# Strategic Asset Management Plan

**July 2021**


# Contents

# 1. Introduction

## 1.1 Council's Objective: Sound Financial Management

This Strategic Asset Management Plan (SAMP) forms part of Council's **Resourcing Strategy**, together with the Long Term Financial Plan (LTFP) and Workforce Management Plan.[1]

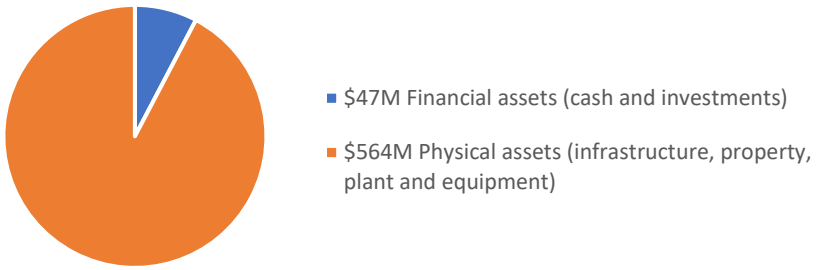
The Resourcing Strategy is a vital tool to support Council in making informed decisions in its **Delivery Program** and **Operational Plan** (DP and OP) where it allocates budgets to activities.

In so doing, Council's objective is to implement the principles of sound financial management in section 8B of the **NSW Local Government Act, 1993** namely:

a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
c) Councils should have effective financial and asset management, including sound policies and processes for the following—
    i. performance management and reporting,
    ii. asset maintenance and enhancement,
    iii. funding decisions,
    iv. risk management practices.
d) Councils should have regard to achieving intergenerational equity, including ensuring the following—
    i. policy decisions are made after considering their financial effects on future generations,
    ii. the current generation funds the cost of its services.

The LTFP considers both general spending and infrastructure investment in financial terms, while this SAMP explains <u>why</u> these investments are responsible and sustainable. The LTFP also covers most issues in parts c and d above, but this SAMP covers c.ii, c.iv. and d.i.

The chart below explains why Council must manage its *physical* assets, not just its *financial* assets: its cash and investments make up less than 8% of community assets it is responsible for.[2] If Council is to be responsible and sustainable, it must manage its physical assets, too.




[1] An updated Workforce Management Plan (the 3rd element of a Resourcing Strategy) will be prepared as part of Council's IP&R documents to be adopted in 2022 by the newly elected Council.
[2] Aligns with Statement of Financial Position in 2020 Financial Statements.

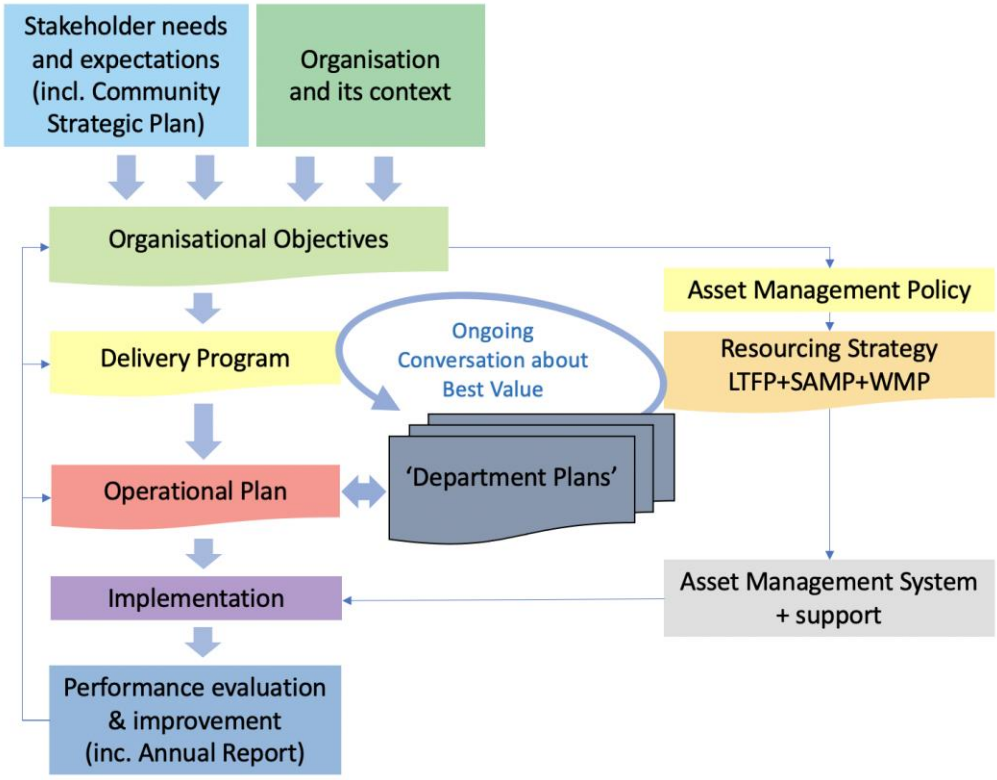
## 1.2 Relationship to Other Documents and Structure of this SAMP

As noted above, this SAMP must align with the LTFP, the financial information to do with assets here must reflect the numbers in the LTFP.

The Resourcing Strategy informs, but is also informed by, the DP and OP. As Council makes decisions about its activities and associated budgets, these should be reflected here.

It is important to recognise that this SAMP is only a 'big picture strategic overview' of issues related to Council's assets. The detailed analysis and planning that sits behind this in Council's 13 **Department Plans**, generally referred to as 'asset management plans'. These are internal working documents; they are not intended for Council adoption.

The relationship between these documents is shown in the figure below.




As shown, the Department Plans are central. They not only inform this SAMP, but also the DP and OP, and are informed by the DP and OP via the ongoing conversation about how Council can deliver the best possible value to its residents and ratepayers.[3]

Key talking points in this '*conversation*' are in **section 2 of this Plan**. The asset class summaries are an overview of Council's assets together with key risks and challenges now and into the future. They also include the proposed 10 year capital works program (which aligns with the LTFP) and performance objectives (generally known as 'levels of service').

Also of note in the figure above is the '*asset management system*', which supports the implementation of asset-related activities in the DP and OP. This is considered in **section 3**

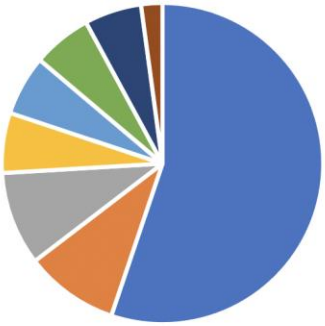
[3] This reflects another principle in the NSW Local Government Act, 1993 in section 8A.

**of this Plan**, which also includes an improvement plan summarising the priorities. Terms of reference for the Asset Management Steering Group (a cross-functional group responsible for monitoring and reviewing progress with improvements) is in **Appendix 1**.

Finally, the figure shows Council's *Asset Management Policy*, which establishes its intentions and direction in relation to asset management in this SAMP. This is in the **Appendix 2**.

## 2. Asset Class Summaries

The chart below summarises the **replacement value** of Council's main classes of physical assets. The total here ($793M[4]) is higher than the 'carrying value' in section 1.1 ($564M) as replacement value is what it is worth new, not what it is worth now (after depreciation).



| | Value ($M) |
|---|---|
| Transport | 437 |
| Stormwater | 75 |
| Buildings | 75 |
| Plant and equipment | 48 |
| Other (recreation, etc.) | 48 |
| Sewerage | 47 |
| Water supply | 46 |
| Land | 17 |

Each asset class (other than land) is considered in the following sections. Land is not considered in the same way at present, although Council is updating its property register and preparing plans of management for all community and Crown land.

'Buildings and facilities' are considered together, including both buildings and 'other' assets (e.g. pools, playgrounds, parks and sports infrastructure) as most facilities include a building and these other assets as well.

[4] Aligns with Note 10 of 2020 Financial Statements, excluding capital works in progress, tip and quarry assets.

# TRANSPORT

## What assets are we responsible for?

| Asset category | Value $M | Asset category | Value $M |
|---|---|---|---|
| 767km sealed local roads | 133.2 | 3,600 minor culverts | 59.7 |
| 1,020km unsealed local roads | 16.9 | 217 floodways | 2.1 |
| 206km sealed regional roads | 49.5 | 59km kerb and gutter | 12.3 |
| 40 bridges on local roads | 37.9 | 32km footpaths and cycleways | 8.0 |
| 16 bridges on regional roads | 15.4 | other road assets | 2.6 |
| 98 major culverts (>6m width) | 16.3 | Earthworks (non-depreciable) | 154.0 |

**Where are we now?**

**Resealing:** insufficient investment means seals (bitumen surface) aren't providing a waterproof layer, leading to premature failure of sealed road pavements.

**Table drain clearing:** insufficient investment on sealed and unsealed roads means water isn't draining away from road edges, leading to pavements failures.

**Unsealed roads:** inadequate maintenance grading (not enough 'crown' in formation) and lack of table drain clearing means gravel is eroding quickly, but insufficient funds available to replace this gravel across the extensive network.

**Trees:** overhanging limbs and location in clear zone are a hazard on many roads.

**Bridges and major culverts:** several need replacing, strengthening and/or maintenance to remove or increase load limits and avoid premature failure.

**Minor culverts:** need inspecting to identify defects (broken/dropped pipes, etc.).

**Kerbs + footpaths:** defects across network, needs more maintenance.

**Where will we be in 10 years?**

**Sealed roads:** higher traffic rural roads will be the priority with a 7+ year $17M program of work including resealing, table drains and heavy patching pavements to address issues. Further programs will follow for lower traffic and urban roads.

**Unsealed roads:** increased focus on maintenance grading + table drain clearing will improve service levels across the network, but funds for resheeting will still be limited. Council needs to consider reducing length of roads it maintains, and defining affordable levels of service, prioritised based on road hierarchy.

**Trees:** balanced pruning and removal program in place.

**Bridges and major culverts:** current issues fixed, inspections to monitor in future.

**Limited funds for upgrades** (widen shoulders, seal unsealed roads, bridge higher mass limits), priorities guided by Freight Transport and Road Safety Strategies.

**Minor culverts:** maintenance carried out as required, ongoing monitoring.

**Kerbs + footpaths:** improved targeting of maintenance, prioritised investment in upgrades (new footpaths or kerb) focused on missing links &/or high use areas.

**Key performance objectives** (or 'levels of service')

| Activity | Target | Activity | Target |
|---|---|---|---|
| Local road reseals | 27km p.a. | Clearing table drains | 100km p.a. |
| Regional road reseals | 10km p.a. | Heavy patching sealed + resheeting unsealed | Completed w/in budget |
| Freight Transport & Road Safety Strategies | Completed by 2023 | Prioritised list of upgrade projects | Council to adopt |
| Bridges and major culvert projects | Completed within budget | Maintenance grading program to higher standard (more crown) | Complete within budget |
| Minor culvert inspections | All culverts inspected | Minor culvert repairs | Completed w/in budget |
| Kerbs + footpath maintenance / upgrades | Completed w/in budget | Road upgrade projects | Completed w/in budget |

# WATER SUPPLY

**for Molong, Cumnock, and Yeoval**

## What assets are we responsible for?

| Asset category | Value $M | Asset category | Value $M |
|---|---|---|---|
| 109km water supply pipelines | 17.7 | 5 service reservoirs | 3.5 |
| Molong Creek + Borenore dams | 14.7 | 8 water pump stations + bores | 1.2 |
| Molong water treatment plant | 5.0 | Water meters | |

### Where are we now?

**Critical water supply assets are reaching the end of their useful life, and Council doesn't have sufficient funds to deal with it.**

**Pipeline from Molong Creek Dam:** the 11km long main water supply line was built in the 1960s is bursting regularly and leaking. Needs $7M to replace it.

**Molong Water Treatment Plant:** $1M in upgrades required now to ensure water quality and reduce water loss. Investigations need to be undertaken to clarify its capacity to service a larger population, and reduce water losses further.

**Service reservoirs in Molong:** are both leaking and need urgent repairs.

**Hydrants and valves:** many are inoperable across the network creating fire risks as well as maintenance issues; $600k required to address issues.

**Water security:** opportunities to improve regional water security are being explored with Central Tablelands Water and Orange City Council.

### Where will we be in 10 years?

**Forecast increases in charges and significant borrowings (detailed in Council's Long Term Financial Plan) will provide the funds required to address the issues above, except for the water security issues.**

**Molong Water Treatment Plant:** will need $1M for renewal of mechanical and electrical equipment to ensure it continues to operate reliably. Works to address capacity issues and reduce water loss will be identified but may not be funded.

**Pipelines:** the 100km+ pipeline network will need ongoing investment to replace ageing assets and ensure supply.

**Water security:** a regional water security strategy will have been finalised as part of an Integrated Water Cycle Management Strategy, but funding for projects will be reliant on NSW Government.

### Key performance objectives (or 'levels of service')

| Activity | Target |
|---|---|
| Molong Creek Dam to Molong pipeline<br>• Detailed design and estimate completed<br>• Construction completed | <br>by 2022<br>by 2026 |
| Upgrade works at Molong Water Treatment Plant to address water quality issues and reduce water loss completed | by 2024 |
| Refurbishment works at Molong service reservoirs completed | by 2024 |
| Hydrant and valve replacement program completed | by 2023 |
| Water security strategy (joint with CTW and OCC) finalised as part of an Integrated Water Cycle Management Strategy | by 2024 |
| Water supplied meets Australian Drinking Water Guidelines | 100% |
| Interruptions to supply<br>• Planned (minimum 3 days' notice)<br>• Non planned | <br>< 8 hours<br>< 8 hours |
| Water losses throughout the system | Reducing |

# SEWERAGE

## for Canowindra, Cudal, Cumnock, Eugowra, Manildra, Molong, and Yeoval

### What assets are we responsible for?

| Asset category | Value $M | Asset category | Value $M |
|---|---|---|---|
| 61km gravity sewerage pipelines | 14.0 | 45km pressure sewer pipelines | 6.2 |
| 7 sewage treatment plants | 11.5 | 10 sewage pumping stations | 2.6 |
| 760 pressure sewer pump services | 10.1 | 5km sewer rising mains | 0.9 |

### Where are we now?

**Critical sewerage assets are reaching the end of their useful life, and Council doesn't have sufficient funds to deal with it.**

**Molong Sewage Treatment Plant:** effluent quality doesn't meet environmental protection licence (EPL), $2.5M needed now to address some urgent issues (likely to need more in future), upgrade works required for development need scoping.

**Canowindra Sewage Treatment Plant:** effluent quality regularly doesn't meet EPL (currently not an issue as 100% reused, there are risks in relying on this) $0.65M in urgent works required to refurbish old plant. Plan required now for a new plant (in around 15 years) to ensure interim works take this into account and that Council can afford to fund the new plant (estimated at $12M+).

**Gravity pipelines and manholes:** CCTV inspection of older higher risk lines to identify relining requirements. Inflow/infiltration (stormwater connections, low or leaking manholes is a problem in Molong – very high wet weather flows).

**Sewage pumping stations:** review required to improve reliability, address maintenance and subsequent treatment issues and reduce power costs.

**Grinder pumps in smaller towns:** failing often, spending $200k+ p.a. replacing.

**Liquid trade waste management:** commercial discharges causing problems (fat, no grease traps). Program needs to be implemented to address issues.

### Where will we be in 10 years?

**Forecast increases in charges and significant borrowings (detailed in Council's Long Term Financial Plan) will provide the funds required to address the issues above.**

**Sewage Treatment Plants:** further major works expected to be required at both Molong and Canowindra. Mechanical and electrical equipment at plants in the smaller towns will be reaching the end of their service life, needing renewal.

**Gravity pipelines:** increasing investment in pipe relining will be needed as pipelines continue to age, CCTV inspections to identify and prioritise works.

**Sewage pumping stations:** ongoing pump replacements, some structural works.

**Grinder pumps in smaller towns:** ongoing works to replace failed pumps.

**Integrated Water Cycle Management (IWCM) Strategy** finalised (30 year plan).

### Key performance objectives (or 'levels of service')

| Activity | Target |
|---|---|
| Urgent works Molong Sewage Plant completed | by 2022 |
| Urgent works at Canowindra Sewage Plant completed | by 2023 |
| Review for effectiveness (effluent quality) + need for further work | by 2023 |
| Options study and concept design for new Sewage Treatment Plant at Canowindra completed as part of IWCM Strategy | by 2024 |
| CCTV inspection and pipe relining program commenced | by 2022 |
| Liquid trade waste management program implemented | by 2022 |
| Sewage pumping station improvement plan developed | by 2023 |
| Incidence of failures (sewage chokes, pump failures) | decreasing |

# BUILDINGS AND FACILITIES

## What assets are we responsible for?

| Asset category | Value $M | Asset category | Value $M |
|---|---|---|---|
| 7 swimming pools | 13.6 | 5 community health/dr. surgeries | 5.6 |
| 14 sports facilities | 13.2 | 16 aged persons units | 4.9 |
| 23 parks (with 400+ assets) | 2.1 | 6 cultural buildings | 4.8 |
| 12 public toilets | 1.4 | 4 preschools | 3.7 |
| 15 community halls/centres | 15.1 | 7 showgrounds | 8.3 |
| 3 caravan parks | 1.5 | 23 emergency services (RFS/SES) | 4.0 |
| 6 works depots | 2.4 | 6 landfills/waste transfer stations | 0.5 |
| 2 administration offices | 2.2 | Other buildings | 2.8 |

**Where are we now?**

**Swimming pools:** several plant rooms in poor condition, leaks, improvements to reduce risks and improve service levels. Masterplan identifies $2.8M in works.

**Sports facilities and parks:** recent grant-funded works have improved many facilities. Masterplans have been developed for several sites. It is important that works focus on renewing assets at the end of their service life, not just upgrades.

**Public toilets:** most toilets in good condition thanks to ongoing renewal works.

**Community halls/centres:** all halls have been refurbished via grants, Cabonne Community Centre (inc. Library) at Molong underway.

**Caravan parks:** need refurbishment, but also guidance from Tourism Strategy.

**Works depots:** ageing facilities, need strategy to improve functionality/efficiency

**Administration offices:** Molong refurbished, Cudal very dated, to be refurbished.

**Community health:*** facilities in good condition.

**Aged persons units:*** ageing facilities need refurbishment, to be funded by rents.

**Cultural buildings:*** ageing facilities need refurbishment.

**Preschools:*** good facilities, any works required paid for by community groups.

**Showgrounds:*** ageing facilities but generally OK. Rely on grants to fund works.

**Emergency services:*** RFS works funded by them, SES funded by Council, but OK.

*Council accounts for these but most (not all) house other organisations using them for their own activities (works generally funded by them or by grants).

**Where will we be in 10 years?**

**Council operated facilities:** assets in poor condition replaced, upgrade works limited by available funds and/or access to grants.

**Facilities used by others (*):** works dependant on user groups and/or grants.

**Key performance objectives** (or 'levels of service')

| Activity | Target |
|---|---|
| Urgent works for swimming pools (e.g. plant rooms) completed<br>Other works in Pools Masterplan completed | by 2023<br>as $ permit |
| Identify renewal needs for sports and parks, integrate planning for these works with items identified in masterplans/by users | ongoing |
| Cabonne Community Centre (at Molong) completed | by 2022 |
| Works Depots Strategy developed | by 2023 |
| Cudal administration office refurbished | by 2022 |
| Work with user groups to standardise lease/licences and plan for future works as required, including pursuit of grants | by 2022 |
| Building maintenance program developed and implemented | by 2023 |

# STORMWATER

## What assets are we responsible for?

| Asset category | Value $M |
|---|---|
| 11km of urban stormwater drainage pipes (including pits, headwalls, grates, etc.) | 15.2 |
| *Note: drainage pipes and culverts in rural areas are included in Transport* | |

| | | |
|---|---|---|
| **Where are we now?** | Council has little information on the condition of the stormwater drainage network. A CCTV inspection program is planned but has not commenced.<br>The capacity of existing networks, particularly in certain areas of Molong but also in some other areas, is inadequate. This leads to localised flooding issues, in addition to broader flooding issues (floodplain, not drainage) in several towns. | |
| **Where will we be in 10 years?** | CCTV inspection program should have been completed, identifying any pipe renewal and/or rehabilitation needs.<br>Works required to address localised flooding issues in certain areas of Molong, and potentially other towns, will have been identified. Extent of progress and works carried out will be dependent on funding. | |
| **Key performance objectives** (or 'levels of service') | **Activity** | **Target** |
| | Maintenance issues (e.g. blockages) responded to as required | ongoing |
| | Works required to alleviate localised flooding issues (e.g. certain areas of Molong township, potentially other towns) completed | by 2026 (subject to funding) |

# PLANT AND EQUIPMENT

## What assets are we responsible for?

| Asset category | Value $M |
|---|---|
| Heavy (civil construction) plant, trucks, mowers, utilities, and cars | 44.2 |
| Office equipment (information technology, etc.) | 3.0 |
| Sustainability (e.g. solar power facilities) | - |

**Where are we now?**

Council has a modern and reliable plant fleet that is adequate to support efficient and effective operations (in roads, parks, water, and sewer, etc.). There is a need to better understand and allocate the costs of operation to individual service areas, and to continually refine what items of plant Council owns.

Council has invested in information technology to support efficient and effective operations (in office-based activities) but needs to continue to invest in replacing ageing equipment as much of this has a short service life, as well as investing in new technologies where there is a business case to do so.

Council is investigating the business case for investing in sustainability infrastructure such as solar power facilities.

**Where will we be in 10 years?**

Council will have a clearer picture of the costs of operating individual plant items and be allocating this to the appropriate areas, as well as having improved reporting on plant performance to optimise fleet management decisions.

Continued investment in information technology will ensure Council's operations are as efficient and effective as possible.

Investment in sustainability infrastructure will reduce Council's carbon footprint and its operating costs.

**Key performance objectives** (or 'levels of service')

| Activity | Target |
|---|---|
| Plant replacement programs implemented | ongoing |
| Information technology programs implemented | ongoing |
| Sustainability projects implemented | project specific |
| Fleet management review completed | 2022 |

# 3. Capital Works and Financial Planning

Capital works programs for the main *program* areas within each asset class in section 2 are summarised in the tables in section 3.1. Individual *projects* are identified in Council's Operational Plan and Budget.

These figures align with the 'purchase of infrastructure, property, plant and equipment' in the cashflow statement of Council's Long Term Financial Plan but will continue to be refined over time as work progresses on strategic planning in the Department Plans.

Council's water supply and sewerage businesses are accounted for separate to 'general fund' (covering all other activities) as required by National Competition Policy and the NSW Local Government Act. Section 3.2 also includes a 30 year asset and financial plan for these.

## 3.1 10 Year Capital Works Program

### General Fund

| PROGRAM | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 10 YEARS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Regional roads | 800 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 | 1,460 | **11,940** |
| Regional bridges | | - | - | - | - | - | - | - | - | - | **-** |
| Local sealed roads - Renewals | 2,480 | 2,480 | 2,480 | 2,480 | 2,480 | 2,480 | 2,480 | 2,480 | 2,480 | 2,480 | **24,800** |
| Local sealed roads - R2R | 1,827 | | | | | | | | | | **1,827** |
| Local unsealed roads - Gravel Resheeting | 874 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | **9,874** |
| Local bridges | 1,822 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 100 | 100 | 100 | 100 | **7,222** |
| Rural culverts | 500 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | **1,850** |
| Kerb and gutter | - | - | - | - | - | - | - | - | - | - | **-** |
| Footpaths | 23 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | **923** |
| Urban drainage | | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | **900** |
| GRANTS: Fixing Country Roads + others | 1,411 | 2,700 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | **12,111** |
| Roads of Strategic Importance (Peak Hill) | 230 | 5,000 | 5,000 | | | | | | | | **10,230** |
| **TRANSPORT & DRAINAGE** | **9,967** | **13,740** | **12,040** | **7,040** | **7,040** | **7,040** | **6,140** | **6,140** | **6,140** | **6,390** | **81,677** |
| | | | | | | | | | | | **-** |
| Sportsgrounds | 1600 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | **2,500** |
| Parks and playgrounds | 23 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | **923** |
| Swimming pools (inc. 2.8 Res. for Regions) | 0 | 2,800 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | **3,600** |
| Public toilets | 0 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | **1,080** |
| Tennis courts | | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | **90** |
| Public halls | | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | **180** |
| Showgrounds | | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | **270** |
| Buildings: specific community use | | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | **180** |
| Caravan parks | 80 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | **170** |
| Administration buildings | 900 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | **1,035** |
| Eugowra Admin Site | 138 | | | | | | | | | | **138** |
| Flood Purchase | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | **1,800** |
| IP&R Community Projects | | 333 | 333 | 333 | | | | | | | **999** |
| Major Projects: comm. cntr., CBD, AoF | 5000 | 4,500 | | | | | | | | | **9,500** |
| **URBAN: BUILDINGS & FACILITIES** | **7,921** | **8,238** | **1,038** | **1,038** | **705** | **705** | **705** | **705** | **705** | **705** | **22,465** |
| | | | | | | | | | | | |
| Heavy plant | 1862 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | **17,162** |
| Utes (operational) | 337 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | **3,037** |
| Leaseback | 754 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | **7,504** |
| Mowers | 200 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | **1,550** |
| Small plant | 20 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | **470** |
| Depots | 160 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | **1,060** |
| **PLANT AND DEPOTS** | **3,333** | **3,050** | **3,050** | **3,050** | **3,050** | **3,050** | **3,050** | **3,050** | **3,050** | **3,050** | **30,783** |
| | | | | | | | | | | | |
| Servers @ 4 yrs or move to Cloud | | - | - | - | 80 | - | - | - | 80 | - | **160** |
| Laptops @ 4 yrs | | - | - | - | 180 | - | - | - | 180 | - | **360** |
| Printers @ 5 yrs | | - | - | - | 147 | - | - | - | 147 | - | **294** |
| Major microwave @ 8 yrs | | - | 80 | - | - | - | - | - | - | 80 | **160** |
| Minor microwaves $25k as needed | | - | - | - | - | - | - | - | - | - | **-** |
| Smart devices ($75k @ 2 yrs) | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | **400** |
| Network switches $80k as needed | | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | **90** |
| Uninter. power $60k @ 5y, 3yr battery | | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | **90** |
| Monitors $48k as needed (say 5y) | | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | **90** |
| Wireless access points $14k 5y | | - | - | - | 14 | - | - | - | - | 14 | **28** |
| Solar farm (+ other R.E. Actions?) | 115 | - | - | - | - | - | - | - | - | - | **115** |
| DR Server Replacement | 20 | | | | | | | | | | **20** |
| WAN upgrade | 15 | | | | | | | | | | **15** |
| Fire Wall | 11 | | | | | | | | | | **11** |
| **INNOVATION AND TECHNOLOGY** | **201** | **70** | **150** | **70** | **491** | **70** | **70** | **70** | **477** | **164** | **1,833** |
| | | | | | | | | | | | |
| Cemeteries | | - | 10 | - | 10 | - | 10 | - | 10 | - | **40** |
| Waste management | | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | **90** |
| Rangers | | | 200 | - | - | - | 10 | - | - | - | **210** |
| **ENVIRONMENTAL SERVICES** | | **10** | **220** | **10** | **20** | **10** | **30** | **10** | **20** | **10** | **340** |
| | | | | | | | | | | | |
| Community transport vehicles | | - | - | - | - | - | - | - | - | - | **-** |
| Library buildings | | - | - | - | - | - | - | - | - | - | **-** |
| HACC e.g. Meals on Wheels | | - | - | - | - | - | - | - | - | - | **-** |
| **COMMUNITY SERVICES** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | | | | | | | | | | | |
| SUBTOTAL (NO CPI) | 21,422 | 25,108 | 16,498 | 11,208 | 11,306 | 10,875 | 9,995 | 9,975 | 10,392 | 10,319 | 137,098 |
| Plus CPI @ 2% | | 502 | 667 | 686 | 932 | 1,132 | 1,261 | 1,483 | 1,784 | 2,013 | 10,460 |
| TOTAL GENERAL FUND WITH CPI | 21,422 | 25,610 | 17,165 | 11,894 | 12,238 | 12,007 | 11,256 | 11,458 | 12,176 | 12,332 | 147,558 |
| TOTAL PURCHASE IPP&E IN LTFP CASHF. | (21,874) | (26,594) | (17,805) | (13,302) | (12,751) | (13,007) | (12,252) | (12,966) | (12,857) | (13,003) | (156,410) |
| Amount to balance LTFP to SAMP | 452 | 984 | 640 | 1,408 | 513 | 1,000 | 996 | 1,508 | 681 | 671 | 8,852 |
| **TOTAL GENERAL FUND (=LTFP)** | **21,874** | **26,594** | **17,805** | **13,302** | **12,751** | **13,007** | **12,252** | **12,966** | **12,857** | **13,003** | **156,410** |
| *Estimate: renewals component inc. CPI* | *18,481* | *14,186* | *9,049* | *8,923* | *11,156* | *10,903* | *10,130* | *10,309* | *11,004* | *11,137* | *115,278* |

## Water Supply Fund

| PROGRAM | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 10 YEARS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Water storages | | - | - | - | - | - | - | - | - | - | **-** |
| Water treatment | | 1,000 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | **1,400** |
| Bores and pumping | | - | - | - | - | - | - | - | - | | **-** |
| Main Renewals | 110 | | | | | | | | | | **110** |
| Service reservoirs | 75 | - | - | 1,500 | - | - | - | - | - | - | **1,575** |
| Hydrants & stop valves | 575 | | | | | | | | | | **575** |
| Pipelines | | 55 | 7,055 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | **7,495** |
| Other (e.g. telemetry) | | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | **225** |
| **WATER SUPPLY** | **760** | **1,080** | **7,130** | **1,630** | **130** | **130** | **130** | **130** | **130** | **130** | **11,380** |

*note: $1M forecast to be required in 2032 for renewal of mechanical and electrical equipment at Molong Water Treatment Plant.

## Sewerage Fund

| PROGRAM | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 10 YEARS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gravity pipelines and manholes | | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | **495** |
| Sewage pumping stations | | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | **900** |
| Sewage treatment plants | 1797 | 1,050 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | **3,647** |
| Pressure sewers | | - | - | - | - | - | - | - | - | - | **-** |
| Rising mains | | - | - | - | - | - | - | - | - | - | **-** |
| Reuse and recycling | | - | - | - | - | - | - | - | - | - | **-** |
| Other (e.g. telemetry) | | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | **225** |
| **SEWERAGE** | **1,797** | **1,230** | **280** | **280** | **280** | **280** | **280** | **280** | **280** | **280** | **5,267** |

*note: $12M forecast to be required in 2035 for renewal and upgrade of Canowindra Sewage Treatment Plant.

## 3.2 30 Year Asset and Financial Plans for Water Supply and Sewerage

While the primary focus in this SAMP is the 10 year programs in section 3.1 (which inform Council's LTFP), a longer time horizon is vital for strategic planning in water supply and sewerage. This is because there can be massive peaks in capital investment beyond 10 years in these areas associated with major infrastructure like treatment plants.

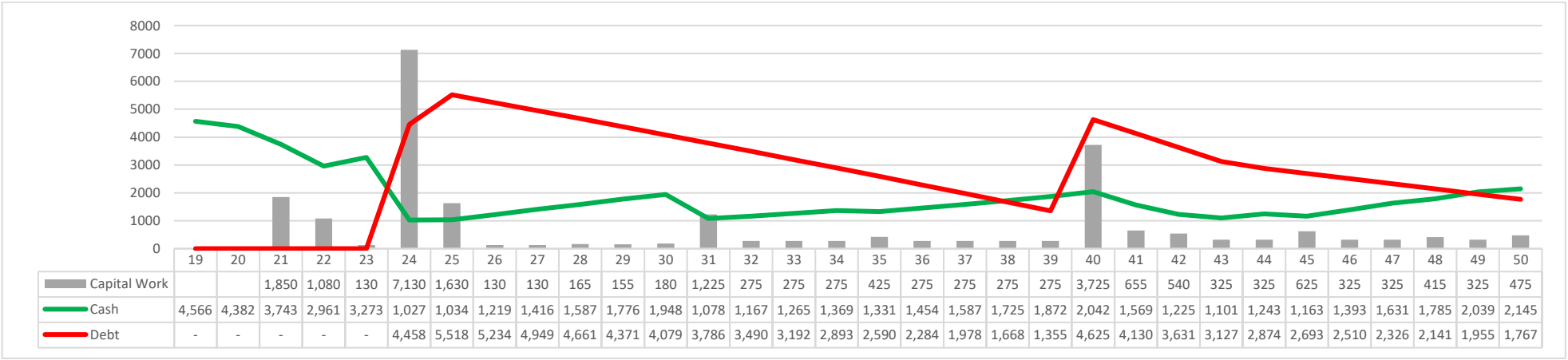
Such peaks in future investments need to inform decisions Council makes now about its **PRICING STRATEGY** (setting of user charges). Council's objective is to set a stable charge over the long term, which is generally expressed in terms of the **typical residential bill**.

If Council achieves a stable bill long term, then it means the current generation is funding the cost of its water supply and sewerage services, achieving **intergenerational equity**, a key principle of sound financial management (see section 1.1).

Forecasting peaks in future investments also informs Council's **FUNDING STRATEGY** (especially responsible use of borrowings, but also building up cash reserves as appropriate). If Council is to achieve intergenerational equity, it needs to use borrowings because future generations who enjoy the services will then be helping to pay for the investment.

As discussed in Council's LTFP, there is a need for **substantial increases in charges** for both water supply and sewerage. The 30 year asset and financial plans below highlight the fact that such increases are essential given the substantial future investments required if Council is to continue to provide these services.

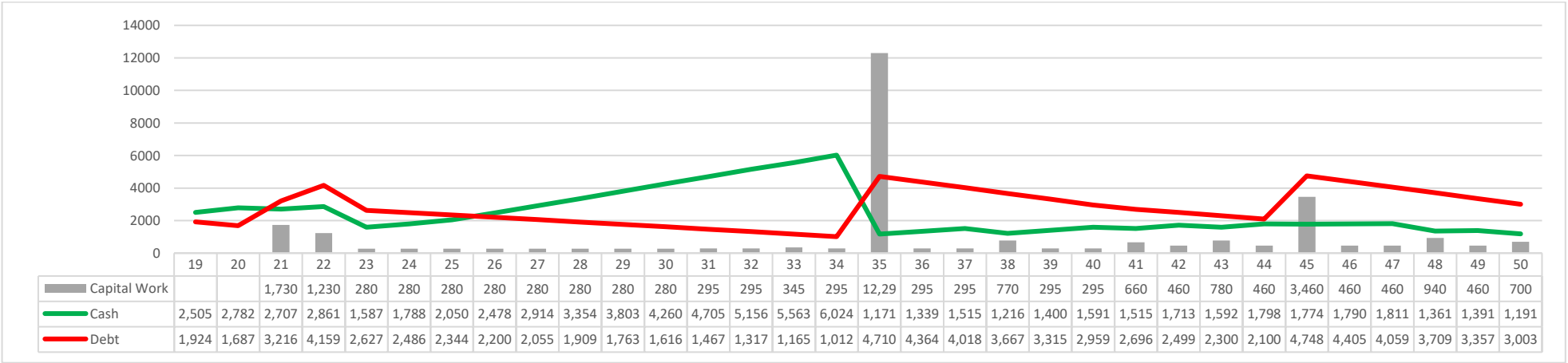
As noted in the Asset Summaries in section 2, Council intends to prepare a new **Integrated Water Cycle Management Strategy** in collaboration with Central Tablelands Water and Orange City Council. This will involve substantially more detailed investigation and analysis, enabling Council to refine the asset and financial plans below. But there is enough evidence already to substantiate the need to act to increase charges now (which is only the first year of several years of progressive increases) to ensure Council can fund these investments.




| | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital Work | | | 1,850 | 1,080 | 130 | 7,130 | 1,630 | 130 | 130 | 165 | 155 | 180 | 1,225 | 275 | 275 | 275 | 425 | 275 | 275 | 275 | 275 | 3,725 | 655 | 540 | 325 | 325 | 625 | 325 | 325 | 415 | 325 | 475 |
| Cash | 4,566 | 4,382 | 3,743 | 2,961 | 3,273 | 1,027 | 1,034 | 1,219 | 1,416 | 1,587 | 1,776 | 1,948 | 1,078 | 1,167 | 1,265 | 1,369 | 1,331 | 1,454 | 1,587 | 1,725 | 1,872 | 2,042 | 1,569 | 1,225 | 1,101 | 1,243 | 1,163 | 1,393 | 1,631 | 1,785 | 2,039 | 2,145 |
| Debt | - | - | - | - | - | 4,458 | 5,518 | 5,234 | 4,949 | 4,661 | 4,371 | 4,079 | 3,786 | 3,490 | 3,192 | 2,893 | 2,590 | 2,284 | 1,978 | 1,668 | 1,355 | 4,625 | 4,130 | 3,631 | 3,127 | 2,874 | 2,693 | 2,510 | 2,326 | 2,141 | 1,955 | 1,767 |

**30 year Asset and Financial Plan for WATER SUPPLY (20/21 dollars)**

There is a need for significant investment in **water supply** in the short to medium term, and significant borrowings will be required to fund this, but investment needs are then low until 2040 or so, when further works (Molong Water Treatment Plant) will necessitate further borrowings.




| | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital Work | | | 1,730 | 1,230 | 280 | 280 | 280 | 280 | 280 | 280 | 280 | 280 | 295 | 295 | 345 | 295 | 12,29 | 295 | 295 | 770 | 295 | 295 | 660 | 460 | 780 | 460 | 3,460 | 460 | 460 | 940 | 460 | 700 |
| Cash | 2,505 | 2,782 | 2,707 | 2,861 | 1,587 | 1,788 | 2,050 | 2,478 | 2,914 | 3,354 | 3,803 | 4,260 | 4,705 | 5,156 | 5,563 | 6,024 | 1,171 | 1,339 | 1,515 | 1,216 | 1,400 | 1,591 | 1,515 | 1,713 | 1,592 | 1,798 | 1,774 | 1,790 | 1,811 | 1,361 | 1,391 | 1,191 |
| Debt | 1,924 | 1,687 | 3,216 | 4,159 | 2,627 | 2,486 | 2,344 | 2,200 | 2,055 | 1,909 | 1,763 | 1,616 | 1,467 | 1,317 | 1,165 | 1,012 | 4,710 | 4,364 | 4,018 | 3,667 | 3,315 | 2,959 | 2,696 | 2,499 | 2,300 | 2,100 | 4,748 | 4,405 | 4,059 | 3,709 | 3,357 | 3,003 |

**30 year Asset and Financial Plan for SEWERAGE (20/21 dollars)**

There is less need for investment over the next 10 years for **sewerage**, but there is a need to build up reserves (as well as have capacity to borrow) to fund replacement and upgrade of Canowindra Sewage Treatment Plant (in around 15 years) as well as Molong Treatment Plant (in 20-25 years).

# 4. Asset Management System and Key Improvements

As noted in section 1.2, Council's 'asset management system' supports the implementation of its asset-related activities (as identified in the Delivery Program and Operational Plan).

In 2019, along with other Central NSW JO councils, Council commissioned an assessment of its asset management maturity against the National Asset Management Assessment Framework (NAMAF). The assessment found that Council had a low level of maturity.

Since this time, Council has been working to address the areas with the biggest gaps and opportunities to improve, in particular:

- **strategic planning** by developing Department Plans (Council's name for 'asset management plans' as they apply to all departments, not just those focused on physical assets), which has progressed asset management maturity considerably in itself, but the Plans also include *improvement action plans* to guide future progress
- **aligning resources** by restructuring its Infrastructure Services directorate to embed asset management planning functions (previously in a separate Assets and Technical Services department) within the Transport and Urban Infrastructure departments
- **introducing a project management framework** to improve the scoping, implementation, and control of projects
- **introducing a works order system** to support the project management framework (documenting scope and also facilitating control) as well as improving the sharing of information across finance, 'asset planning' and operational functions
- **improving access to asset data** by implementing IntraMaps, a graphical information system (GIS) data viewer that facilitates analysis of asset data and reporting on assets, essential to knowing what assets Council has, and to developing capital works programs (renewal, new or upgraded assets) to address deficiencies
- **improving maintenance management** by implementing Reflect, another GIS-based system focused purely on managing maintenance activities (i.e., identify, prioritise, and respond to defects) to increase efficiencies and service levels, and reduce risks

The pursuit of the opportunities above is realistically a 3+ year exercise, in broad terms:

- year 1: basic establishment of systems, help staff to understand their responsibilities within the systems
- year 2: improve compliance with systems, address inefficiencies and barriers to implementation (refine system), embed it as 'the way we do things around here'
- year 3+: utilise outputs of the various elements of the system to inform other elements (this is when an overall 'asset management system' is established).

Council intends to commission a follow-up assessment against NAMAF or another framework in future, but at this stage the above projects are more than enough to focus on, given that Council has limited capacity and a very large capital works programs to deliver as well ('business as usual' activities on top of 'working on the business').

Council will establish an **Asset Management Steering Group** to monitor and review progress with the above projects. Terms of Reference are included in Appendix 1.

# APPENDIX 1: Terms of Reference for Asset Management Steering Group

*Purpose*

The General Manager has established the AMSG under the AM Policy to monitor and review the implementation and improvement of the AM system to ensure Council's AM objectives are met.

The AMSG will also provide a cross-functional forum for planning and coordinating AM activities, including raising awareness of and communicating about AM issues.

Technical AM documents that do not require formal adoption by Council may be tabled at the AMSG for feedback and, potentially, endorsement.

*Membership*

- Director Infrastructure
- Department Leaders for Transport, Urban Infrastructure and Finance
- Other staff as required

*Agenda Items*

Standard agenda items will include the following:

- Clarity of roles and responsibilities with respect to AM
- Need for increased awareness of AM issues and how these should be communicated
- Adequacy of resources (including competencies) and processes to support the implementation of the AM system
- Problems or potential problems identified with Council's assets, AM or AM system; actions to correct and control or prevent them; review of the effectiveness of actions taken
- Integration with Council's risk management system
- Review of the *AM Information Register* and update of actions
- Proposed changes to AM system and assessment of associated risks
- Proposed outsourcing of AM activities, controls and monitoring required
- Internal AM audit programme

Additionally, each 6 months the AMSG will undertake management review of the AM system (timed to coincide with performance reporting for Council's Delivery Program) addressing the following:

- Status of actions from previous management reviews
- Changes in external and internal issues that are relevant to the AM system
- Information on AM performance including trends in nonconformities and corrective actions, monitoring and measurement results, audit results
- AM activities undertaken
- Opportunities for continual improvement
- Changes in the profile of risks and opportunities

Outputs of the management review will include decisions related to continual improvement opportunities and any need for changes to the AM system.

Minutes of the AMSG will be tabled for information at Executive Leadership Team meetings.

# APPENDIX 2: DRAFT Asset Management Policy

**Cabonne Council Asset Management Policy**

**Insert sections 1-4**

**5 Reason**

Council is responsible for over $800M in community assets (2020 replacement value) including water supply, sewerage, transport, buildings, open space facilities, stormwater drainage, plant and equipment and information technology assets.

If Council is to provide the best possible value to residents and ratepayers, it must make responsible and sustainable decisions about investing in and maintaining these assets.

**6 Scope**

This policy applies to all physical assets owned by Council or under Council's care and control (e.g. assets on Crown Land where Council is the trustee).

**7 Associated Legislation**

NSW Local Government Act, 1993 in particular section 8B (principles of sound financial management).

**8 Definitions**

Asset: an item of infrastructure, property or plant and equipment as defined by the Local Government Code of Accounting Practice and Financial Reporting.

Asset management: coordinated activity of an organisation to realise value from assets.

**9 Responsibilities**

**9.1 General Manager**

The General Manager has overall responsibility for ensuring Council complies with relevant requirements relating to asset management, and for leading activities to pursue the objectives of this policy.

**9.2 Directors and Department Leaders**

Directors and Department Leaders are responsible for leading and implementing this policy in their areas of responsibility.

### 9.3 Mayor

The Mayor is responsible for leading councillors and the community, promoting awareness of Council's challenges in relation to asset management, and the principles of and need for sound financial management.

### 9.4 Councillors

Councillors are responsible for participating in the development of Council's integrated planning and reporting documentation, including elements directly impacting on Council's performance in relation to asset management and financial sustainability.

## 10 Related Documents

Strategic Asset Management Plan
Department Plans

## 11 Policy Statement

Council will take a systematic approach to managing its assets based on good industry practice as defined in ISO 55001:2014 (international standard for asset management systems), the Integrated Planning and Reporting Framework and other resources.

Council will develop and maintain a Strategic Asset Management Plan (SAMP) as part of its Resourcing Strategy that:

- describes the current situation with its assets, in particular key challenges and risks
- describes the future state of its assets based on the resources available in the Long Term Financial Plan, highlighting key issues of concern
- identifies high-level performance objectives ('levels of service')
- describes Council's asset management system (which supports the implementation of its asset-related activities) and key actions to improve this, including terms of reference for the Asset Management Steering Group which has been formed to monitor and review progress in asset management improvements
- includes 10 year projections for capital works that align with Council's Long Term Financial Plan for all asset classes, as well as 30 year asset and financial plans for its water supply and sewerage businesses.

Council will also develop and maintain Department Plans (DPs) that:

- identify and analyse in detail the operations and capital works activities that need to be undertaken to achieve its objectives in relation to its assets
- identify detailed performance objectives, including current and target performance and actions to be undertaken to achieve these
- identify more detailed improvement actions at an operational level, including allocating responsibilities for addressing these.

DPs will be treated as operational working documents. They are not intended to be formally adopted by Council. They will inform the SAMP as well as Council's Delivery Program and Operational Plan.