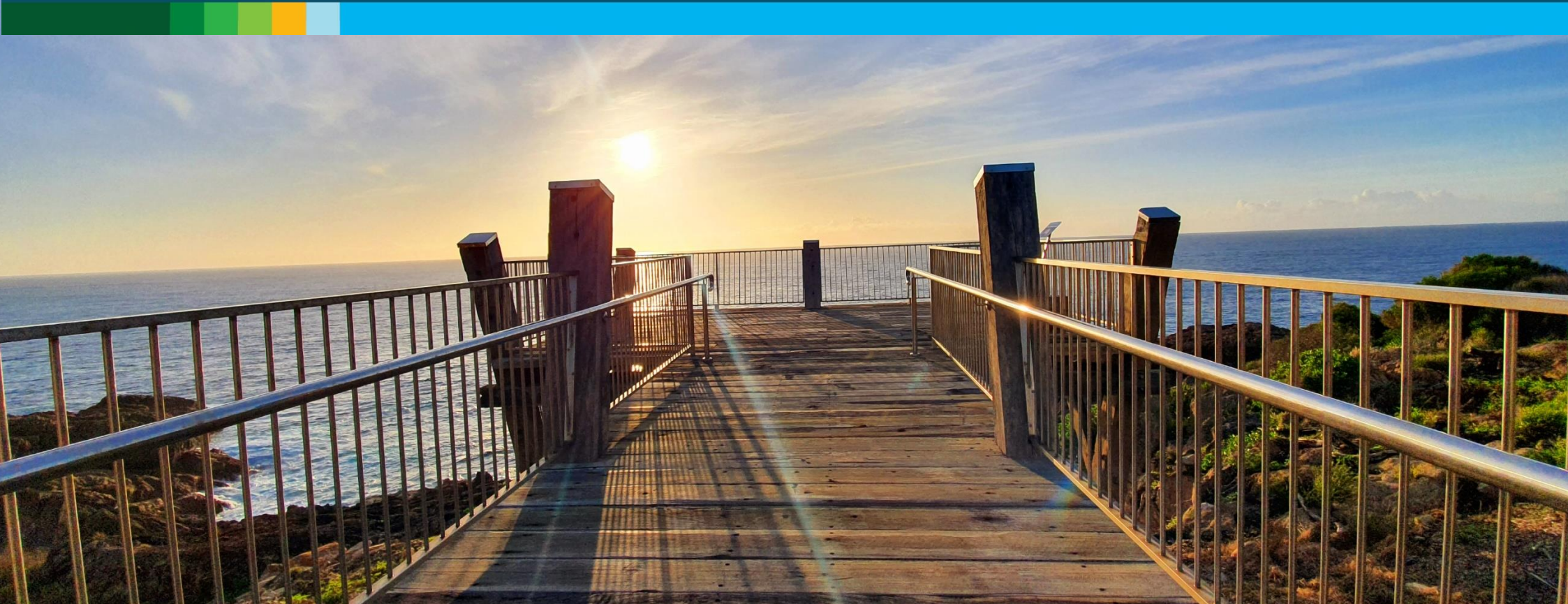


# Strategic Asset Management Plan

## 2022-25 June 2024 Update



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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ADOPTED 26 June 2024

# Executive Summary

The overall objective of asset management is to provide clear direction for the management of Council-controlled assets, to ensure Council can 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 \$1.9 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 and vehicle 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 2024-33, 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.

The SAMP 2022-25 was originally adopted in June 2022. It was updated in February 2023 and readopted to support Council's Special Rate Variation application. Further updates have been made to the SAMP to reflect revised modelling in the LTFP 2023-32, asset revaluation work undertaken, and current replacement costs revised to reflect the FY23 Audited Financials.

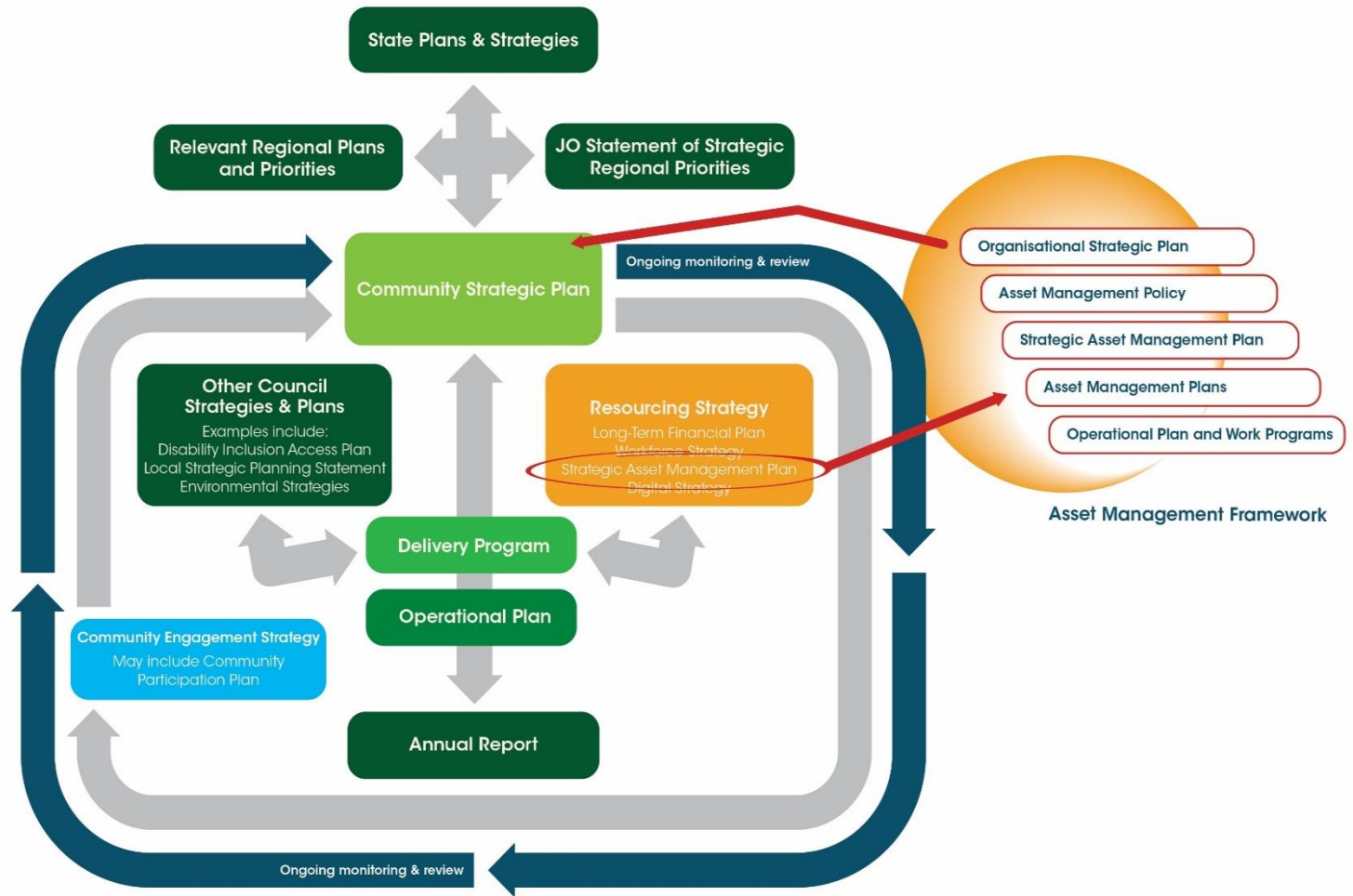
More broadly, Council will also continue to improve on its asset management practices as outlined in the SAMP Improvement Plan thereby demonstrating an ongoing commitment to the effective and responsible administration of public infrastructure.



# 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.

### 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 Economic development 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

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”<sup>1</sup>. 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.

## ISO 55000 Asset Management System Standard

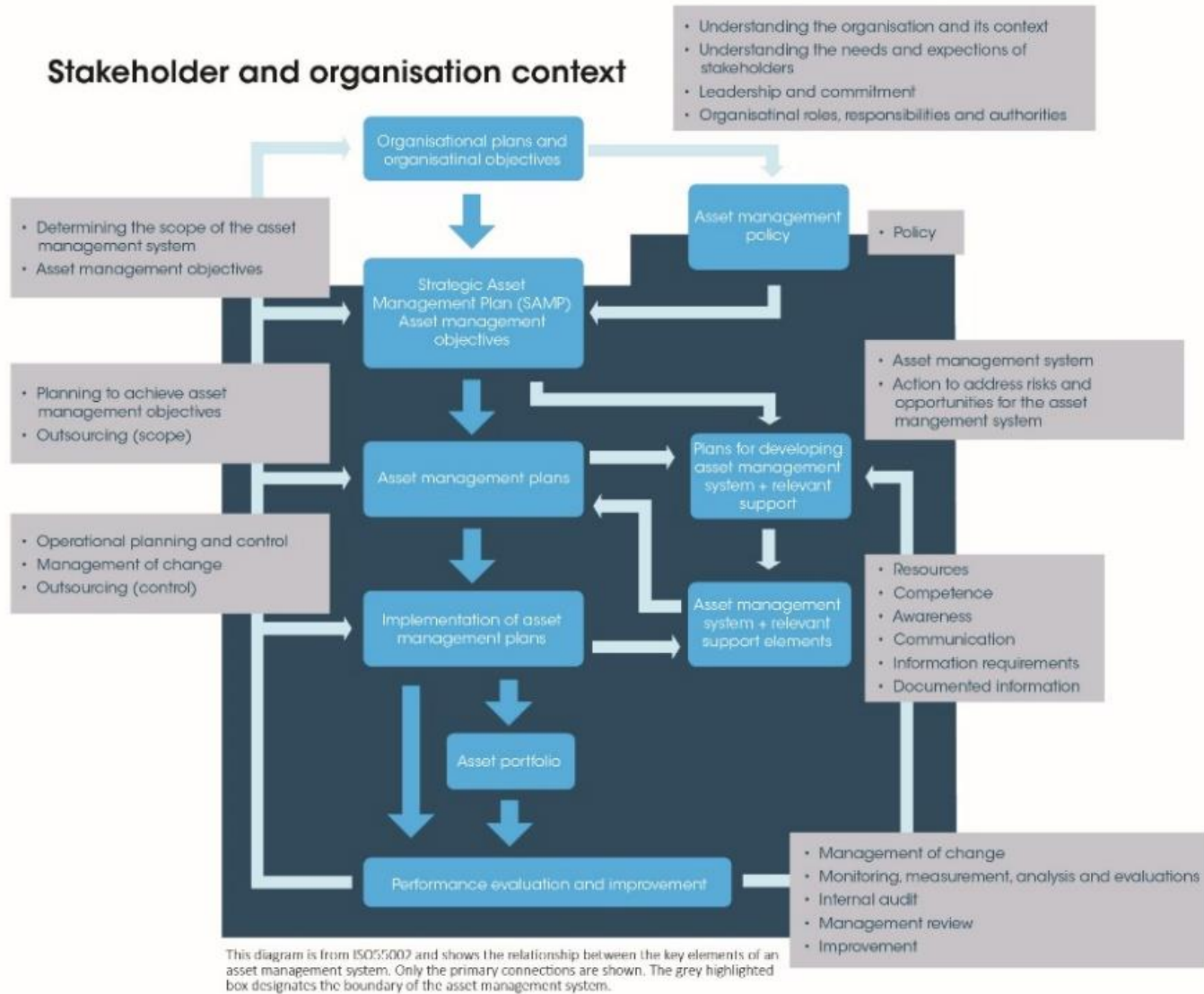
The ISO 55000 Asset Management System Standard developed by ISO technical committee ISO/TC 251 published in January 2014, sets a benchmark for excellence in assessing asset management performance. It has been instrumental in driving professional industry development and evaluating the maturity of company asset management practices.

Bega Valley Shire Council is on an alignment model rather than a compliance model with this currently for best practice. Council continues to move towards integrating the ISO 55000 standards principles while also taking into consideration the resource implications associated with compliance.

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<sup>1</sup> ISO 55000 Asset management

# Stakeholder and organisation context



**Figure 1: ISO 55000 Asset Management System**

## 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 Plan options. Option A will result in Maintained levels of service. Option B and Option C will result in declining 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 by 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 is being undertaken and the SAMP and AMPs will be 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 being completed in 2024. A complete revaluation of the road network commenced in April 2024 and will conclude by the end of June 2024. Both revaluation datasets will be considered in a future revision of this 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 Masterplan achieving the same planning objectives. The Airport Masterplan is currently being reviewed. 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

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.

Achievements in asset management 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 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 alignment 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	819.30km
Roads - Unsealed <sup>2</sup>	710.85km
Carparks	88
Kerb and Gutter	286.21km
Bridges and Major Culverts >6m	292
Shared Path, Footpaths & Cycleways	110.17km
Airports	1
Urban Stormwater network	124.75km
Major Marine (Wharves & Jetties)	3
Community Halls (sites)	21
Childcare and Pre-schools	5
Civic Centre, Libraries and Museums	5
Regional Galleries	1
Administration and other Buildings	85

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	42 <sup>3</sup>
Skateparks	9
Public Amenities	52 <sup>4</sup>
Landfills	1
Waste Transfer Stations	7 <sup>5</sup>
Cemeteries	14
Beaches	101
Estuaries	29
Recreational Marine Facilities/boat ramps	22
Fleet (Plant and Vehicles)	301

<sup>2</sup> The total unsealed road network is considerably less than previously reported due to data improvement, network definition and upgrades

<sup>3</sup> This is less than 2017 as skateparks were not separately reported.

<sup>4</sup> This has increased due to acquisitions and redefinition of complying structures

<sup>5</sup> This has decreased due to losses to bushfire



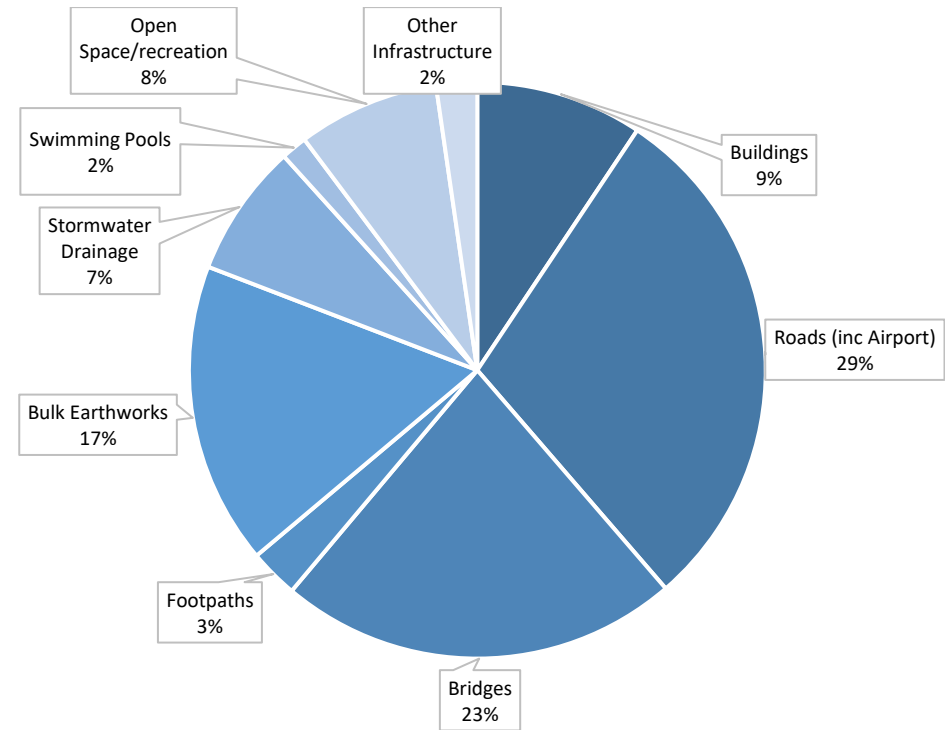
## Asset Replacement Cost

Council manages and maintains more than \$1.9 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, waste facilities and the Merimbula Airport.

Table 2 includes the General Fund asset class gross replacement cost (GRC) based on the gross carrying amount from the FY23 Audited Financials (excludes Water and Sewer assets but includes Waste facilities).

**Table 2: General Fund- Asset Replacement Costs**

<i>Asset Class</i>	<i>Gross Replacement Cost (\$m)</i>
Buildings	112,963
Roads (inc Airport)	353,808
Bridges	271,201
Footpaths	33,183
Bulk Earthworks	204,767
Stormwater Drainage	90,062
Swimming Pools	17,651
Open Space/recreation	95,859
Other Infrastructure	27,703
<b>TOTAL</b>	<b>1,207,197</b>



**Figure 2: Proportion of total CRC value by asset class**

\*Gross replacement cost 2023 Audited Financials

Note: Additional revaluation work is currently in progress for Buildings and Roads assets which will be incorporated into the next revision of those Asset Management Plans.

## 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 as per the Integrated Planning and Reporting Guidelines. 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

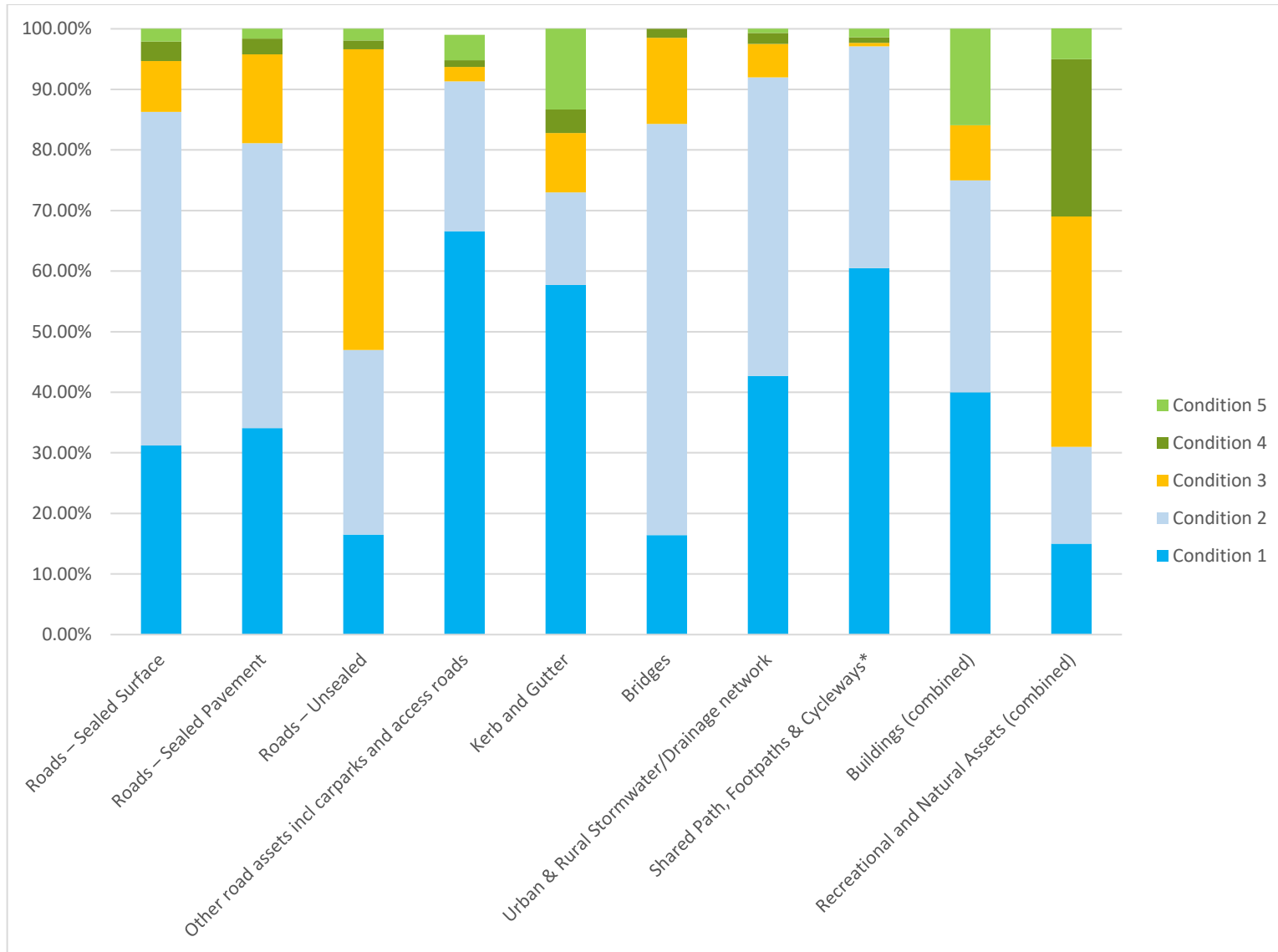
**Table 3: Asset Condition Scores Scale**

<i>Condition Score</i>	<i>Tag</i>	<i>Description</i>	<i>Remaining service potential</i>
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**

	<i>Condition 1</i>	<i>Condition 2</i>	<i>Condition 3</i>	<i>Condition 4</i>	<i>Condition 5</i>
Roads – Sealed Surface	31.2%	55.1%	8.4%	3.2%	2.1%
Roads – Sealed Pavement	34.1%	47.0%	14.7%	2.6%	1.6%
Roads – Unsealed	16.5%	30.5%	49.6%	1.5%	1.9%
Other road assets incl carparks and access roads	66.6%	24.7%	2.4%	1.1%	4.2%
Kerb and Gutter	57.7%	15.3%	9.8%	3.9%	13.3%
Bridges	16.4%	67.9%	14.2%	1.5%	0.0%
Urban & Rural Stormwater/Drainage network	42.7%	49.3%	5.5%	1.8%	0.7%
Shared Path, Footpaths & Cycleways*	60.5%	36.6%	0.6%	0.9%	1.4%
Buildings (combined)	40.0%	35.0%	9.1%	0.0%	15.9%
Recreational and Natural Assets (combined)	15%	16%	38%	26%	6%
Waste Facilities (combined)	1.1%	32.7%	62.5%	3.3%	0.4%
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. Asset condition was extracted from the FY23 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 2022-23 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.

- Council has invested significantly in the quality of assets at the airport with further works proposed as outlined in the updated draft Airport Masterplan that is aiming to be adopted in mid-2024. Once these future projects are funded, delivered 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.
- There are several major Parks Aquatics and Recreation projects with construction underway or in early planning stages. These include Pambula Sporting Complex Multi-Sport Building, Bega Sporting Complex Building and Bega War Memorial Pool. Each of these represent renewal and significant upgrades to aging building infrastructure.
- Council has commenced its Recreation Strategy Project. This strategic document will combine information about use of assets, community needs and future provision requirements. It will combine with the Recreation Asset Management Plan to inform future service levels and asset provision to ensure assets meet community needs, are in the best locations, are well used and provide good value to the community.

Without significant asset renewal intervention, the quality of assets (and the services they support) will continue to decline across key service areas of Council. 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 and available funding.

## Asset Financial Management

The activities required to maintain financial sustainability and meet our asset management needs are detailed in the Long-Term Financial Plan (LTFP) 2024-33. 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

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**

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. In the LTFP 2024-33 Council has developed three options representing various levels of service.

- **Option A- Financial Sustainability** remains our recommended position. This is what's needed, in addition to the current Asset and Services SRV, over the next 10 years to meet current and future asset management and operational needs. To pursue this level of investment in our assets and meet our financial sustainability ratios, the LTFP model shows that a further rate increase is needed. Option A shows that there is a cash shortfall of \$10.7m each year.
- **Option B- Asset and Services SRV** is our current adopted position and is what we have used to develop the 2024-25 budget. The Assets and Services SRV has helped to close the gap between revenue and expenditure, however it will not be adequate to maintain current levels of service. This option prioritises catching up on our infrastructure backlog and then reducing our capital program below recommended levels. Under Option B, Council will need to consider multiple loans from 2025-26 onwards funded from the Assets and Services SRV to provide additional cash upfront for funding the infrastructure backlog, particularly where there are spikes in our capital works program.

- **Option C- Rate Peg Only** assumes our revenue across the 10-year LTFP period will only increase in line with the known rate peg of 4.9% in 2024-25 and then an assumed rate peg of 3% thereafter. Under Option C the cash shortfall would be \$32m over the 10 year LTFP. The detrimental financial impact of relying on rate peg increases alone is clear. This option would 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 would continue an unsustainable financial trajectory and would mean we are not able to manage core assets such as roads and bridges.

The SAMP presents Option B, based on the approved Special Rate Variation. Option A remains our recommended position as it would allow Council to meet current and future asset management and operational needs and financial sustainability ratios. The following table presents the financial summary for Option B from the Long-Term Financial Plan 2024-33. Asset performance indicators are drawn from the FY23 Audited Financial Statements, updated to exclude Water and Sewer assets.



## Long Term Financial Plan 2024-33- Option B

### Bega Valley Shire Council

#### 10 Year Financial Plan for the Years ending 30 June 2034

#### INCOME STATEMENT - GENERAL FUND

#### Scenario: Option B Assets and Services SRV

	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>										
<b>Revenue:</b>										
Rates & Annual Charges	50,884	52,401	53,964	55,574	57,232	58,940	60,699	62,511	64,377	66,299
User Charges & Fees	10,210	10,496	10,810	11,135	11,469	11,813	12,167	12,532	12,908	13,295
Other Revenues	975	1,004	1,035	1,066	1,098	1,130	1,164	1,199	1,235	1,272
Grants & Contributions provided for Operating Purposes	28,400	27,922	28,695	29,491	30,312	31,221	32,158	33,122	34,116	35,140
Grants & Contributions provided for Capital Purposes	30,415	14,291	20,418	1,911	1,099	1,522	3,021	4,829	3,257	1,099
Interest & Investment Revenue	2,227	2,294	2,363	2,434	2,507	2,582	2,659	2,739	2,821	2,906
<b>Other Income:</b>										
Other Income	-	-	121	124	128	132	136	140	144	148
<b>Total Income from Continuing Operations</b>	<b>123,111</b>	<b>108,409</b>	<b>117,406</b>	<b>101,735</b>	<b>103,844</b>	<b>107,340</b>	<b>112,005</b>	<b>117,073</b>	<b>118,859</b>	<b>120,160</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits & On-Costs	37,240	36,912	38,185	39,799	41,526	43,073	45,052	47,100	49,220	51,414
Borrowing Costs	341	267	489	693	869	771	668	561	450	363
Materials & Contracts	32,471	31,028	31,876	32,654	34,314	34,602	35,749	36,679	38,443	38,142
Depreciation & Amortisation	21,803	23,602	24,722	26,302	27,647	29,005	29,977	31,145	32,174	31,875
Impairment of investments	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	12	12	12	12	12	12	12	12	12	12
Other Expenses	1,751	1,803	1,857	1,913	1,971	2,030	2,091	2,153	2,218	2,284
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	11	11	11	11	11	11	11	11	11	11
<b>Total Expenses from Continuing Operations</b>	<b>93,629</b>	<b>93,636</b>	<b>97,153</b>	<b>101,383</b>	<b>106,349</b>	<b>109,504</b>	<b>113,560</b>	<b>117,661</b>	<b>122,527</b>	<b>124,102</b>
<b>Net Operating Result for the Year</b>	<b>29,482</b>	<b>14,772</b>	<b>20,253</b>	<b>352</b>	<b>(2,505)</b>	<b>(2,164)</b>	<b>(1,555)</b>	<b>(588)</b>	<b>(3,668)</b>	<b>(3,942)</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(932)</b>	<b>481</b>	<b>(165)</b>	<b>(1,559)</b>	<b>(3,604)</b>	<b>(3,686)</b>	<b>(4,576)</b>	<b>(5,417)</b>	<b>(6,925)</b>	<b>(5,041)</b>

Table 5: General Fund- Option B- Assets and Services SRV- Income Statement extract from the LTFP 2024-33

**Bega Valley Shire Council**  
**10 Year Financial Plan for the Years ending 30 June 2034**  
**BALANCE SHEET - GENERAL FUND**

Scenario: Option B Assets and Services SRV	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash & Cash Equivalents	22,667	9,528	15,375	17,433	23,179	26,267	34,967	37,276	44,966	58,565
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	13,060	11,075	12,148	10,098	10,318	10,680	11,218	11,766	11,931	12,077
Inventories	729	706	725	743	777	786	810	831	868	866
Other	22	21	22	22	23	23	24	25	26	26
<b>Total Current Assets</b>	<b>36,477</b>	<b>21,329</b>	<b>28,269</b>	<b>28,296</b>	<b>34,296</b>	<b>37,755</b>	<b>47,019</b>	<b>49,898</b>	<b>57,791</b>	<b>71,533</b>
<b>Non-Current Assets</b>										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	14	14	14	14	14	13	13	13	13	5
Inventories	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	1,262,925	1,316,427	1,361,766	1,387,405	1,404,844	1,425,410	1,441,424	1,464,788	1,480,693	1,461,078
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>1,262,939</b>	<b>1,316,440</b>	<b>1,361,780</b>	<b>1,387,418</b>	<b>1,404,857</b>	<b>1,425,424</b>	<b>1,441,438</b>	<b>1,464,802</b>	<b>1,480,706</b>	<b>1,461,083</b>
<b>TOTAL ASSETS</b>	<b>1,299,416</b>	<b>1,337,770</b>	<b>1,390,049</b>	<b>1,415,714</b>	<b>1,439,153</b>	<b>1,463,179</b>	<b>1,488,457</b>	<b>1,514,699</b>	<b>1,538,497</b>	<b>1,532,616</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Bank Overdraft	-	-	-	-	-	-	-	-	-	-
Payables	15,340	15,011	15,307	15,596	16,094	16,243	16,621	16,945	17,480	17,504
Income received in advance	-	-	-	-	-	-	-	-	-	-
Contract liabilities	16,507	11,848	13,784	8,813	8,816	9,190	9,873	10,652	10,489	10,171
Lease liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings	2,597	1,771	2,224	2,164	2,262	2,364	2,601	1,558	1,645	1,736
Employee benefit provisions	8,223	8,223	8,223	8,223	8,223	8,223	8,223	8,223	8,223	8,223
Other provisions	144	144	144	144	144	144	144	144	144	144
<b>Total Current Liabilities</b>	<b>42,810</b>	<b>36,997</b>	<b>39,682</b>	<b>34,940</b>	<b>35,538</b>	<b>36,164</b>	<b>37,462</b>	<b>37,522</b>	<b>37,980</b>	<b>37,778</b>
<b>Non-Current Liabilities</b>										
Borrowings	6,690	10,280	13,055	15,842	13,580	11,215	8,614	7,056	5,411	3,675
Employee benefit provisions	292	292	292	292	292	292	292	292	292	292
Other provisions	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006
<b>Total Non-Current Liabilities</b>	<b>11,988</b>	<b>15,578</b>	<b>18,354</b>	<b>21,140</b>	<b>18,878</b>	<b>16,514</b>	<b>13,912</b>	<b>12,354</b>	<b>10,709</b>	<b>8,973</b>
<b>TOTAL LIABILITIES</b>	<b>54,798</b>	<b>52,575</b>	<b>58,036</b>	<b>56,079</b>	<b>54,416</b>	<b>52,678</b>	<b>51,375</b>	<b>49,876</b>	<b>48,689</b>	<b>46,750</b>
<b>Net Assets</b>	<b>1,244,618</b>	<b>1,285,195</b>	<b>1,332,013</b>	<b>1,359,635</b>	<b>1,384,737</b>	<b>1,410,501</b>	<b>1,437,082</b>	<b>1,464,824</b>	<b>1,489,808</b>	<b>1,485,866</b>
<b>EQUITY</b>										
Retained Earnings	597,652	612,424	632,677	633,029	630,524	628,360	626,805	626,217	622,549	618,607
Revaluation Reserves	646,966	672,771	699,336	726,606	754,213	782,141	810,277	838,607	867,259	867,259
<b>Total Equity</b>	<b>1,244,618</b>	<b>1,285,195</b>	<b>1,332,013</b>	<b>1,359,635</b>	<b>1,384,737</b>	<b>1,410,501</b>	<b>1,437,082</b>	<b>1,464,824</b>	<b>1,489,808</b>	<b>1,485,866</b>

**Table 6: General Fund- Option B- Assets and Services SRV- Balance Sheet extract from the LTFP 2024-33**

## Bega Valley Shire Council

### Report on infrastructure assets as at 30 June 2023

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<u>26,936</u>	107.34%	143.79%	91.40%	> 100.00%
Depreciation, amortisation and impairment	<u>25,095</u>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<u>27,833</u>	2.08%	2.19%	2.07%	< 2.00%
Net carrying amount of infrastructure assets	<u>1,341,327</u>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<u>12,844</u>	116.57%	90.86%	111.91%	> 100.00%
Required asset maintenance	<u>11,018</u>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<u>27,833</u>	1.46%	1.55%	1.40%	
Gross replacement cost	<u>1,903,360</u>				

(\*) 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) - FY23 Audited Financial Statements extract**



Figure 4: Performance Ratios - FY23 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 its 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 Long Term Financial Plan 2024-33 update demonstrates that within available funding, including the recently approved SRV, this is likely to continue without some form of further intervention in the future.

It is evident in the LTFP performance monitoring, that without another SRV in the future Council's infrastructure renewals ratio will be lower than the benchmarks and the infrastructure backlog ratio will worsen. Whilst Council will continue to seek operational efficiencies and savings, it is important to demonstrate the ongoing need for 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 2024 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."*

Council also undertook community engagement through various methods regarding the proposed Special Rate Variation options during 16 November 2022 to 16 January 2023 to raise awareness of Council's intention to apply for an SRV and the implications of each option.

## 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 and/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. The community engagement undertaken in promoting the available options for an SRV and the relevant implications was a key step in the consultation process.

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 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 help to enable Council to plan 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 that 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 and legislative frameworks
3. Climate change adaption requiring rebuilding, recovery and resilience (prevention and preparedness) activities

## Population growth and change in demographic composition

The current population (2023) in the Bega Valley is estimated to be 35,972 and is expected to grow to 40,709 by 2036. This represents an increase of 11.5% 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.

<sup>6</sup> Generated by .id (Informed Decisions)

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.<sup>6</sup>

**Figure 5: Forecast household types**

Bega Valley Shire	2021		2026		2036		Change between 2021 and 2036
	Number ↕	% ↕	Number ↕	% ↕	Number ↕	% ↕	
Couple families with dependents	3,308	20.9	3,475	21.0	3,849	21.4	+541
Couples without dependents	5,522	34.8	5,780	34.9	6,168	34.3	+646
Group households	408	2.6	418	2.5	452	2.5	+44
Lone person households	4,909	31.0	5,078	30.7	5,591	31.0	+682
One parent family	1,412	8.9	1,487	9.0	1,621	9.0	+209
Other families	293	1.8	303	1.8	327	1.8	+34

Source: Population and household forecasts, 2021 to 2036, prepared by .id (informed decisions), February 2023.

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 and legislative frameworks**

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.

As legislative frameworks change over time, Council, like all jurisdictions, is required to adapt and comply. There are associated costs of adaptation and compliance over the similar period of change that may place strain on limited resources if other revenue sources cannot be identified.

### **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, climate resilience strategies, coastal hazard management plans, current and projected exposure and damages from climate change hazards.

Upgrading or adapting our assets to meet these needs is predominantly contained in the Option A- Financial Sustainability model, requiring a significant increase in investment. Council has been fortunate in recent years to be provided federal and state Government disaster recovery funding to gradually build back "like for like" our assets lost or damaged through natural disasters, more broadly Council is taking a resilience approach in its future asset management planning.

# 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 and asset management objectives.

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 ISO 31000.

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	<ol style="list-style-type: none"> <li>Forecast asset renewal costs<sup>7</sup> exceed forecast revenue</li> <li>Asset data is low-medium quality</li> </ol>	<ol style="list-style-type: none"> <li>Levels of service decline as the condition of assets deteriorate Maintenance costs increase against general fund. Community risk also increases as assets deteriorate</li> <li>Margins of error increase and affect quality of decisions</li> </ol>	<ol style="list-style-type: none"> <li>Seek external funding opportunities (grants), prepare for special rate variation, lower technical levels of service, increased monitoring</li> <li>Complete asset technology transformation projects, conduct revaluations to refresh asset condition, value and depreciation data</li> </ol>
Airport	<ol style="list-style-type: none"> <li>Asset capacity does not meet increasing demand for GA<sup>8</sup> and RPT services</li> </ol>	<ol style="list-style-type: none"> <li>Lost economic generation, service disputes with carriers and lessee’s</li> </ol>	<ol style="list-style-type: none"> <li>Implement 2043 airport master plan and seek additional funding for future stages of development</li> </ol>

<sup>7</sup> Based on condition inspections and remaining useful life estimates

<sup>8</sup> General Aviation and Regular Public Transport

Asset Class / Service Delivery Area	Risk/Opportunity Description	Risk Impact Statement	Mitigation/Management Strategies
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 re-valuation within the term of this plan. Successive intensive climate conditions are accelerating deteriorating assets	7. Renewals and repairs are not prioritised to most needed assets, local access and rural unsealed road condition worsens and access interruptions become more frequent	7. Convert asset data to corporate system, undertake whole of transport revaluation and network definition activities, lower technical levels of service against low use-value assets. Complete revaluation tasks
Path Network	8. Assets deteriorating and introduce non-compliant trip hazards. Poor connectivity with path networks 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. <i>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</i>		
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 and pavement sinkhole repairs	10. Prioritise condition assessment and reactive maintenance in highly impacted catchments




Asset Class / Service Delivery Area	Risk/Opportunity Description	Risk Impact Statement	Mitigation/Management Strategies
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 giving consideration to heritage values. Maintain an assessment regime
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

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	FY24-25	High
	Developer Contributions Plans include the priorities of Corporate Asset Management Group and adopted by Council	Strategic objectives are correctly resourced	Completed- pending adoption of Developer Contributions Plan	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 onwards	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	Complete- Finance staff do an annual checks on cost centre naming, noting there are often multiple asset classes per cost centre.	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	FY24-25	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 Quarter	Medium
Document in procedures a consistent approach to calculating depreciation and backlog	Processes and their outputs are transparent, repeatable, reliable and well understood	FY24-25	High	





Focus Area	Action	Expected Benefit(s)	Timeframe	Priority
Data collection and information management	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	FY24 onwards	High
	2 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	FY24 onwards- pending finalisation of Assetic Implementation	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	FY24 onwards	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	FY25	Low
Capacity building	Implement and incorporate AS/ISO55000 (2014) standards into processes	Processes and their outputs are transparent, repeatable, reliable and well understood	FY25	Medium
	3 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 onwards	Medium
	Undertake an organisation wide Asset Management Maturity Assessment and seek Council commitment to implement recommendations	Council understands its position	FY26- pending budget bid support	High
	Develop a roadmap for organisation-wide asset management literacy	Strategic objectives are correctly resourced	FY26	Medium

Focus Area	Action	Expected Benefit(s)	Timeframe	Priority
Operational implementation 	Enterprise adopted project management software and processes are used for delivering all of Council's capital and operational projects	Processes and their outputs are transparent, repeatable, reliable and well understood	FY24 onwards- platform transition under consideration	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	Complete	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	Underway	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	Ongoing	Medium
	Revisit the charter, composition and resourcing of the Corporate Asset Management Group	Strategic objectives are correctly resourced	FY25	High
	Review technical levels of service that are compliant with regulatory requirements for each asset class	Council understands the needs of its stakeholders	FY25	High
	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	Ongoing	High
	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	FY25	Medium
	Plan and undertake activities to build resilience in the asset base in response to environmental challenges	Council understands its strategic and operating environment	Ongoing	High



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