DRAFT Strategic Asset Management Plan 2025-29

bega valley shire council

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

Contents

DRAFT

Executive Summary

The overall objective of asset management is to provide clear direction for the management of Council-controlled assets. This helps to ensure Council can respond to changing community needs, in accordance with legislation, and deliver fit-for-purpose assets for the community.

Council manages and maintains more than $2 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 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. The AMPs also inform the development of a 10-year capital program.

The SAMP must be considered in conjunction with the Long-Term Financial Plan 2025-34, that outlines the available funding under three different revenue options. Aligned with those three revenue options are three different capital programs that outline what asset maintenance, renewal and upgrades can be achieved within each option. 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.

Our asset management decision-making is guided by numerous factors, with a focus on providing public value to the community despite the challenges we face. This creation of public value requires a long-term view and consideration of the multiple generations who will fund and use these assets.

We have a vast number of assets spread across our shire that depreciate every year, and we have insufficient funds to adequately maintain and renew them. This reality underscores the importance of planning, continuous improvement and clearly articulating the resourcing gaps we have in meeting our asset management responsibilities.

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.

- *Local Government Act 1993*
- *Local Government Amendment (Governance and Planning) Act 2016*-IP&R guidelines
- *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*
- *Civil Liability Act 2002*
- *Public Spaces (Unattended Property) Act 2021* (NSW)
- *Modern Slavery Act 2018* (NSW)
- ISO 55001 Asset Management System Standard

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.

The policy encompasses the systems implemented by Council to effectively manage and maintain its assets.

Asset Planning

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

The Strategic Assessment Management Plan (SAMP) will outline:

- the planning process along with the limitations and exclusions
- 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.

Planning Process

Asset management planning is a comprehensive process that involves identifying, prioritising and managing assets to maximise their value over their life. Assets exist to help Council provide a service and create public value. We manage comprehensive inventories of assets, assessing their condition, performance, age and risk factors. We use this information to develop maintenance and renewal plans, balanced with plans for upgrading assets when they have reached the end of their useful life. The 10-year plans we develop for asset maintenance, renewal and upgrades are then balanced against the available revenue we have to deliver those works.

There are ongoing trade-offs when determining asset management priorities. We have to ensure Council remains financially viable, and balance asset management costs with affordability for ratepayers now and into the future.

We have to consider intergenerational equity and how the decisions we make today on how we look after and acquire assets will affect future generations unable to participate in the decision-making process. We also have to consider the risk of asset failure and capacity, particularly with increasing numbers of natural disasters and the impacts of a changing climate.

Planning Integration

The SAMP integrates with the Long-Term Financial Plan, the Resourcing Strategy and the individual asset class Asset Management Plans. It aggregates the asset management requirements for each asset class and puts forward three different capital programs for asset management that reflect the Long-Term Financial Plan revenue options. By clearly defining these 3 capital program options, Council and the community can better consider the benefits, costs, risks and sustainability implications of adopting a particular option.
The Strategic Asset Management Plan summarises the key issues and data from the following Asset Management 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

Community Consultation

Council's last community satisfaction survey was conducted in 2024. This comprehensive data assists asset managers in determining the required

levels of service to meet the community's expectations within constraints. Recent targeted community consultation in some service areas - Recreation, Waste, Water and Sewer has also provided further detail on community expectations.

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. Our teams work collaboratively to service and maintain our assets and plan for future renewals and upgrades. For many projects this includes detailed project scoping and planning, and where possible securing external funding, often many years in advance. Majority of our asset servicing and maintenance is managed by council employees. Depending on the scale and complexity of the project, renewal and upgrades of assets will use a combination of council planning, engineering and project management resources, supported by external contractors.

Revaluation Schedule

Council undertakes detailed asset revaluations by individual service areas over a five yearly rolling cycle, as recommended by the Office of Local Government. The detailed revaluations are integral to confirming and updating financial planning figures against our assets, however this recommendation is currently under review. Outside of the 5 yearly rolling cycle council regularly reviews unit rates to ensure our assumptions for future expenditure are aligned with actual costs to deliver.

Limitations of the Plan

The SAMP is developed at a point in time and bases its assumptions and recommendations on information 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 or unit cost data. In recognition of this, the SAMP and AMPs are reviewed annually as part of our annual budget process.

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 Water and Sewer Strategy that guides the provision of their services.

Whilst their asset data is excluded, they still form part of Council's Asset Management planning processes 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.

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 2043 achieving the same planning objectives.

Current State

Our Assets

Council is responsible for managing the following assets.

Table 1: BVSC Assets

Asset Class	Qty Measure
Roads – Sealed	823.225km
Road- Unsealed	707.81km
Carparks	136
Kerb and Gutter	299.38km
Bridges, Causeways and Major Culverts >6m	288
Shared Path, Footpaths, Cycleways &Trails	133.37km
Airports	1
Urban Stormwater network	126.42km
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	89

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	39
Skateparks	9
Public Amenities	52
Landfills	1
Waste Transfer Stations	7
Cemeteries	14
Parkland Reserves	83
Natural Area Reserves	30
Recreational Marine Facilities/boat ramps	23
Fleet (Plant and Vehicles)	301

Asset Replacement Cost

Council manages and maintains more than $2 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, and the Merimbula Airport.

Table 2 includes the asset class gross replacement cost (GRC) based on the 2023-24 Audited Financials. This GRC table does not include land, waste and plant assets.

Table 2: General Fund, Water and Sewer -Gross Asset Replacement Cost

Asset Class	*Gross Replacement Cost ($m)*
GENERAL FUND	
Buildings	199,205
Roads (inc Airport)	663,506
Bridges	253,533
Footpaths	52,294
Bulk Earthworks	167,062
Stormwater Drainage	213,151
Swimming Pools	17,936
Open Space/recreation	62,003
Other Infrastructure	35,881
SUBTOTAL	**1,664,571**
WATER AND SEWER FUND	
Water supply network	388,503
Sewerage network	294,378
SUBTOTAL	**662,881**
TOTAL	**2,347,452**

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 Office of Local Government guidelines. The descriptions in the table are a general guide to assist in understanding the meaning of each condition score. Asset condition is a consideration when determining when an asset needs to be renewed or upgraded. We will prioritise work on assets that are condition 4 or 5 as they pose the greatest financial and safety risk. The urgency will depend on safety, criticality, and component condition.

Table 3: Asset Condition Scores Scale

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

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

	Condition 1	*Condition 2*	*Condition 3*	*Condition 4*	*Condition 5*
Roads – Sealed Surface	5.90%	56.89%	35.45%	1.70%	0.06%
Roads – Sealed Pavement	5.73%	59.63%	33.17%	1.43%	0.04%
Roads – Unsealed	0.65%	2.18%	95.72%	1.24%	0.22%
Other road assets incl carparks and access roads	13.19%	7.49%	76.26%	2.83%	0.22%
Kerb and Gutter	3.83%	46.47%	49.48%	0.22%	0.00%
Bridges	15.87%	75.97%	6.33%	1.84%	0.0%
Urban & Rural Stormwater/Drainage network	12.06%	57.81%	27.60%	1.10%	1.42%
Shared Path, Footpaths & Cycleways*	1.82%	4.19%	93.78%	0.22%	0.00%
Buildings (combined)	20.53%	57.52%	20.50%	0.99%	0.47%
Parks, Aquatics & Recreation Assets (combined)	28%	21%	39%	11%	1%
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 Path, Footpaths and Cycleways Network. The figures here are extrapolated from existing data.
Asset condition as a percentage of current replacement cost was extracted from the 2024-24 Audited Financials where available. Existing data was used for other asset classes.

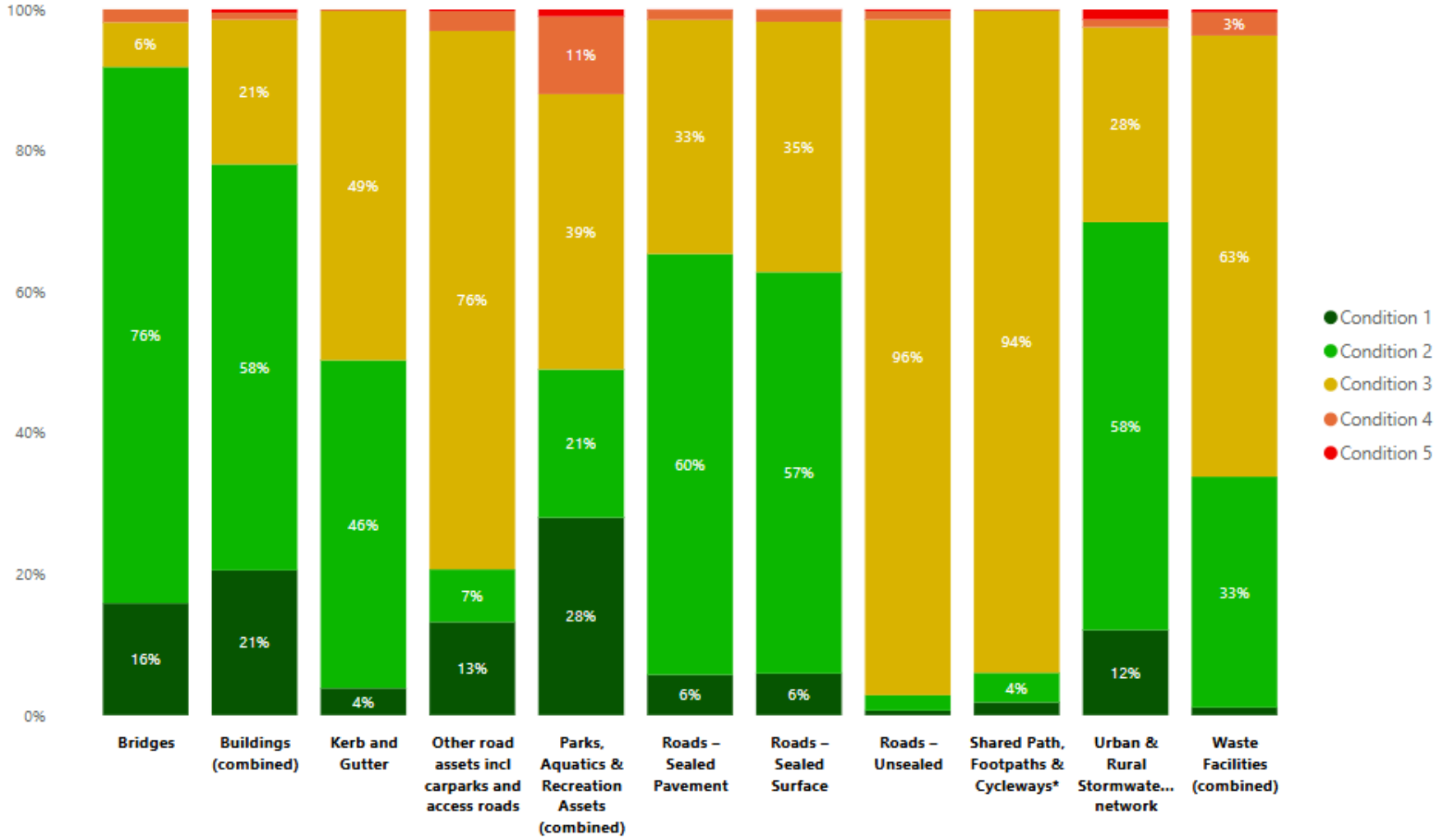


Figure 1: BVSC Assets in condition as a percentage of current replacement cost

Key Insights

The above condition ratings indicate that many of Councils assets are a Condition 2 or 3. This may appear somewhat positive however, when you compare asset condition year to year across our audited financials, it is clear to see the declining trend of our asset condition. This is to be expected as assets are used, however without adequate investment in maintenance and then renewal and upgrades this declining trajectory accelerates and continues pushing more of those assets into condition 4 and 5.

Below are some key insights, impacting our asset planning across the next 4 years. Without significant asset renewal, the quality of assets (and the services they support) will continue to decline across key service areas of Council.

- 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.

- A significant proportion of road assets that were previously rated in Condition 1 and 2 have naturally deteriorated over time and are now classified as Condition 2 and 3, in line with expected asset lifecycle progression.

- The useful life of road surfaces (both sealed and unsealed) is typically around 15 years. These assets follow a non-linear degradation profile, where they degrade slowly during the early stages of life, Condition 1, but deterioration accelerates as they reach Condition 2 and 3. This pattern is consistent with asset management principles and highlights the importance of regular condition monitoring to plan timely interventions before assets decline into poorer conditions.

- The recent roads revaluation adopted fixed road segments, replacing the earlier dynamic segmentation approach. This change has had a positive impact by significantly improving alignment between the asset condition data and budget planning.
  Specifically, the fixed segments now provide a stable and consistent spatial reference, allowing the LTFP allocations to be accurately matched to Condition 3, 4, and 5 assets that require renewal.

- Significant challenges relating to funding path upgrades which are 100% reliant on grant funding, opportunity is sought through future development and road infrastructure grants when available. Currently there is only two funding opportunities per year which are highly competitive.

- The limited opportunity for funding pathways relating to paths renewal will continue to present ongoing maintenance burden.

- DRFA funded works often improve our transport infrastructure, however limited opportunity exists under funding guidelines for ‘build back better’.

- Exploring future opportunity of AI generated road inspection defect capture which includes condition evidence of road network and structures will be critical in ensuring ongoing eligibility to DRFA funding in growing climate change and unpredictable weather events.

- Multi-year service contracts have been implemented, for services such as reseal, full/ part service pavement stabilisation and CCTV relining for stormwater assets to improve program delivery and contract management efficiency.

Key Insights (continued)

- Review impacts of reduced capital program on needs of additional maintenance required. A reduced capital program induces additional infrastructure risks that are then required to be managed with additional maintenance activities as the infrastructure network deteriorates.

- Balance of internal crews vs work delivered by contractors, the engagement of consultants can be beneficial however still requires time investment and consistent contract and project management effort.

- Staff resourcing and staff turnover impacts the effectiveness of consultant engagement and delivery of capital projects.

- The renewal of bridges and other (complex) structures is expensive, generally requiring the replacement of 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 also present potentially extreme risks to safety. The relative few numbers of assets in this condition should not bely the cost and urgency of renewal requirements.

- Council has been successful in recent years in securing Fixing Country Bridges grant funding to renew several bridges across the shire. Without adequate investment, further load limits or even bridge closures may occur.

- 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 numbers of assets in this condition should not bely the cost and urgency of renewal requirements.

- Council has invested significantly in the quality of assets at the airport with further works proposed as outlined in the updated Airport Masterplan 2043. Once these future projects are funded, delivered and capitalised impact to our financial position is expected.

- There are significant capital works proposed in Waste Services including a new organics processing facility, landfill remediation across multiple sites and Cell 5 construction at the Central Waste Facility. There is insufficient funding to provide agreed levels of service while also meeting NSW EPA licence requirements, and that the adopted improvement model in Waste Services will rely on increases to waste fees and charges and future borrowings.

- There are several major Parks, Recreation and Aquatics projects currently under construction or planning has commenced for renewal. These include Bega Sporting Complex Building, Merimbula Boardwalk, Ford Park Pavilion, Bega War Memorial Pool and George Brown Oval amongst many others. Each of these represent renewal and significant upgrades to aging building infrastructure and many are reliant on grant funding

- 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.

Performance Monitoring

Each year in the audited financials a series of asset management performance measures are reported against. These measures provide a snapshot of our consolidated position (water, sewer and general fund) at a point in time. As with all indicators the detail behind this data should be carefully considered as it provides the context and nuance for these results.

Buildings infrastructure renewal ratio

The building and infrastructure renewal ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating. Renewal is defined as the replacement of existing assets to equivalent capacity or performance capability, as opposed to the acquisition of new assets. A council's renewal ratio may fluctuate based on council priorities. A result of 100% or greater is considered satisfactory.

Infrastructure backlog ratio

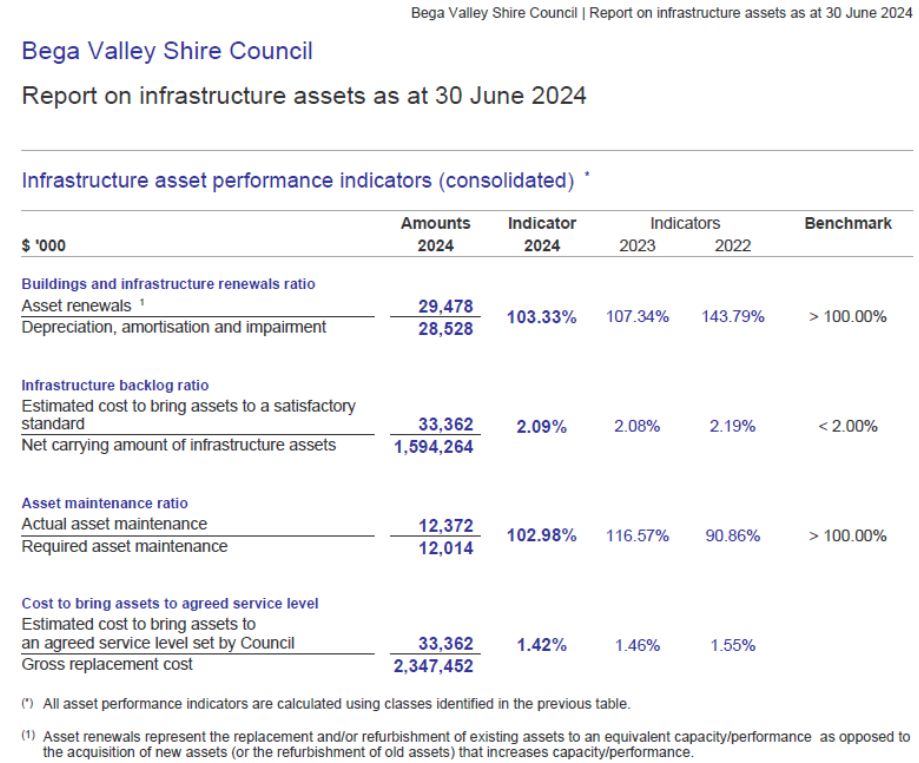
The infrastructure backlog ratio shows the infrastructure backlog in proportion to the total written down value (the value of an asset after accounting for depreciation, reflecting the asset's present worth) of a council's infrastructure. A ratio of less than 2% is considered the benchmark. The ratio is calculated by the estimated cost to bring assets to a satisfactory condition divided by the total value written down value of roads, water, sewer, buildings and other infrastructure assets.

Asset maintenance ratio

The asset maintenance ratio compares a council's actual asset maintenance expenditure against its estimated required annual asset maintenance expenditure. It indicates if a council is investing enough funds within the year to stop the infrastructure backlog from growing. A measure of 100% indicates council is investing sufficient funds to ensure the backlog does not increase. The ratio is calculated by actual asset maintenance expenditure divided by required asset maintenance expenditure.

Costs to bring assets to satisfactory standard

The improved information and greater focus on asset management has been reflected in a more accurate indication of the estimated cost to bring assets to a satisfactory standard (referred to as the 'infrastructure backlog').



Bega Valley Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

$ '000	Amounts 2024	Indicator 2024	Indicators 2023	Indicators 2022	Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals [1] / Depreciation, amortisation and impairment	29,478 / 28,528	103.33%	107.34%	143.79%	> 100.00%
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard / Net carrying amount of infrastructure assets	33,362 / 1,594,264	2.09%	2.08%	2.19%	< 2.00%
Asset maintenance ratio					
Actual asset maintenance / Required asset maintenance	12,372 / 12,014	102.98%	116.57%	90.86%	> 100.00%
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council / Gross replacement cost	33,362 / 2,347,452	1.42%	1.46%	1.55%	

(*) 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.

Figure 2: Infrastructure asset performance indicators (consolidated) – 2023-24 Audited Financial Statements extract.

In the 2023-24 audited financials the buildings and infrastructure renewal ratio and asset maintenance ratio are sitting above the benchmark however if council is unable to renew or maintain its existing assets consistently above the rate they are being consumed these benchmarks will not be met in the future.

It is evident in the Long Term Financial Plan 2025-34, that without an increase in revenue through another Special Rate Variation and/or an increase in Federal Government Financial Assistance Grants in the future Council's infrastructure asset performance indicators will be lower than the benchmarks and the infrastructure backlog ratio will worsen. Whilst Council will continue to seek operational efficiencies and apply for competitive grant funding such as Fixing Country Bridges program to meet our asset management responsibilities, it is important to outline the ongoing need for additional revenue in order to maintain, renew and upgrade the existing assets that we have and be very discerning when acquiring or building new assets. Other short term operational grants such as the Disaster Recovery Funding arrangements can positively impact the ratios that can often not represent the future reality of own source funding being inadequate to sustain desired levels of service.

Performance Ratios

Building and infrastructure Renewals ratio
This ratio continues to track above the benchmark of 100% due to the high grant funded capital works spent on renewal projects. This funding is not sustainable into the future.

Asset Maintenance ratio
Council's asset maintenance ratio is greater than the benchmark ratio of 100%. Although above benchmark this is approaching expected levels, the ratio outcome further highlights need to improve allocation to renewals, this ratio is also heavily affected by DRFA operational expense. This indicates that Council spent enough funds on maintenance too stop the infrastructure backlog ratio growing in the financial year.

Infrastructure backlog ratio
Still above benchmark but decreasing, slight uptick from 2023 likely due to increase asset values affecting depreciation but holding steady otherwise.

Cost to bring agreed assets to service level
This ratio continues improve, FCB and road grant injections likely a contributing factor. Expect ratio to increase again in the long term with the current SRV scenario.

Bega Valley Shire Council

Report on infrastructure assets as at 30 June 2024

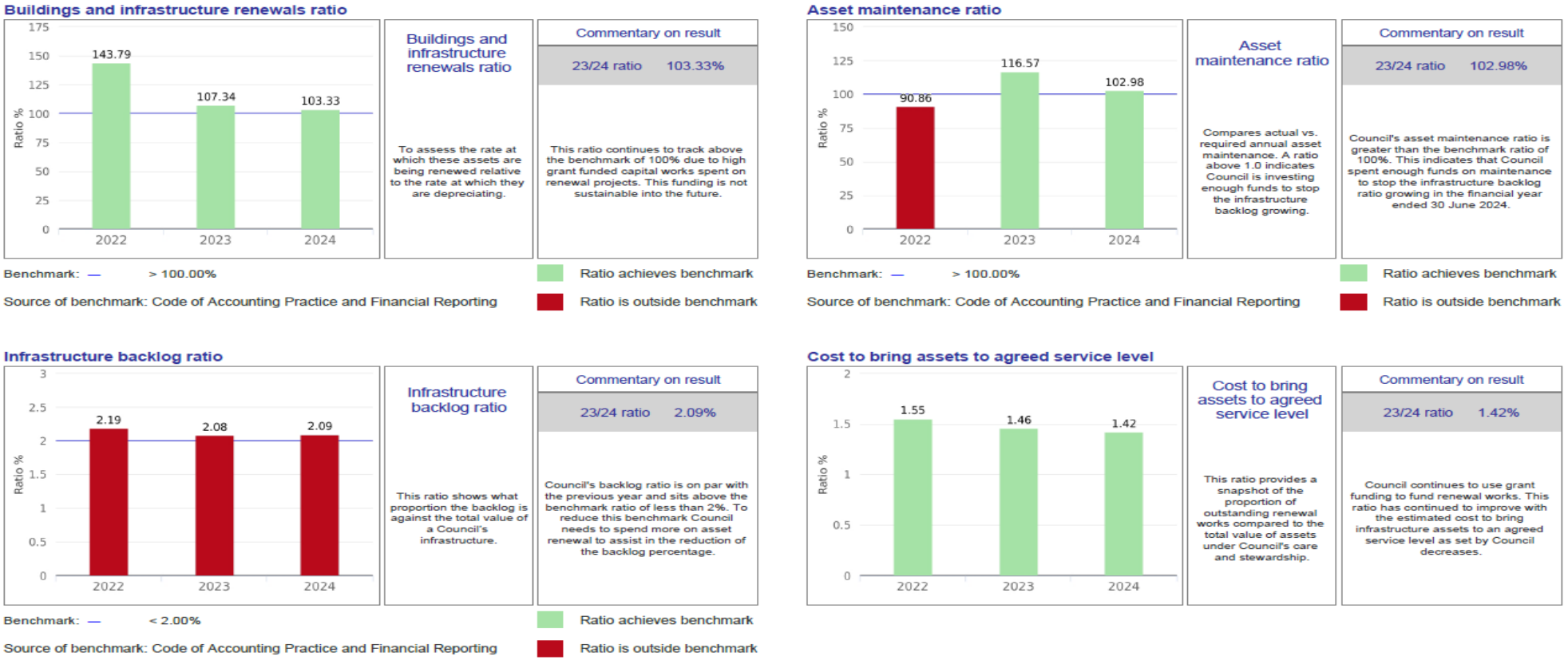


Figure 3: Performance Ratios – 2024-24 Audited Financial Statements extract

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.

Asset Lifecycle Management

Lifecycle management explains how Council plans to manage and operate our assets to optimise life cycle costs and manage risks. Underpinning any plan are the resources required to deliver it. Rarely do resource inputs perfectly match expenditure output, being driven by service level expectations, resourcing constraints, risk and available funding.

The SAMP must be considered in conjunction with the Long-Term Financial Plan 2025-34, that outlines the available funding under three different revenue options. Aligned with those three revenue options are three different capital programs that outline what asset maintenance, renewal and upgrades can be achieved within each option.

Routine Operation and Maintenance

Operations includes regular activities like cleaning to provide services , allowing our 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). 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 capital works plans, and prioritised based on criteria relevant to each asset class, including risk, condition, criticality, technical levels of service and community expectations.

Asset upgrades are those capital works that create new or increase an assets original intended design capacity or level of service potential. They are sometimes essential due to increases in demand regardless of the constraints Council faces. Council should continue to be discerning when upgrading assets or acquiring or building new assets, considering the financial burden of doing for now and future generations.

Asset Capitalisation

Councils' asset capitalisation methodology involves capturing asset information from various sources once a project has been completed. Each asset is identified in the asset register and updated, ensuring accurate classification, location and condition. The captured assets are then valued using the current market unit rate at the time of acquisition, construction, or handover, including all associated costs such as materials, labour, and installation.

Assets are capitalised if they meet the council's cost ($10,000) or minimum useful life threshold. Regular updates ensure the asset register reflects any changes, with valuations reviewed annually to remain aligned with market conditions. The asset management team ensures that all data is correctly integrated, recorded, and maintained, with compliance checked through periodic audits to meet financial reporting standards.

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.

Procedures 6.08.08 Disposal of Assets (Other than Land and Buildings) and Procedure 4.10.5 Acquisition, dedication and disposal of land or interests in land outline the steps and considerations needed to ensure a responsible, transparent, and effective approach to asset disposal within Council. By defining the scope, objectives, and specific processes, it supports the Council's commitment to responsible financial management and environmental stewardship.

These costs, and the use of the sale proceeds, are determined by Council as part of the disposal decision-making process. Where renewal or upgrade 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 has endeavoured to pursue handback of Crown assets to the Department of Planning, Housing and Infrastructure over several years, however the State government has no desire to accept handback of assets unless there is a financial benefit available for them to do so.

Service Delivery

Council has three key drivers for our levels of service

1. Community Expectations: communicated to Council through various mechanisms including customer requests, satisfaction surveys, 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 our asset management plans that include performance standards or criteria that define how an asset should function. For example, consider in a road network, a technical level of service may include that the road should be free of potholes, have proper signage, meet certain safety standards.

Technical levels of Service

Renewals

Renewal decisions are aligned with the community agreed service levels, which aim to maintain road assets at or above Condition 3 to ensure safe, reliable, and accessible transport infrastructure.
Assets in Condition 4 and 5 are prioritised for renewal due to their higher risk of failure, potential safety concerns, and the likelihood of service disruption.

- In scenarios where funding is constrained, renewal works are typically prioritised in the following order:
    - Condition 5 assets (urgent and critical)
    - Followed by Condition 4 assets (poor but serviceable)
    - Condition 3 assets are considered only if funds permit or if condition monitoring indicates accelerating deterioration.
- This approach supports timely intervention to minimise lifecycle costs and preserve long-term service levels across the road network.

Maintenance

For preventative maintenance, Council utilises asset management systems such as REFLECT to record and prioritise road defects.
These are categorised into:

- Very High – target response within 1 week
- High – within 3 months
- Medium – within 6 months
- Low – addressed within more than 6 months, based on risk and budget availability.

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 (2025) in the Bega Valley is estimated to be 37,054 and is expected to grow to 40,813 by 2046. This represents an increase of 10.14% over the 21-year time horizon. Population growth is forecast to be driven by net migration, predominantly from the 45-69 year age group. Recent net migration has originated from Sydney, Wollongong and the Snowy Monaro. Dwelling occupancy rates are currently sitting at 84% and are expected to remain consistent. Despite the high rate of unoccupied dwellings (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. Additionally, the average household size is estimated to be 2.21 people, with a forecast decline to 2.13 people by 2036. This suggests a generally ageing and retiring population, migrating to the Valley.

Figure 5: Forecast household types

Bega Valley Shire	2021		2026		2036		Change between 2021 and 2036
Type	Number	%	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.

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 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 been collaborating with other major stakeholders in the shire in the Bega Valley Circular Economy initiative led by the by the Regional Circularity Cooperative and Bega Cheese Limited. Council is in the early stages of conducting a circularity audit and opportunities assessment which will help guide our future asset management planning to support the transition to a more circular economy.

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

Council has suffered unprecedented successive natural disasters over the last 10 years 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 and understanding our risks through flood studies.

In particular, our buildings, stormwater and transport infrastructure need to account for sea level rise, larger and more frequent floods and inundation, more intense and variable rainfall, 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 in our Long Term Financial Plan, 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 based approach in its future asset management planning and learning from the experience previous natural disasters have provided

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	1. Forecast asset renewal costs[1] exceed forecast revenue 2. Asset data is low-medium quality	1. Levels of service decline as the condition of assets deteriorate Maintenance costs increase against general fund. Community risk also increases as assets deteriorate 2. Margins of error increase and affect quality of decisions	1. Seek external funding opportunities (grants), prepare for future special rate variation, lower technical levels of service, increased monitoring 2. Complete asset technology transformation projects, conduct revaluations to refresh asset condition, value and depreciation data
Airport	3. Asset capacity does not meet increasing demand for GA[2] and RPT services	3. Lost economic generation, service disputes with carriers and lessee's	3. Implement 2043 Airport Masterplan and seek additional funding for future stages of development

[1] Based on condition inspections and remaining useful life estimates
[2] 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. 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 parks, aquatic and recreational assets, particularly those which are not properly maintained, lower quality or are approaching the end of their useful life.	6. Prioritise operations and maintenance programs on high use-high value recreational assets to see they are in a 'fit for purpose' condition
Roads Infrastructure	7. Condition and valuation data becomes 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. Considered separately in Water and Sewer Strategic Business Plan and Asset Management Plan – however the fees and charges associated with this service delivery area contribute to the corporate level risk of asset forecast renewal costs exceed forecast revenue and the overall resident and ratepayers' ability to afford the levels of service provided by Council*		
Stormwater	10. Inundation and extreme vegetation growth impacting system capacity, low confidence condition data due to cost and difficulty of effective inspections	10. Unforeseen, unpredictable localised failure to manage current and future stormwater volume, increased property damage and claims 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

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 Plan and form the Asset Management Improvement Plan which will be implemented by the Asset Management Group.

Action	Expected Benefit(s)	Timeframe	Priority
Establish clear processes and procedures for all asset classes to review, collect, maintain and record asset data in the corporate asset register- Assetic	Processes and their outputs are transparent, repeatable, reliable and well understood	FY25-26	High
Ensure all Council assets are captured in Council's corporate asset register- Assetic., Council service areas trained in Assetic and training materials are developed and implemented in the Learning Management System	Consistent, accurate and timely (Higher quality/confidence) information	FY25-26	High
Establish annual audit of information in the corporate asset register- Assetic 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	FY26 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	FY26-27	High
Utilise the Assetic modelling tool to support capital program development, 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	FY27-28	Low
Asset Management Skills and Processes - Bega Valley Shire Council staff have sufficient data and system knowledge, processes, standard asset creation and handover processes	Strategic objectives are correctly resourced. Develop on-line references and tools for asset managers, provide or facilitate training for asset managers.	FY26-27	Medium

Action	Expected Benefit(s)	Timeframe	Priority
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	FY25 onwards-	Medium
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
Investigate ways to create new opportunities to collect data to inform decision making and investigate opportunities in the renewal and maintenance of assets. Seek to minimise waste and/or contribute to the circular economy.	Data collection by our staff in the field and collaboration through partnerships (e.g IPWEA, CRJO).	Ongoing	Medium
Plan and undertake activities to build resilience in the asset base in response to environmental challenges	Clear definition of resilience, asset management plans consider resilience issues, and resilience is considered into future renewal and operational planning if required.	Ongoing	High

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Structures Asset Management Plan

Assets covered by this plan

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

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

Number and Condition

Average Condition Rating Score: 1.95

568 routinely inspected structures assets includes:

Timber Bridge: 33

Concrete Bridge:95

Steel Bridge: 29

Major Culverts>6m: 40

Major Culverts<6m: 179

Causeways: 80

Pedestrian Steel Bridge: 3

Pedestrian Timber Bridge: 8

Retaining Walls: 98

Major Marine Structures: 3

Gross Replacement Costs (GRC)

$253m (Source: FY24 Audited Financials)

What does it cost?

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

Option C is the minimum funding model aligned with a rate peg increase of 4.9% and 3% each year thereafter. Option C includes a bridges program of $45.85m or $4.58m average per year. This option sees significant reductions in service levels and assets deteriorating beyond acceptable levels. There is also a heavy reliance on grant funding for projects to proceed.

Option B assumes there will be an increase in revenue through an SRV or increase in FAG grants. Option B includes a slightly expanded program of $138.56m or $13.85m on average per year. This option still includes reductions in service levels.

Option A assumes an even larger increase in revenue through and SRV or increase in FAG grants. Option A includes a program of $147m or $14.7m average per year over the 10-year period and allows for all bridge asset renewals to take place when necessary.

Future demands which may affect service delivery

- Changes in technology e.g. changes in high productivity vehicle (HPV) heavy vehicle configurations
- School bus services may no longer be required, or additional services required
- Change in industry mix or economic activity, more or less heavy vehicle access required
- Resilience to natural disasters (flood and fire)

Improvement Plan

- Ensure completion of routine inspections and monitoring to manage assets effectively.
- Trial and implement ranking process for works proposals
- Record, inspect and condition rate retaining wall structures

Risk management, What can happen? Option C and B

- Structural deterioration with increased risk of failure resulting in unexpected restrictions or even closure of a road.
- Reduced access to properties for emergency response.
- Significant increase to cost of works such as painting due to deferred preventative maintenance (typically 10x cost increase for blast clean & repaint v maintenance painting).
- Higher risk levels to road users from missing or less effective guardrail installations.
- No reduction in risk to road users reliant on causeway access.

Risk treatment plan

- Continue to undertake condition inspections and monitoring to identify and manage damaged, vulnerable or older structures near end of life
- Impose load limits where assets are not renewed in a timely manner due to lack of funding

Critical assets

- Cuttagee Lake Bridge, Bermagui River Bridge, Bega River Bridge (Mogareeka), Six Mile Bridge and Seven Mile Ck Culverts (Lochiel), causeway structures generally

Structures Asset Management Plan

Structural Assessments

Continue working with NHVR & TfNSW to test and develop tools that calculate safe carrying capacity of structures. Dependant on structure (properties and condition) and vehicle (axle loads and spacings).

Recent structures grant funding secured

2024

- $15M Cuttagee Lake Bridge – TfNSW

2022

- $3.54M Watergums Ck renewal – BRP
- $15.96M 6 timber bridge renewals - FCBr2

Levels of service

We understand that our community values a safe, accessible and resilient structures network.

We are committed to

- The operation, maintenance, renewal and acquisition of structures assets to meet service levels set by the Long -Term Financial Plan and annual budgets
- No significant acquisitions within the 20-year planning period
- Renewal in accordance with current design standards

What we cannot do

Under present funding levels- Option C- we cannot provide:

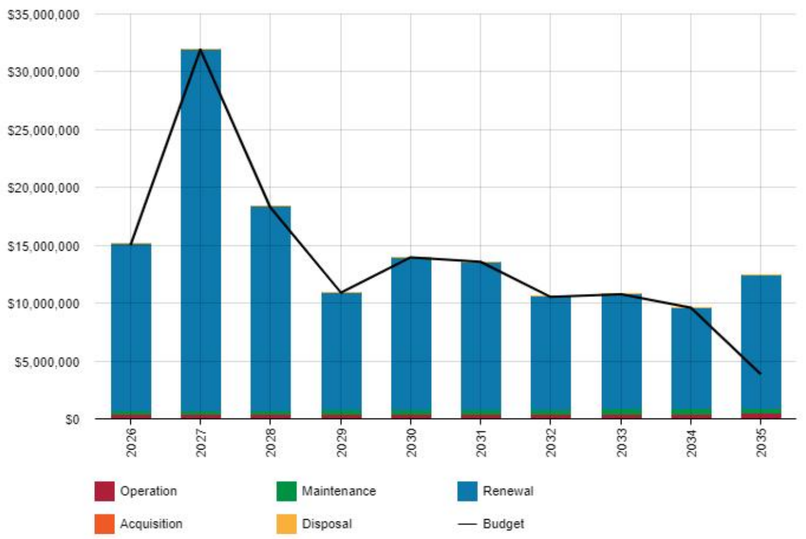
- unrestricted access for heavy vehicles across the transport network
- resilient infrastructure to minimise disruption to transport by natural disaster events
- modern guardrail installations at all bridge locations
- structural assessments of all bridges in the short-medium term
- Fulfill all requirements for asset renewals/upgrades when they are due

Financial Summary

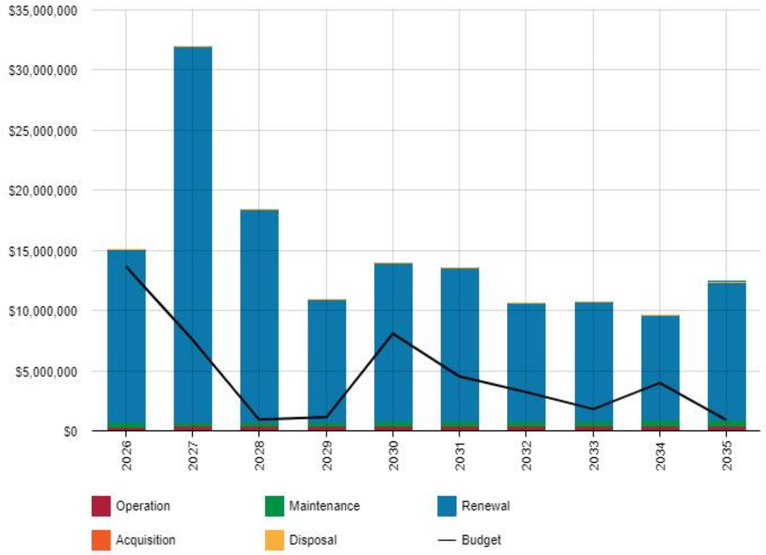
We currently do **not** allocate enough budget to sustain these services at the proposed standard or to provide all new services being sought.

BRIDGES AMP Financial Summary - Option B	
10 Year Total Cost	$147,213,264
10 Year Average Cost Forecast	$14,721,327
10 Year Planned Budget- Option B	$138,516,432
10 Year Average Planned Budget- Option B	$13,851,644
10 Year Asset Management Financial Indicator	94.09%
10 Year Average Shortfall per Year	-$869,683

BRIDGES AMP Financial Summary - Option C	
10 Year Total Cost	$147,213,264
10 Year Average Cost Forecast	$14,721,327
10 Year Planned Budget- Option C	$45,854,920
10 Year Average Planned Budget- Option C	$4,585,492
10 Year Asset Management Financial Indicator	31.15%
10 Year Average Shortfall per Year	-$10,135,834



Bridges AMP Graph- Option B



Bridges AMP Graph- Option C including Grants

Parks, Aquatic and Recreation Asset Management Plan

Assets covered by this plan

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

Number and Condition

Average Condition Rating Score – 2.80

Sporting Facilities	25 ovals, 65 courts, 30 pavilion buildings, + associated assets
Playgrounds and Skate Parks	39 Playgrounds; 8 Skate Parks; 13 Exercise Stations
Parkland Reserves	83 reserves; multiple asset types including amenities buildings, shelters, furniture and structures.
Natural Reserves	30 reserves; multiple asset types including, walking trails, viewing platforms, fencing, and boardwalks.
Aquatic Facilities	13 pools & features and associated buildings and assets over 7 sites
Marine Recreation Facilities	23 boat ramp lanes, pontoons, and associated assets over 10 sites; water access structures and platforms.

Gross replacement cost ($m)

$141.8m Total

(Source: The PAR GRC reflects revaluation work undertaken in 2024)
(Includes $50.1m various building assets)

Sporting Facilities	$46.9m
Playgrounds and Skate Parks	$9.6m
Parkland Reserves	$32.9m
Natural Reserves	$8.9m
Aquatic Facilities	$30.2m
Marine Recreation Facilities	$13.3m

What does it cost?

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

Option C is the base line funding model. It requires $15m per year to progress with baseline asset renewals and currently planned asset improvements. The charts on the following page demonstrate BVSC reliance on grant funding to deliver option c projects. The capital program is 78% grant funded.

Option B increases scope to provide additional asset upgrades and includes lower priority asset renewals. It requires $20m per year.

Option A further increase scope for new assets and more complete upgrades when undertaking asset renewals. It will require $23m per year over the 10-year period.

Future demands which may affect service delivery

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

Improvement Plan

- Mapping of Assets on Council's GIS framework
- Continued implementation of AM system (Assetic) as a basis for capital works program and asset management
- Continue to review and improve renewal cost estimates (scope and unit rates)
- Complete our Recreation Strategy project which is currently well underway
- Undertake strategic planning across key asset categories and types including review of provision and service levels
- Continued review of asset register unit rates and useful lives and collation into a single register

Risk management- Option C and B

What can happen?

- Poor planning can lead to expenditure on underutilised facilities
- Increased potential for injury to people while using Council managed facilities if they are not maintained in a 'fit for purpose' condition
- Damage to assets as a result of natural disasters

Risk treatment plan

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

Critical assets

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

Parks, Aquatic and Recreation Asset Management Plan

Levels of service

We understand that our community value access to good quality open space, recreation and sporting facilities that support health and wellbeing. However, maintaining historic provision levels with changing community needs and expectations across a large shire area is an ongoing challenge and not possible with current resourcing levels.

Parks Aquatics & Recreation AMP Financial Summary - Option C- Rate peg excluding unconfirmed grants	
10 Year Total Cost	$150,834,980
10 Year Average Cost Forecast	$15,083,498
10 Year Planned Budget	$111,960,790
10 Year Average Planned Budget	11,196,079
10 Year Lifecycle Financial Ratio	74%
10 Year Average Shortfall per Year	-$3,887,419

Parks Aquatics & Recreation AMP Financial Summary - Option C- Rate peg including unconfirmed grants	
10 Year Total Cost	$150,834,980
10 Year Average Cost Forecast	$15,083,498
10 Year Planned Budget	$147,185,660
10 Year Average Planned Budget	$14,718,566
10 Year Lifecycle Financial Ratio (inc. unconfirmed grants)	98%
10 Year Average Shortfall per Year (inc. assumptions on unconfirmed grants)	-$364,932

We are committed to

- The operation, maintenance, renewal and acquisition of parks, aquatics and recreation assets reflecting the needs of our changing community and service levels set by the Long-Term Financial Plan and annual budgets
- Asset renewals in accordance with current design standards
- Pursuing grant funding to support delivery of the parks, aquatics and recreation assets capital renewals program
- Strategic planning through the BVSC Recreation Strategy will guide forward capital project planning and delivery.

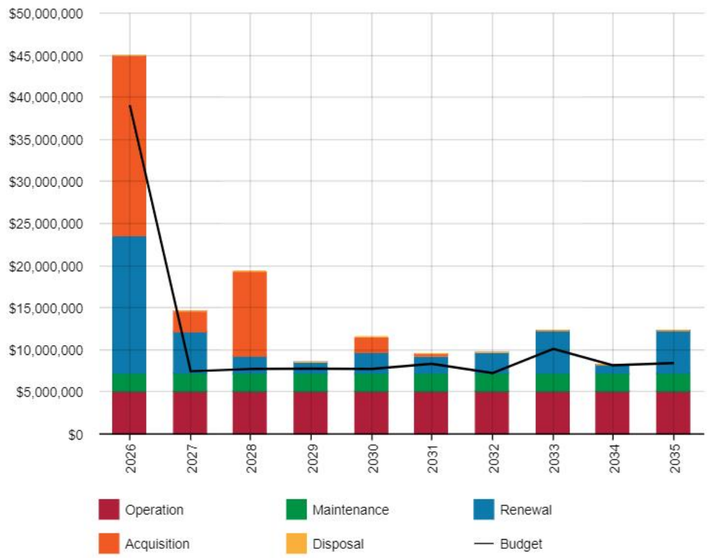
What we cannot do

Under present funding levels – Option C- we cannot:

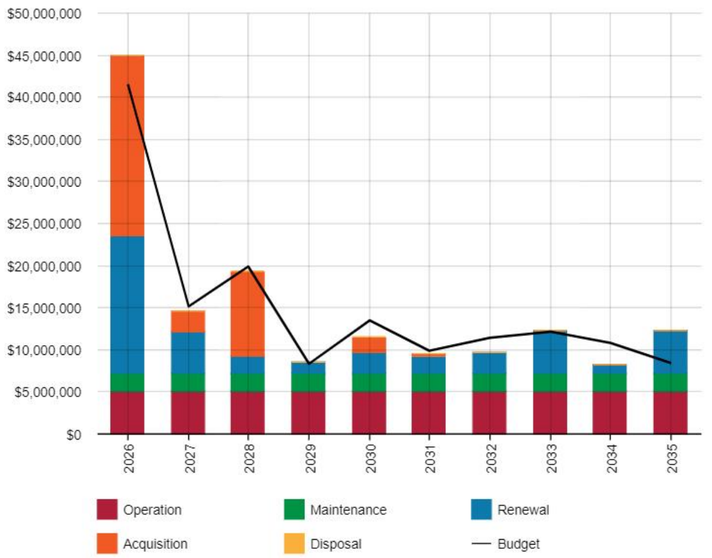
- Deliver all scheduled asset renewals at historic provision levels
- Deliver new and upgraded facilities and services without prior planning, funding and endorsement considering a strategic approach to provision
- Deliver new and upgraded facilities without considering adjusting our asset portfolio to reflect changing community demographics, needs and available funding
- Renew ageing underutilised assets.
- Major reactive works and the development

Financial Summary:

It needs to be noted that $49.9m (78%) of capital funding is through external grants. In the current modelling $31.5m (49%) is projected but is unconfirmed. Grants are an important income source. This is reflected in the tables below. Without grant income we currently do NOT allocate enough funding to sustain the current asset provision at expected service levels or provide improved assets to meet changing community needs and expectations. The infrastructure reality is that only what is funded in the Long-Term Financial Plan can be provided. There will continue to be a reliance on external funding to deliver forward capital works programs. **Without external funding some major projects will not proceed. Strategically aligned and well-planned projects have a much greater likelihood of attracting external funding.**



Option C- excluding unconfirmed grants



Option C- including unconfirmed grant contributions

Buildings Asset Management Plan

Assets covered by this plan

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

This does not cover all of Councils Building Assets. Assets not included in this plan (however captured in other plans) include:

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

Number and Condition

121 buildings and structures included in this AMP

Average Condition Rating Score remains at 2.95

Community Halls	21
Childcare and Pre-schools	5
Libraries	4
Regional Gallery	1
Civic Centre	1
Administration and other buildings	89

Gross Replacement Costs (GRC)

$199.2m (Source: FY24 Audited Financials)

What does it cost?

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

Option C is the minimum funding model aligned with a rate peg increase of 4.9% and 3% each year thereafter. Option C includes a program of $12.1m or $1.21m average per year. This is 41.02% of the cost to sustain our building assets at the lowest lifecycle cost. This option sees significant reductions in service levels and assets deteriorating beyond acceptable levels.

Option B assumes there will be an increase in revenue through an SRV or increase in FAG grants. Option B includes a slightly expanded capital program of $14.7m or $1.47m on average per year. This is 50.05% of the cost to sustain our building assets at the lowest lifecycle cost. This option still includes reductions in service levels.

Option A assumes an even larger increase in revenue through and SRV or increase in FAG grants. Option A includes a program of $29.3m or $2.93m per year over the 10-year period and allows capacity for new assets and more complete upgrades when undertaking asset renewals.

Future demands which may affect service delivery

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

Risk management

What can happen? Option B and C

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

Risk treatment plan

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

Critical assets

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

Improvement Plan

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

Buildings Asset Management Plan

Levels of service

We understand that our community value building assets that meet local needs, are safe, accessible and fit for purpose.

BUILDINGS AMP Financial Summary - Option B	
10 Year Total Cost	29,344,808
10 Year Average Cost Forecast	2,934,480
10 Year Planned Budget- Option B	14,685,872
10 Year Average Planned Budget- Option B	1,468,587
10 Year Asset Management Financial Indicator	50.05%
10 Year Average Shortfall per Year	**-1,465,893**

BUILDINGS AMP Financial Summary - Option C	
10 Year Total Cost	29,344,808
10 Year Average Cost Forecast	2,934,480
10 Year Planned Budget- Option C	12,051,495
10 Year Average Planned Budget- Option C	1,205,149
10 Year Asset Management Financial Indicator	41.02%
10 Year Average Shortfall per Year	**-1,732,855**

We are committed to

- The operation, maintenance, renewal and acquisition of buildings to meet service levels set by the Long Term Financial Plan and annual budgets
- Renewal in accordance with current design standards
- Pursuing grant funding to support delivery of the buildings assets capital renewals program

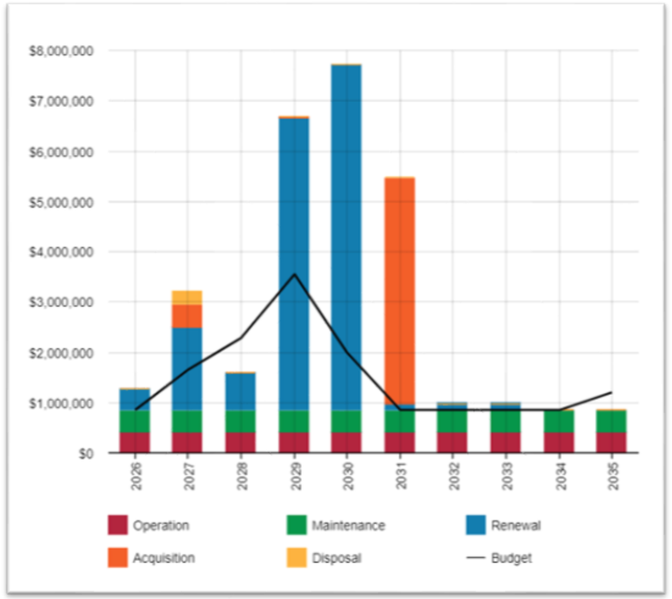
What we cannot do

Under present funding levels- Option C- we cannot:

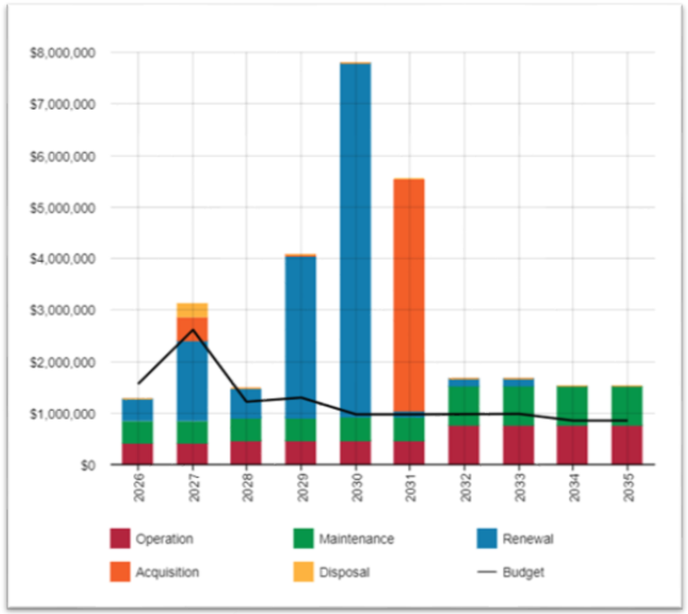
- Increase our levels of service
- Maintain our renewals
- Proceed with projects that do not align to Council's strategic direction
- Renew buildings assets that are not multi-faceted in their design to cater for a range of uses
- Renew, maintain, acquire, or update buildings that are the remit of other levels of government to provide
- Upgrades or renewal of building assets that duplicate existing facilities at the detriment of areas without facilities
- Acquire, construct, or upgrade any buildings that are not 100% funded

Financial Summary

We currently **do not** allocate enough budget to sustain these services at the proposed standard or to provide any new services being sought. Current budget allocations, even with the approved SRV, are insufficient to continue to provide existing services at current levels for the planning period. Consequences of an underfunded budget include reliance on grant funding, buildings not meeting the needs of users, buildings are progressively deteriorating over time leading to the potential closures of some buildings and the increasing gap between service needs and inventory not being sustainable resulting in buildings needing to either be consolidated or repurposed with fewer fit for purpose buildings.



Buildings AMP Graph- Option B



Buildings AMP Graph- Option C

Roads Asset Management Plan

Assets covered by this plan

Assets that provide a transport network including roads, carparks, Kerb & Gutter, barriers such as guardrails, fences, bollards, bus shelters, traffic management devices such as roundabouts, traffic islands, wombat crossings and other structures such as pedestrian handrails

TYPE	QTY MEASURE	AVERAGE CONDITION	TYPE		QTY MEASURE	AVERAGE CONDITION
Roads – Sealed	823km	2.31	Barriers		44km	2.74
Roads - Unsealed	708km	2.98	Bus Shelters		54	2.94
Carparks	53	2.97	Traffic Management Devices		30	1.33
Kerb and Gutter	247km	2.46	Other Structures		1.2km	1.69

that various road elements are reported at a consolidated level)

Category	Gross Replacement Cost (GRC)
Sealed roads pavement	$305,563,702
Sealed roads surface	$109,113,849
Unsealed roads	$103,738,118
Bulk Earthworks	$167,061,882
Carparks	$15,495,870
Kerb and Gutter	$66,218,238
Barriers	$10,061,291
Bus Shelters	$1,295,390
Traffic Management Devices	$235,370
Other Structures	$306,178
Grand Total	**$779,089,888**

What does it cost?

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

Option C is the minimum funding model aligned with a rate peg increase of 4.9% and 3% each year thereafter. Option C includes a program of $202.14m or $20.21m average per year. This is 77.73 % of the cost to sustain the sustain out road assets at the lowest lifecycle cost. This option sees significant reductions in service levels and assets deteriorating beyond acceptable levels.

Option B assumes there will be an increase in revenue through an SRV or increase in FAG grants. Option B includes a slightly expanded program of $224.4m or $22.44m on average per year. This is 85.51% of the cost to sustain our road assets at the lowest lifecycle cost. This option still includes reductions in service levels.

Option A assumes an even larger increase in revenue through and SRV or increase in FAG grants. Option A includes a program of $260.04m or $26m per year over the 10-year period and allows Council to meet 94.52% its asset management and financial sustainability ratios.

Future demands which may affect service delivery

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

Improvement Plan

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

Risk management

What can happen? Option B and C

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

Risk treatment plan

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

Critical assets

- State roads, regional roads, local collector roads

Roads Asset Management Plan

Levels of service

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

ROADS AMP Financial Summary - Option B	
10 Year Total Cost	$260,039,456
10 Year Average Cost Forecast	$26,003,946
10 Year Planned Budget- Option B	$224,429,584
10 Year Average Planned Budget- Option B	$22,442958
10 Year Asset Management Financial Indicator	85.51%
10 Year Average Shortfall per Year	-$3,804,491

ROADS AMP Financial Summary - Option C	
10 Year Total Cost	$260,039,456
10 Year Average Cost Forecast	$26,003,946
10 Year Planned Budget- Option C	$202,138,240
10 Year Average Planned Budget- Option C	$20,213,824
10 Year Asset Management Financial Indicator	77.73%
10 Year Average Shortfall per Year	-$5,790,122

We are committed to

- The operation, maintenance, renewal and acquisition of roads and related assets to meet service levels set by the Long Term Financial Plan and annual budgets
- Renewal in accordance with current design standards
- Pursing grant funding to support delivery of roads assets capital renewals program

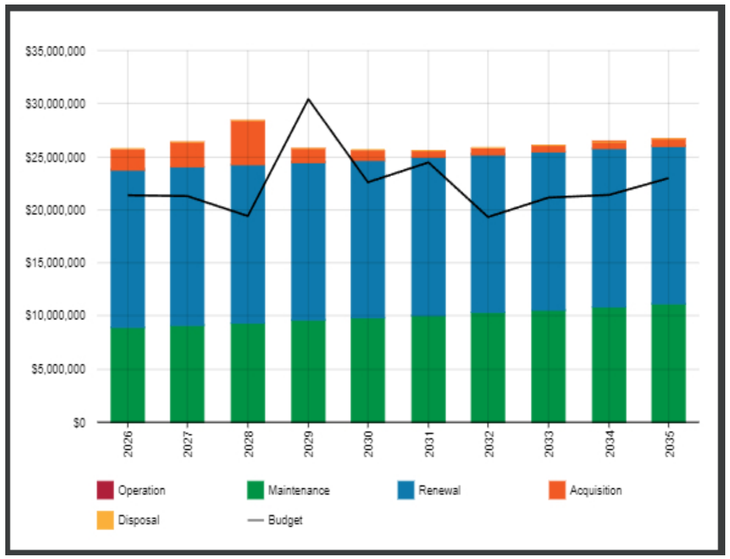
What we cannot do

Under present funding levels- Option C- we cannot provide:

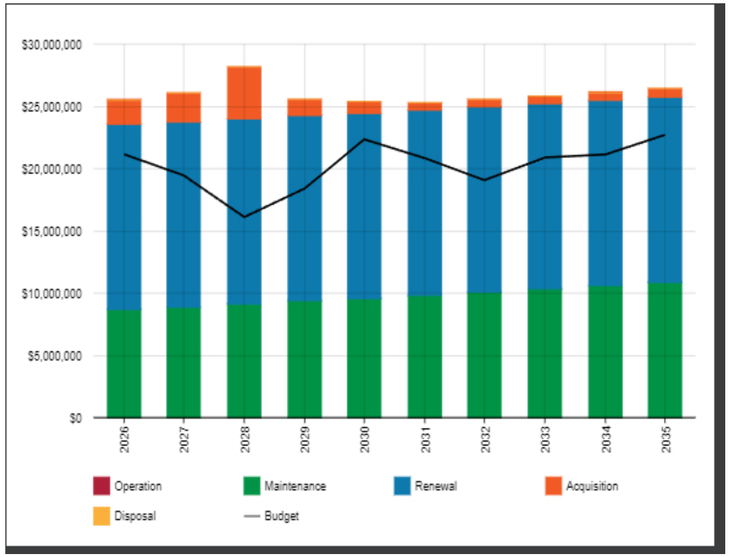
- Scheduled reseals
- Adequate pavement reconstruction and re-sheeting.
- Sealing of unsealed roads and carparks
- Adequate installation of new kerb & gutter
- Fulfill all requirements for asset renewals/upgrades when they are due

Financial Summary:

We currently do **not** allocate enough budget to sustain these services at the proposed standard.



Option B- Proposed SRV funding with grant contributions



Option C- Rate Peg only with grant contributions

Stormwater Asset Management Plan

Assets covered by this plan

Assets that provide urban stormwater management including stormwater pipes, Stormwater Pits, Storage Structures and Open Drain Rain Gardens

Number and Condition

Urban Stormwater Pipe Network: 126.42km
Number of Urban Stormwater Pits: 6,810
Number of Storage Structures: 18
Open Drain Rain Gardens: 2.32km
Average Condition Rating Score – 2.22

Gross replacement cost ($m)

$213m (Source: FY24 Audited Financials)

Category	Gross Replacement Cost (GRC)
Stormwater Pipes	$ 154,240,581
Stormwater Pits	$ 53,867,825
Storage Structures	$ 4,335,470
Open Drain Rain Gardens	$ 707,257
Grand Total	**$ 213,151,133**

What does it cost?

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

Option C is the minimum funding model aligned with a rate peg increase of 4.9% and 3% each year thereafter. Option C includes a program of $14.69m or $1.46m average per year. This option sees significant reductions in service levels and assets deteriorating beyond acceptable levels.

Option B assumes there will be an increase in revenue through an SRV or increase in FAG grants. Option B includes a slightly expanded program of $22.48m or $2.25m on average per year. This option still includes reductions in service levels.

Future demands which may affect service delivery

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

Improvement Plan

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

Risk management

What can happen?

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

Risk treatment plan

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

Critical assets

- Urban pit and pipe networks.

Stormwater Asset Management Plan

Levels of service

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

Stormwater AMP Option B	
10 Year Total Cost	$22,485,506
10 Year Average Forecast	$2,248,550
10 Year Planned Budget- Option B	$22,485,504
10 Year Average Planned Budget- Option B	$2,248,550
10 Year Asset Management Financial Indicator	100%
10 Year Average Shortfall	-$0.02

Stormwater AMP Option C	
10 Year Total Cost	$22,485,506
10 Year Average Forecast	$2,248,550
10 Year Planned Budget- Option C	$14,699,844
10 Year Average Planned Budget- Option C	$1,469,984
10 Year Asset Management Financial Indicator	65.37%
10 Year Average Shortfall	-$778,566

We are committed to

- The operation, maintenance, renewal and acquisition (commonly subdivision handover) of stormwater assets to meet service levels set by the Long Term Financial Plan and annual budgets
- Renewal in accordance with current design standards
- Pursing grant funding to support delivery of stormwater assets capital renewals program

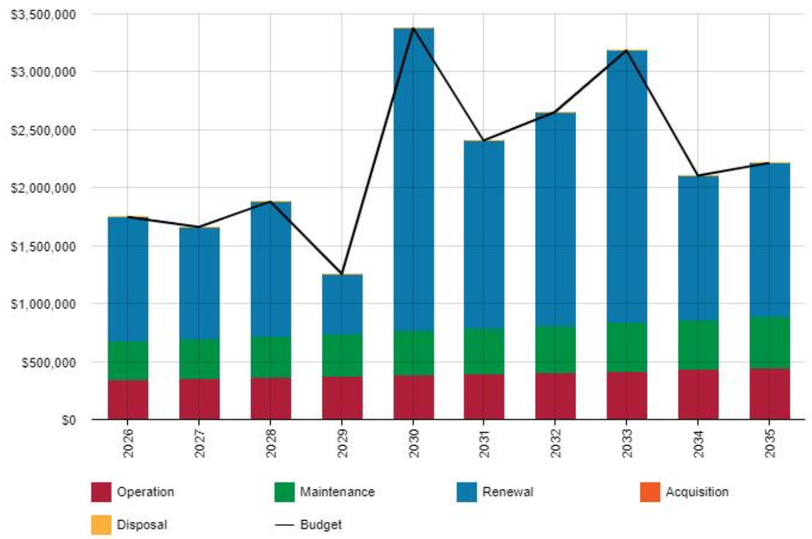
What we cannot do

Under present funding levels- Option C- we cannot :

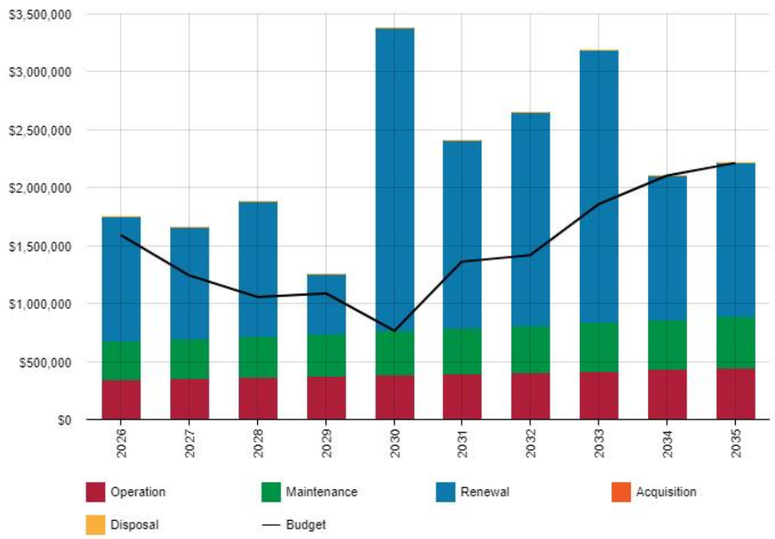
- Maintain a 5% per year CCTV inspection rate of the urban network
- Fulfill all requirements for asset renewals/upgrades when they are due

Financial Summary:

We currently do **not** allocate enough budget to sustain these services at the proposed standard. This shortfall will likely affect the overall quality of future asset planning including maintenance programs and capital works programs.



Stormwater AMP- Option B



Stormwater AMP- Option C

Path Asset Management Plan

Assets covered by this plan

Assets comprising footpaths, paved paths, boardwalks, footbridges, path specific signage including wayfinding signage, path specific lighting, bicycle paths and shared paths (both pedestrian and cyclists) and end of trip facilities.

This plan does not include private paths i.e., paths not owned/managed by Council, formed or informal paths and tracks developed and delivered by our Parks, Aquatics & Recreation team, these assets are included in the Parks, Aquatic and Recreation AMP.

Pedestrian bridges and boardwalks (excluding the new Lake Street Structure) that form part of the path network have been included in the Structures Asset management Plan.

Number and Condition

92.65km (Transport assets) Average Condition Rating Score – 2.91

Footpath	**66.825km**
Bitumen	0.72km
Concrete	60.70km
Diamond Grid	0.25km
Paving	5.12km
Timber	0.04km
On-road Cycleway	**1.19km**
Bitumen	1.19km
Shared path	**24.47km**
Bitumen	9.86km
Concrete	14.05km
Fibre Reinforced Polymer	0.56km
Steps	0.17km
Concrete	0.17km

Gross Replacement Costs (GRC)

$34.54m (Source: FY24 Audited Financials)

What does it cost?

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

Option C is the minimum funding model aligned with a rate peg increase of 4.9% and 3% each year thereafter. Option C includes a program of $3.46m or $346k average per year. This is 7.49% of the cost to sustain our path assets at the lowest lifecycle cost. This option sees significant reductions in service levels and assets deteriorating beyond acceptable levels. Very limited renewals, only for very high risk assets.

Option B assumes there will be an increase in revenue through an SRV or increase in FAG grants. Option B includes a slightly expanded program of $6.5m or $650k on average per year. This is 14.25% of the cost to sustain our current path assets at the lowest lifecycle cost. This option still includes reductions in service levels and limited renewals.

Option A assumes an even larger increase in revenue through and SRV or increase in FAG grants. Option A includes a program of $46.22m or $4.6m on average per year over the 10-year period and allows Council to meet all of its path asset management requirements when due.

Future demands which may affect service delivery

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

Improvement Plan

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

Risk management

What can happen? Option C and B

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

Our present budget levels- Option C- are insufficient to continue to manage risks. The main risk consequences are:

- Litigation - accidents and injuries resulting in insurance claims.

Risk treatment plan

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

Critical assets

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

Path Asset Management Plan

Levels of service

We understand that our community value a path network that is accessible, well-connected and safe where community members can gain pedestrian access (including the use of mobility devices), bicycle access or enjoy exercise through walking and/or cycling. The allocation in the planned budget, including the approved SRV, is insufficient to continue providing existing services at current levels for the planning period. Consequences of an underfunded budget include:

- Reduced inspections
- Reduced routine maintenance and cleaning
- Extending assets beyond estimated useful life
- Path closures
- Reliance on grant funding
- Paths don't meet the needs of users
- Disconnected communities

PATH AMP Option B-Rate Peg	
10 Year Total Cost	$46,225,204
10 Year Average Forecast	$4,622,520
10 Year Planned Budget- Option B	$6,588,590
10 Year Average Planned Budget- Option B	$658,859
10 Year Asset Management Financial Indicator	14.25%
10 Year Average Shortfall	**-$3,963,661**

PATH AMP Option C-Rate Peg	
10 Year Total Cost	$46,225,204
10 Year Average Forecast	$4,622,520
10 Year Planned Budget- Option B	$3,463,836
10 Year Average Planned Budget- Option B	$346,383
10 Year Asset Management Financial Indicator	7.49
10 Year Average Shortfall	**-$4,276,137**

We are committed to

- The operation, maintenance, renewal and acquisition of path assets to meet service levels set by the Long -Term Financial Plan and annual budgets
- Renewal in accordance with current design standards
- Pursing grant funding to support delivery of path assets capital renewals program

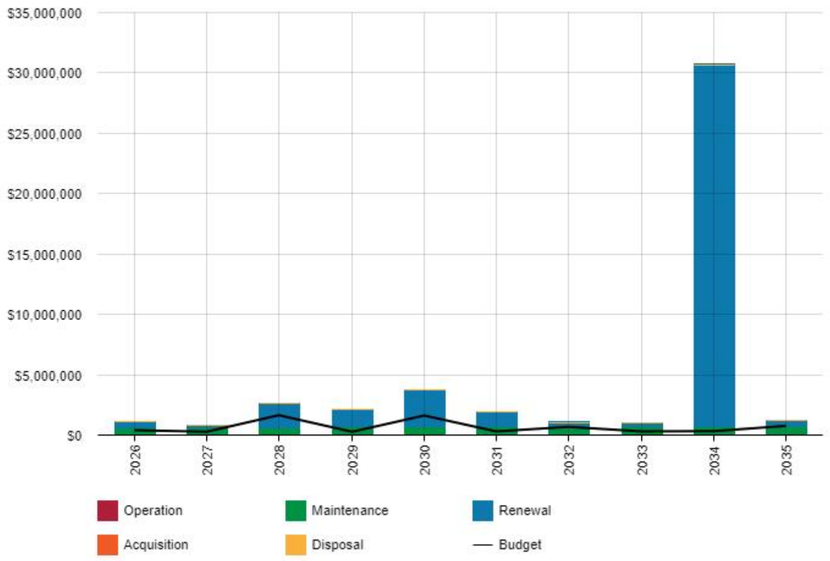
What we cannot do

Under present funding levels- Option C- we cannot :

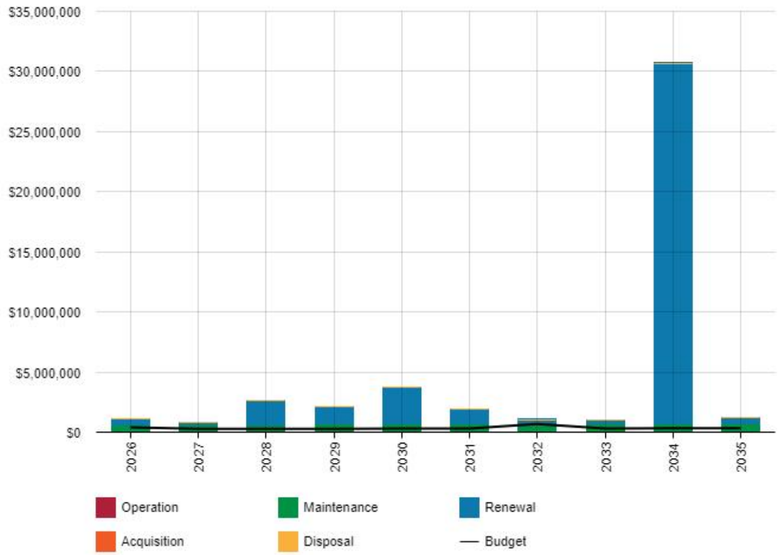
- Increase the existing network
- Renew existing condition 3+ assets
- Fund a missing links program, to connect communities
- Provide footpaths in front of residential properties that were not provided as part of the development of the property
- New footpath/walkway/cycleway/shared path requests from the Community not listed in the endorsed path programme

Financial Summary:

We currently **do not** allocate enough budget to sustain these services at the proposed standard. Current available funding is not sufficient to sustain desired levels of service. Council's Long Term Financial Plan has not allowed for any budget renewals, this will require more frequent inspections and maintenance. This will also impact greatly on the average condition of paths. The infrastructure reality is that only what is funded in the Long Term Financial Plan can be provided.



Paths AMP- Option B



Paths AMP- Option C

Waste Services Asset Management Plan

Assets covered by this plan

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

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

Number and Condition

1 Landfill (Central Waste Facility)
7 Waste Transfer Stations
Average Condition – 2.60

Gross replacement cost ($m)

$25.13m (Gross Replacement Cost re-valued as at 30 June 2024)

Levels of service

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

What does it cost?

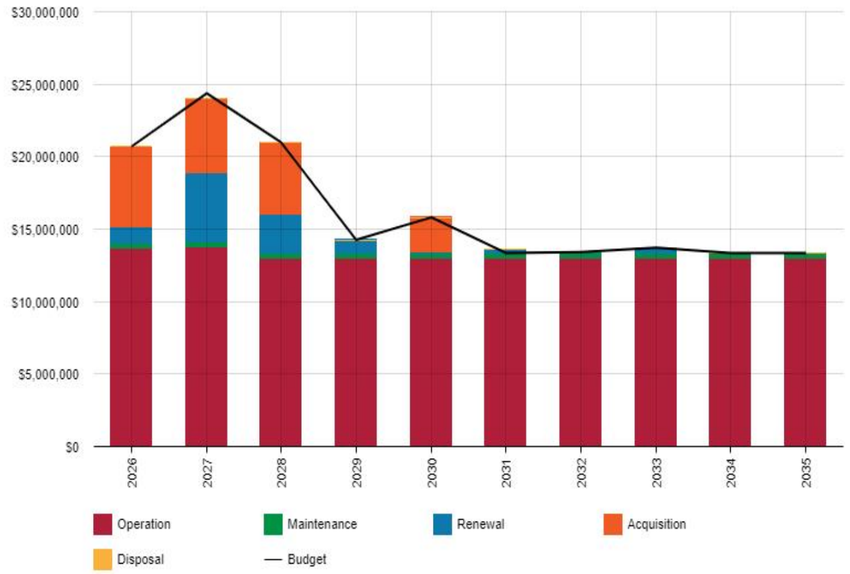
The forecast lifecycle costs necessary to provide waste assets including operation, maintenance, renewal, acquisition, and disposal. Waste Services are funded through the Waste Reserve, collected via waste charges. Any budgetary shortfall for capital acquisition is planned to be serviced by loans against the Waste Reserve.

Option A- 10 year outlay required:
$163.3m or $16.3m on average per year.

From 2025 available income for the next 10 years is forecast to be $153m. The shortfall is to be funded by loans and the Waste Reserve.

Future demands which may affect service delivery

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



Improvement Plan

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

Risk management

What can happen?

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

Risk treatment plan

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

Critical assets

- Central Waste Facility