STRATEGIC ASSET MANAGEMENT PLAN

2022/23

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Acknowledgement of Country

Parkes Shire is located on the lands of the Bogan River people, are of Wiradjuri nation – the largest Aboriginal territory at the time of European settlement, encompassing the Central West slopes and plains.

Wiradjuri Country extends from Coonabarabran in the north, straddling the Great Dividing Range down to the Murray River and out to western NSW, encompassing around one fifth of NSW. The people of Wiradjuri Country are known as 'people of three rivers', due to the three rivers that border their lands: the Wambool (Macquarie River), Kalari (Lachlan River) and Murrumbidjeri (Murrumbidgee River).

In the spirit of reconciliation, Parkes Shire Council acknowledges and the Wiradjuri people as the traditional custodians of the land and pays respect to Elders past, present and future and we extend our respect to all Indigenous Australians in Parkes Shire.

We recognise and respect their cultural heritage, beliefs and continuing connection with the land and rivers. We also recognise the resilience, strength and pride of the Wiradjuri community.

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1. INTRODUCTION

1.1 COUNCIL'S OBJECTIVE: SOUND FINANCIAL MANAGEMENT

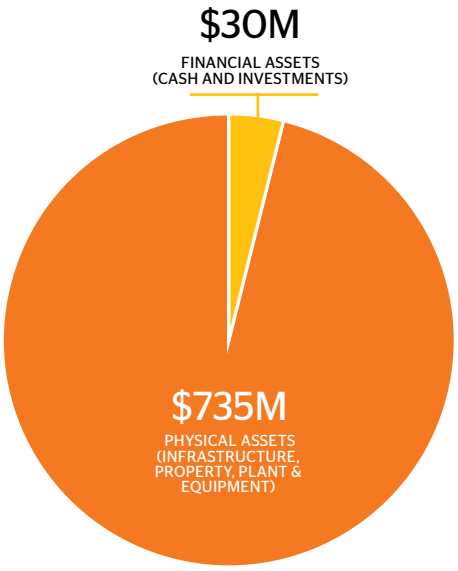
> Council's Delivery Program reinforces its commitment to the principles of sound financial management set out in Section 8B of the Local Government Act.

Council has identified the following objectives in this regard for its term in office:

- **Spending**: a balanced operational budget.
- **Infrastructure investment:**
  - Eliminating the backlog via a focus on renewals
  - Affordable service levels
  - Prioritisation of upgrades.
- **Effective financial and asset management :**
  - Continuous improvement in asset management (actions in SAMP)
  - Adequate reserves and appropriate borrowing (outlined in LTFP).

This Strategic Asset Management Plan supports Council's decision making in relation to all the above objectives. Council's commitment to asset management generally is documented in its **Asset Management Policy** (available on Council's website).

The chart below explains why Council must manage its physical assets, not just its financial assets, if it is to adhere to the principles of sound financial management in the Act: **Council's financial assets make up less than 4% of community assets it is responsible for**.[1] If Council is to be responsible and sustainable, it must manage its physical assets, too.



1 Aligns with Statement of Financial Position in 2021 Financial Statements.

1.2 RELATIONSHIP TO OTHER DOCUMENTS AND STRUCTURE OF THIS SAMP

This Strategic Asset Management Plan (SAMP) sits alongside the Long Term Financial Plan (LTFP) and Workforce Management Plan in Council's **Resourcing Strategy**. It incorporates requirements for both the 'Asset Management Strategy' and 'Asset Management Plans'.[2]

The Resourcing Strategy supports Council's decision making in its **Delivery Program** and **Operational Plan** (DP and OP).

As shown below, the Resourcing Strategy 'backs up' the Delivery Program in particular, as required by the Local Government Act (section 404): the DP details the activities Council will undertake to perform its functions within the resources available in the Resourcing Strategy.

It is important to note that it is in the Delivery Program (and annual Operational Plan that 'actions' it) and not in this SAMP where Council:

- Allocates resources to undertake asset-related activities.
- Establishes its objectives (including 'asset service standards'[3]), against which it will monitor, measure and report on its performance.

This SAMP is structured as follows:

- **Asset class summaries:** a big-picture view of
  - where we are now
  - where we're headed with available resources in the LTFP
  - key objectives to monitor to ensure we stay on track.
- **Financial planning:**
  - explanation how financial information aligns across all IP&R documents
  - 10 year capital works forecast with notes about each program.
- **Risk management:** summary of critical risks and management strategies.
- **Infrastructure asset performance measures:** analysis of Council's current and projected performance against mandatory benchmarks set by NSW Government.
- **Asset management system:** overview of the system with key improvement actions.

2 IP&R Guidelines essential elements 3.14 to 3.23. 3 IP&R Guidelines essential element.

3 Requires councils to include 'asset service standards' in their AMPs, but these are in Council's DP and OP.

2. ASSET CLASS SUMMARIES

REPLACEMENT VALUE OF ASSET CLASSES

The chart (Figure 1) summarises the **replacement value** of Council's main classes of physical assets. The total here ($997M[4]) is higher than the 'carrying value' in section 1.1 ($735M) as replacement value is what it is worth new, not what it is worth now (after depreciation).

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.

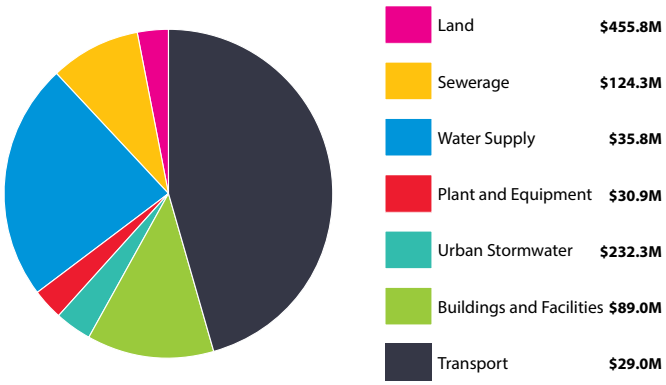


Figure 1

4 Aligns with Note C1-7 of 2021 Financial Statements, excluding capital works in progress, tip & quarry assets.

TRANSPORT

	Asset category	Value $M	Asset category	
What assets are we responsible for?	600km sealed local roads	72.7	168km kerb and gutter	20.7
	1,300km unsealed local roads	25.7	47km footpaths	11.2
	199 sealed + 25 unsealed regional rds	33.0	Other: carparks, signs, bus shelters, street furniture (+ 'open space')	2.4
	35 bridges and major culverts	11.4		(+9.5)
	209 causeways + 337 minor culverts	15.1	Earthworks (non-depreciable)	204.5

Where are we now? (based on 2022 condition assessment)	**Council has sufficient funds to renew existing assets in poor condition but limited capacity to upgrade the network (e.g. road widening), except where grants can be secured. The Long Term Road Improvement Program needs to be reviewed to prioritise upgrades as Council is working towards completion of previous program.**
	SEALED LOCAL ROADS: 244km needs resealing over the next 8 years (31km p.a.) as the top priority. If not done, the result will be costly premature failure of pavements.
	PAVEMENT REHABILITATION: 16km rural + 4km urban roads needs full rehabilitation. Also, 90km of rural edges + 21km of urban shoulders (where the centre of the road is OK). A 10 year program has been developed to do this work alongside the reseal program.
	KERB AND GUTTER: 15km has failed. 10 year program includes replacement of these.
	UNSEALED ROADS: meeting community expectations for grading and gravel resheeting is challenging, particularly in periods of wet weather, given budget constraints. Service levels need review and better definition to prioritise resources, undertake works more efficiently and provide more clarity about minimum service levels (see action below).
	TABLE DRAIN CLEARING ON SEALED AND UNSEALED ROADS: hasn't been enough of a focus, so water isn't draining away from road edges, leading to pavements failures and gravel loss.
	REGIONAL ROADS: funding (via grants) is sufficient to maintain the network.
	FOOTPATHS: are generally in satisfactory condition. Grants required for new/upgrades.
	BRIDGES AND MAJOR CULVERTS: all but 1 concrete structures, in satisfactory condition.
	MINOR RURAL CULVERTS: need inspecting to identify defects (broken/dropped pipes, etc.).
Where will we be in 10 years?	**SEALED ROADS:** implementation of the prioritised program for reseals and pavements (and kerb) and with a focus on table drain clearing will see an improvement in the condition of the network, but there will be little funds for upgrades (e.g. widening) apart from grants.
	UNSEALED ROADS: reviewing/refining service levels will see better outcomes with available funds, but meeting community expectations will still be a challenge.
	FOOTPATHS: maintain the existing, extend as per PAMP with grant funds as far as possible.
	OTHER TRANSPORT ASSETS: maintain.
	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			31km p.a.
	10 year Sealed Roads Renewal Program			Progress as per program
	Review Long Term Road Improvement Program			Council to adopt by 2023
	Review Pedestrian and Cycling Strategy			By 2024
	Develop table drain clearing program			By 2023
	Review of service levels on unsealed roads			By 2023
	Minor culvert inspections for entire road network			Complete by 2025
	Regional road capital and maintenance programs			Completed

BUILDINGS AND FACILITIES

	Asset category	Value $M	Asset category	Value $M
What assets are we responsible for?	**Administration office**	4.7	**3 Libraries**	5.7
	8 Airport buildings	5.0	**Henry Parkes Centre**	3.7
	Depots, Pound, Waste, Sewer facilities	4.1	**31 Public toilets**	4.3
	4 Swimming pool buildings	3.9	**27 Sports buildings**	7.1
	3 SES + 23 RFS buildings	2.8	**Other open space (parks, sports)**	41.5
	Community		**Commercial**	
	Carrington Hotel	2.4	**Parkes Family Day Care**	2.7
	Cooke Park	4.9	**4 community health/dr. surgeries**	0.9
	Music and Drama	2.2	**Spicer Caravan Park (19 buildings)**	1.7
	Rose St, Peak Hill Arts, Cultural, other	3.3	**13 other commercial buildings**	5.8

Where are we now?	**SWIMMING POOLS:** Council is refurbishing Trundle and Tullamore pool structures over the next two years, Peak Hill is planned in 2024/25 and Parkes in 2028/9. The buildings have been updated at Trundle and Tullamore, but Peak Hill has only basic facilities and Parkes is in need of an upgrade (this is budgeted but is subject to grant funding).
	SPORTS FACILITIES, PARKS AND PUBLIC TOILETS: several facilities are in poor condition. Rather than simply replacing existing facilities, a strategy needs to be developed that sets out how Council will provide the best facilities Council can afford across the Shire. This may, for example, involve rationalising some facilities and upgrading others.
	COMMUNITY BUILDINGS: Council has several buildings used by a variety of groups. These are considered adequate for current needs, with some minor works that are budgeted.
	CARAVAN PARKS: amenities are budgeted to be refurbished, but cabins also need work, also some earthworks to tidy up the terraces. Future investment should be guided by the Tourism Strategy.
	AIRPORT: most assets in good condition thanks to investments over past few years (only maintenance required). Painting of several hangars and aero clubhouse is planned.
	WORKS DEPOTS: ageing facilities, hardstand areas in very poor condition. Need a strategy to improve functionality/efficiency.
	ADMINISTRATION OFFICE: generally functional but needs some refurbishment.
	LIBRARIES: Trundle needs replacement, Peak Hill needs disabled access, Parkes is new (Tullamore is a leased premises).
	COMMERCIAL BUILDINGS: buildings are sound, but continued investment is required to ensure they are suitable for lessees. Council may also review which should be retained.
	CHILDREN'S SERVICES: good facilities, any works required paid for by community groups.
	EMERGENCY SERVICES: RFS works funded by them; SES funded by Council, OK apart from Parkes SES (building floods – needs relocation, subject to securing a grant).
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 may be dependent on user groups and/or grants.

Key performance objectives (or 'levels of service')	Activity	Target
	Determine timing for building renewals projects ($4.6M over 10 years)	by 2023
	Identify underutilised/surplus buildings for disposal	by 2023
	Develop strategy for rationalisation of facilities including sports, parks and playgrounds (in particular, removal of non-compliant playgrounds)	by 2023
	Deliver renewal projects at Trundle, Tullamore and Peak Hill pools	as program
	Pursue grant for refurbishment of Parkes Aquatic Centre	Until secured
	Review pricing methodology / charges for commercial buildings	by 2023
	Formal building maintenance program developed and implemented	by 2023

URBAN STORMWATER DRAINAGE

	Asset category	Value $M
What assets are we responsible for?	**45km of urban stormwater drainage pipes (including pits, headwalls, grates, etc.)**	35.8
	Note: drainage pipes and culverts in rural areas are included in Transport	
Where are we now?	Council has limited information on the condition of the stormwater drainage network. A CCTV inspection program is planned but has not commenced.	
	The capacity of existing networks is inadequate. This leads to localised flooding issues, in addition to broader flooding issues (floodplain, not drainage) in most towns and villages.	
	There has been investigations to identify capacity issues in the network but this needs to be finalised, and scoped up as a prioritised future works program (see action below).	
Where will we be in 10 years?	CCTV inspection program should have been completed, identifying any pipe renewal and/or rehabilitation needs. Works required to address localised flooding issues will have been identified, but the 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
	CCTV inspection program undertaken on 5% sample of network (focus on areas more likely to have condition problems); review the value of the investment in doing more.	By 2024
	Finalise analysis of urban drainage capacity issues and develop a prioritised works program for consideration by Council.	by 2023

PLANT AND EQUIPMENT

	Asset category	Value $M
What assets are we responsible for?	**Heavy (civil construction) plant, trucks, mowers, utilities, and cars**	44.2
	Office equipment (information technology, furniture, 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.	
	There is also a need to improve the software programs used for maintenance scheduling, management and replacement of the plant fleet.	
	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**
	Implement improved fleet management (maintenance and renewal) system.	By 2023
	Plant replacement programs implemented (including evaluation of business case for own versus hire equipment)	ongoing
	Information technology programs implemented.	ongoing
	Sustainability projects implemented.	project specific
	Develop a policy and program for the potential inclusion of hybrid and electric vehicles into the fleet.	By 2023

WATER SUPPLY

Parkes-Peak Hill, Trundle-Tullamore ('B section') and Recycled Water Schemes

	Asset category	Value $M	Asset category	Value $M
What assets are we responsible for?	**818km water + 16km recycled pipelines**	120.0	**Lake Endeavour & Beargamil Dam**	25.0
	Parkes Water Treatment Plant + solar	27.4	**16 service reservoirs**	23.9
	Parkes Recycled Water Plant	9.7	**21 bores and pumping stations**	16.9

Where are we now?	Council's water supply business operates on a self-funding basis, and has sufficient funds to maintain current services in future (with grants for Water Security Project).
	Water security is the key issue to be addressed for Parkes due to increased demand from the Logistics Hub; new ground and surface water sources are funded ($26M) but Council is seeking funding for a new pipeline ($36M).
	Parkes Water Treatment Plant will need a $16M upgrade to cater for this demand (it was built in 2017, designed to accommodate the upgrade, which will be funded by a combination of grants and SAP-based developer charges). The Plant produces high quality water and is set up to operate efficiently (automation, solar system).
	Stage 3 of the recycled water strategy will help further reduce demand on potable supplies by extending the supply to a number of high water use businesses.
	Around 360km of pipelines (B-section and Parkes main supply line, valued at $25M+) are nearing the end of their service life. Some sections break regularly. Council may need to invest more than is currently budgeted, focusing on critical supply lines first, to achieve reliability objectives and reduce water losses. The first step is to undertake a targeted condition assessment program to better quantify the real scope of the works required.
	Council is participating in a water loss program with Central West JO councils.
	Valves and hydrants ongoing program to maintain, exercise and renew these.
	Structural assessments are required on the two steel reservoirs.
	Council has a plan to transition its 5,840 water meters to 'smart meters' over time.
	Council has completed an updated Integrated Water Cycle Management Strategy.
Where will we be in 10 years?	Water security will be significantly enhanced with major projects completed although modelling of climate change impacts highlights it will continue to be of concern (up until an upgrade of Wyangla Dam is undertaken).
	Reticulation system (pipes, reservoirs) extended to cater for new development.
	Renewal of water pipelines at the end of their service life will need to continue in order to address reliability and water loss issues associated with breaks.
	Continued investment in renewals, particularly of mechanical and electrical equipment, will be required to ensure reliability of the supply.

	Activity	Target
Key performance objectives (or 'levels of service')	**Parkes Water Security Project** **• Ground + surface water pre-treatment and storage** **• New pipeline (seeking funding from NSW Government)**	 by 2023 by 2025
	Recycled Water System – stage 3	by 2023
	Implement targeted watermain (pipe) condition assessment program to inform prioritised renewal program (review funding needs over time)	As planned
	Water supplied meets Australian Drinking Water Guidelines (+ recycled water supplied meets Recycled Water Guidelines)	100%
	Interruptions to supply (planned outages: minimum 3 days' notice)	< 8 hours
	Rollout of smart meter program	As planned
	Water losses throughout the system	Reducing
	Implement valve and hydrant maintain, exercise and renewal program	As planned

SEWERAGE

for Parkes, Peak Hill, Trundle and Tullamore

	Asset category	Value $M	Asset category	Value $M
What assets are we responsible for?	**125km gravity pipelines**	35.8	**4 sewage treatment plants (inc. buildings and old STP)**	42.7
	18km low pressure sewer pipelines	1.0		
	2,033 manholes	6.0	**4km sewer rising mains**	2.3
	7 sewage pumping stations	2.5	**390 pressure sewer pump services**	N/A
Where are we now?	Council has insufficient reserves to afford all the essential projects (noted below) that are coming up and will need to increase charges (even after allowing for grants and additional charges from additional/new customers).			
	Parkes Sewage Treatment Plant was built in 2017. It produces high quality effluent suitable for treatment through a further plant for recycled use, but it needs upgrading to cater for additional demand from the Logistics Hub which will be funded by grants and SAP-related developer charges.			
	Peak Hill Sewage Treatment Plant is getting older and will need rehabilitation works to keep it in service.			
	Trundle and Tullamore Sewage Treatment Plants are newer, and generally OK.			
	Inflow and infiltration across the gravity pipe network (Parkes in particular) needs to be addressed to ensure reliability of the system (avoid failures / overflows) and to reduce the volume of sewage to be pumped and treated. Council will continue to work on addressing this via continued investment in CCTV inspections, gravity pipe relining and manhole rehabilitation in older areas of Parkes and Peak Hill.			
	Low pressure grinder pumps in Trundle and Tullamore need ongoing investment to replace pumps as they fail.			
	Sewage pumping stations: generally OK with work on mechanical/electrical equipment.			
	Liquid trade waste management: agreements need renewal.			
	Council has completed a new Integrated Water Cycle Management Strategy.			
Where will we be in 10 years?	Gravity pipelines: continued CCTV inspections, relining and manhole rehabilitation.			
	Grinder pumps in smaller towns: ongoing works to replace failed pumps.			
	Mechanical and electrical equipment in treatment plants and pumping stations will need continuing work to ensure reliability.			
Key performance objectives (or 'levels of service')	**Activity**		**Target**	
	Parkes Sewage Treatment Plant upgrade.		by 2026	
	Implement inflow and infiltration program (CCTV, pipe relining, manhole rehabilitation, services) in accordance with risk based program.		As per program	
	Compliance with Environmental Protection Licence and system containment.		100%	
	Liquid trade waste management program.		Continuing	
	Incidence of failures (sewage chokes, pump failures).		Decreasing	

3.FINANCIAL PLANNING

3.1 CAPITAL WORKS PROGRAM FOR GENERAL FUND

3.2 CAPITAL WORKS PROGRAM FOR WATER FUND

3.3 CAPITAL WORKS PROGRAM FOR SEWER FUND

ALLOCATION OF COUNCIL'S RESOURCES CAPITAL

The allocation of Council's limited resources always involves a balance between:

- Performance ('level of service' as needed or desired by the community),
- Cost (what is affordable to Council, as determined in the budget and LTFP), and
- Risk (what is 'acceptable' to Council under its Risk Management Framework).

It is critical that financial information ('cost') aligns across all of Council's IP&R documents. This SAMP is based on budgets in the Delivery Program and the 'base case' in the LTFP.

Forecast costs for operations and maintenance: Activities that 'retain' an asset in service rather than 'restore' it (as with capital works) – are not included in this SAMP (as required by the IP&R Guidelines[5]) because these forecasts are in the OP budget, DP financial forecasts and LTFP. Unless specified otherwise, indexation applied to budgets generally (employees, materials, etc.) applies to budgets for asset operations and maintenance, too.

Forecast costs for capital works programs: Activities to renew or upgrade existing assets and to build/acquire new assets – are included in the following tables. Alignment with numbers in the other IP&R documents is as follows:

Document	Level of detail provided
Strategic Asset Management Plan	Capital works program set out in section 3. Includes amounts for each asset class (e.g. transport, buildings) and programs within these (e.g. unsealed roads within transport). Major projects may also be identified. Figures are not indexed, i.e., they are expressed in current year (nominal) dollars.
Long Term Financial Plan	Total capital works from SAMP shown as 'capital works' in Figure 3, and in the cashflow statement in Appendix 1 (at 'purchase of infrastructure, property, plant and equipment). Figures are indexed.
Delivery Program (financial forecasts)	Similar level of detail to what is in the SAMP, numbers align with years 1-3 of the LTFP. Figures are indexed.
Operational Plan (annual budget)	Total of capital works equals total for year 1 of SAMP. Individual projects within each program identified in the SAMP are identified. Only current year projects are 'locked in'. Projects for future years may be listed for information but are subject to change. Unfunded projects may be included to guide grant applications.

If there is a need for Council to consider varying the funding allocated now or in future (forecasts), this will be identified in one or more of the following ways:

- In the asset class summaries (section 2) by identifying an issue of concern with outcomes Council can achieve now ('where are we now?') and/or what it can achieve in future ('where will we be in 10 years?')[6],
- As a risk management strategy (section 4) that Council needs to implement to bring a particular risk down to an 'acceptable' level,
- As a shortfall expressed in terms of the infrastructure asset performance measures ('backlog' or 'required maintenance' in section 5), and/or
- As a scenario in the LTFP (where the additional funding to address the issue is provided) in addition to the scenarios currently included.

5 Essential element 3.22 says AMPs 'must contain long-term projections of asset maintenance, rehabilitation and replacement, including forecast costs for reflection in LTFP'. Forecast costs generally are in the LTFP. Projections (in terms of outcomes) are in asset class summaries and risk management strategies.

6 A distinction isn't made in the asset class summaries between 'operations' and 'capital' as the focus is outcomes, not accounting.

3.1 CAPITAL WORKS PROGRAM FOR GENERAL FUND

Use PROG# column code to refer to **Comments on Capital Works Program** (Pg19) and **Renewal Ratio Analysis** (Pg21).

CAPITAL WORKS PROGRAM

The table below details the capital works program for each program area.

PROG#	PROGRAM	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	10 YRS	Grants 2024+
T1	Local sealed rural roads	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	13,500	2,200p.a. FAGs (LR) +1,600p.a. R2R
T2	Urban streets (local roads) inc. kerb	5,485	930	930	930	930	930	930	930	930	930	13,855	
T3	Unsealed rural roads	800	800	800	800	800	800	800	800	800	800	8,000	
T4	Local road upgrade program	26,532	720	720	720	720	720	720	720	720	720	33,012	
T5	Regional roads	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,000	9,000
T6	Footpaths	150	150	150	150	150	150	150	150	150	150	1,500	-
T7	Other road assets (bridges, culverts guardrail, signs, shelters, furniture, etc.)	838	50	50	50	50	50	50	50	50	50	1,288	-
T8	Earthworks & sub-base (non-depreciable)	-	-	-	-	-	-	-	-	-	-	-	-
TRANSPORT		36,155	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	81,155	43,200
UD1	Urban drainage renewals	700	200	200	200	200	200	200	200	200	200	2,500	-
UD2	Urban drainage upgrades	2,786	-	-	-	-	-	-	-	-	-	2,786	-
URBAN STORMWATER DRAINAGE		3,486	200	200	200	200	200	200	200	200	200	5,286	
BF1	Administration	-	-	-	-	-	-	-	-	-	-	550	-
BF2	Airport (buildings)	-	-	-	-	-	-	-	-	-	-	260	-
BF3	Commercial	150	-	-	-	-	-	-	-	-	-	715	-
BF4	Community & cultural buildings	812	-	-	-	-	-	-	-	-	-	375	-
BF5	Depots	150	-	-	-	-	-	-	-	-	-	10	-
BF6	Libraries	99	-	-	-	-	-	-	-	-	-	630	-
BF7	Public toilets	316	-	-	-	-	-	-	-	-	-	1,000	-
BF8	Sports buildings	2520	-	-	-	-	-	-	-	-	-	780	-
BF9	Swimming pool buildings	-	-	-	-	-	-	-	-	-	-	320	-
BF10	Emergency services	300	-	-	-	-	-	-	-	-	-	-	-
	BUILDING SUBTOTAL (project timing TBC)	4777	460	460	460	460	460	460	460	460	460	8,917	-
BF11	Playgrounds (renew/upgrade/ disposals)	340	90	340	90	290	40	290	40	40	40	1,600	-
BF10a	Additional parks renewals	-	150	150	150	150	150	150	150	150	150	1,350	-
BF12	Other open space + cemetery assets	4062	95	85	125	50	60	50	60	50	60	4,697	-
BF13	Swimming pools (excl. buildings)	544	145	300	25	25	25	1,125	25	25	25	2,264	1,000
BF14	Airport (excl. buildings)	100	100	100	100	100	100	100	100	100	100	1,000	-
BF15	Library Resources	100	100	100	100	100	100	100	100	100	100	1,000	-
BUILDINGS AND FACILITIES		9,923	1,140	1,535	1,050	1,175	935	2,275	935	925	935	20,828	1,000
PE1	Heavy plant and light vehicles	1640	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	16,040	-
PE2	Office equipment and IT	447	250	250	250	250	250	250	250	250	250	2,697	-
PLANT AND EQUIPMENT		2,087	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	18,737	
WM 1	Waste management	175	-	-	-	-	-	-	-	-	-	175	-
WASTE MANAGEMENT		175	-	-	-	-	-	-	-	-	-	175	
TOTAL GENERAL FUND		51,826	8,190	8,585	8,100	8,225	7,985	9,325	7,985	7,975	7,985	126,181	44,200

COMMENTS ON CAPITAL WORKS PROGRAM

NOTE: actual projects and budgets will be identified in the Operational Plan.

PROG#	TRANSPORT
T1	**RURAL SEALED ROADS:** Estimate based on 2022 condition assessment. $13.5M of works identified to renew assets in poor condition (i.e. program will take 10 years to complete at proposed funding of $1.35M p.a.). 165km needs resealing (this is top priority to avoid premature failure of pavements); 16km needs pavement rehabilitation / patching; 106km need edge grading or, in some cases, rehabilitation; 1.1km of causeways need rehabilitation. List of projects for coming year will be identified in Operational Plan. Higher traffic roads, pavements at greater risk of failure and safety issues will be prioritised first.
T2	**URBAN STREETS:** Estimate based on 2022 condition assessment. $9.3M of works identified to renew assets in poor condition (i.e. program will take 10 years to complete at proposed funding of $0.93M p.a.). 79km needs resealing; 21km needs shoulders and 15km needs kerb rehabilitated (centre of road OK) – much of this work needs to be done ahead of reseal program; 5km of pavements have already failed and need full rehabilitation (but generally, Council should focus on reseals first to avoid further costly pavement failures). Higher traffic streets and pavements at greater risk of failure will be prioritised first.
T3	**UNSEALED RURAL ROADS:** Estimate based on maintaining current allocation of $800k p.a. Service levels and priorities need review (higher traffic roads should be prioritised, with minimum service levels identified on lower traffic roads) as there is insufficient funds to meet community expectations.
T4	**LOCAL ROAD UPGRADES:** Estimate based on amount of external revenues (Financial Assistance Grant Local Roads component + Roads to Recovery grants) remaining after funding renewal works in programs T1-3. Matching grants will be secured where possible. Priorities will be based on Council's Long Term Road Improvement Program (LTRIP) which is to be reviewed by 2023.
T5	**REGIONAL ROADS:** Estimate based on ongoing grants (Block, REPAIR) less maintenance needs. Funds are adequate to meet renewal needs There is expected to be a small amount available from this for upgrades. Shoulder widening is a priority on some roads.
T6	**FOOTPATHS:** Estimate assumes the focus will be renewing existing footpaths with widening. Pedestrian and Cycling Strategy to be reviewed (this will inform upgrade priorities).
T7	**OTHER ROAD ASSETS:** Estimate allows for minor renewals and repairs. The inspection program for minor culverts is likely to identify the need for further renewal funding.
T8	**EARTHWORKS AND SUBBASE:** are non-depreciable, no renewal funding required.
	URBAN STORMWATER DRAINAGE
UD1	**RENEWAL PROGRAM:** Estimate for renewals is based on historic scale of failures only. As noted in the asset summary, a CCTV inspection program for a sample of the network is needed to assess the extent of problems and identify assets at risk of failure. While $175k p.a. is generated from the stormwater levy, this is all used on maintenance.
UD2	**UPGRADE PROGRAM:** No funding is available for upgrades to the network at present, but once the analysis of the network and development of a prioritised works program has been completed, funding for specific projects will be considered.
	BUILDINGS AND FACILITIES
	Note: projects have been identified for each program area (below) however these need further evaluation, including nominating timing in the 10 year program (some may be deemed a lower priority and so not required). At this stage, a consistent $460k p.a. has been estimated (being the total required over 10 years).
BF1	**ADMINISTRATION:** Refurbishment works including bathrooms, painting throughout, carpet, roof and air conditioning.
BF2	**AIRPORT:** Painting of aero clubhouse and 3 hangers.

	BUILDINGS AND FACILITIES (CON'T)
BF3	**COMMERCIAL:** Renovations at Tullamore Pool House & Medical Centre, Peak Hill Dr Surgery, Parkes Doctors House; Spicer Caravan Park amenities and residence, Old Tourist Info Centre and Generocity Church; renovations at 31 Dalton St (convert to Dr Surgery), air con, painting and renovations at 30 Welcome St (formerly Currajong Disability Services).
BF4	**COMMUNITY & CULTURE:** Air con replacement at Music & Drama Building, roof leak/lift at Rose St Community Centre (not included in renovations), external paint Peak Hill Arts & Crafts, light upgrade Coventry Room, paint/refurbish Girl Guides (crown land).
BF5	**DEPOTS:** Demolish old Peak Hill Storage Shed (not used) .
BF6	**LIBRARIES:** Renovations to Peak Hill Library (disabled access, subject to grant), demolish & replace Trundle Library
BF7	**PUBLIC TOILETS:** Refurbish or replace amenities at Spicer Oval, Parkes Cemetery, behind Leisure and Arts Centre and the following parks: Berryman, Woodward, Boulder Hill, Cooke, Armstrong, Church St, Harrison.
BF8	**SPORTS:** Harrison Park: reno clubroom, replace kiosk, Pioneer Oval: refurb corporate boxes, demolish gate house, Berryman Pk: demolish tennis clubhouse, Bushman Hill shelter: replace furniture, NorthParkes Oval: CCTV and amenities upgrade.
BF9	**SWIMMING POOLS:** Parkes Aquatic Centre: refurb amenities and entrance (grant funding as on Crown Land), Peak Hill pool: brickwork on shed.
BF10	**PLAYGROUNDS:** Establish 4 'destination' playgrounds (1 every 2 years, higher standard if grant funded @ $250k extra) at Kelly, Lions, Arboretum and Pac Parks; remove 8 non-compliant parks (potential risk) and replace with minor facilities, refurbish 13 other parks.
BF11	**OTHER OPEN SPACE** : BBQ replacements (20 total); Irrigation upgrades: move to auto systems; cricket wicket replacements; other minor open space facility renewals.
BF12	**SWIMMING POOLS:** Allowance for minor renewals (ongoing) plus refurbishments at Trundle, Tullamore, Peak Hill then Parkes pools (excludes buildings – see BF11).
BF13	**AIRPORT:** Average allowance for pavement, lighting, fencing (excl. buildings see BF2).
BF14	**LIBRARY RESOURCES:** Allowance for replacing / updating books and other resources.
	PLANT AND EQUIPMENT
PE1	**HEAVY PLANT + LIGHT VEHICLES** Heavy plant fleet (graders, backhoes, trucks) replacement program is planned to optimise productivity, reliability and whole of life costs; light vehicles planned to minimise operating costs.
PE2	**ICT & OFFICE EQUIPMENT:** Investment in equipment for productivity/efficiency.
	WASTE MANAGEMENT
WM1	**WASTE MANAGEMENT** New tip cell in 2023. Projects in future years, and other works required, to be included in next revision of Plan.

RENEWAL RATIO ANALYSIS

As discussed in section 5, the Asset Renewal Ratio is one of four infrastructure asset performance indicators councils must report on in their annual financial statements. The Ratio is calculated by dividing expenditure on asset renewals by annual depreciation expenses.

Depreciation is important in the context of financial and asset planning for several reasons:

- To understand, and account for, the long term costs of asset ownership.
- To quantify the cash Council should aim to generate from its operations to fund capital works (asset renewals) in the context of a balanced budget (see section 3.2 of the LTFP).
- To understand the scale of renewal needs over a given period relative to renewal needs over the entire life cycle of the asset (this is how it is used in the table below).

But depreciation is not useful as a performance benchmark for renewals over short timeframes, or when it is calculated across Council's asset portfolio as a whole (combining all asset classes).

The amount Council needs to spend renewing its assets depends on their condition. Renewal needs vary dramatically over time. This is best understood in relation to calculations for the renewal ratio over the next 10 years by asset program in the table below.

For example:

- A significant number of urban streets are in relatively poor condition, hence renewal needs are high (renewal ratio = 153%).
- The pavement at the airport (the major non-building asset at the facility) is in good condition, so renewal needs are relatively low (renewal ratio = 30%).

PROG#	PROGRAM	Renewal only (10yr)	Depreciation (1yr)	Renewal Ratio (10yr)	Replacement Cost
TR 1	Local sealed rural roads	13,500	1,150	117%	39.2
TR 2	Urban streets (local roads) inc. kerb	13,855	906	153%	42.7
TR 3	Unsealed rural roads	8,000	828	97%	21.7
TR 4	Local road upgrade program	9,300	N/A	N/A	N/A
TR 5	Regional roads	10,000	800	125%	34.6
TR 6	Footpaths	1,500	150	100%	11.8
TR 7	Other road assets (bridges, culverts guardrail, signs, shelters, furniture, etc.)	850	205	41%	20.8
TR 8	Earthworks & sub-base (non-depreciable)	-	N/A	N/A	258.0
TRANSPORT		57,005	4,039	141%	428.8
UD 1	Urban drainage renewals	2,500	240	104%	35.8
UD 2	Urban drainage upgrades	-	N/A	-	N/A
URBAN STORMWATER DRAINAGE		2,500	240	104%	35.8
	BUILDING SUBTOTAL (project timing TBC)	-	-	-	-
BF 11	Playgrounds (renew/upgrade/disposals)	1,460			
BF 10a	Additional parks renewals	1,350	900	47%	34.6
BF 12	Other open space + cemetery assets	1,460			
BF 13	Swimming pools (excl. buildings)	2,264	200	113%	8.8
BF 14	Airport (excl. buildings)	1,000	330	30%	15.3
BF 15	Library Resources	1,000	140	71%	1.0
BUILDINGS AND FACILITIES		14,519	2,424	60%	125.0
PE 1	Heavy plant and light vehicles	16,000	1,400	114%	23.7
PE 2	Office equipment and IT	2,432	270	90%	5.7
PLANT AND EQUIPMENT		18,737	1,670	112%	29.4
WM 1	Waste management	175			
WASTE MANAGEMENT		175			
TOTAL GENERAL FUND		92,761	8,373	111%	619.0

3.2 CAPITAL WORKS PROGRAM FOR WATER SUPPLY FUND

Council's water supply business is accounted for separate to 'general fund' (covering all other activities) as required by National Competition Policy and the NSW Local Government Act.

Use PROG# column code to refer to **Comments on Capital Works Program** and **Renewal Ratio Analysis** (Pg23).

CAPITAL WORKS PROGRAM

The capital works program for the water fund is shown below.

PROG.#	PROGRAM	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	10 YRS
WS1	**Water treatment**	-	-	-	-	-	-	-	-	-	2,000	2,000
WS2	**Bores and pumping**	-	720	900	40	400	200	50	-	-	200	2,510
WS3	**Pipelines and valves**	700	700	800	2,200	2,200	2,300	2,200	2,200	2,300	2,200	17,800
WS4	**Service reservoirs**	-	190	250	-	-	300	125	-	500	2,000	3,365
WS5	**Plant and equipment**	95	55	120	187	25	165	123	358	-	-	1,130
WS6	**Other (e.g. telemetry, meters, dams)**	545	130	30	280	30	130	80	430	30	350	2,035
WS7	**Parkes Water Security Project**	29,952	29,587	1,230	-	-	2,000	8,100	2,100	-	-	72,969
	WATER SUPPLY	31,292	31,383	3,330	2,707	2,655	5,095	10,678	5,088	2,830	6,750	101,809
RW1	**Recycled water renewals**	-	-	-	-	300	-	60	-	-	100	460
RW2	**Recycled water upgrades**	-	-	-	-	-	-	-	-	-	-	-
	RECYCLED WATER	-	-	-	-	300	-	60	-	-	100	460
TOTAL WATER FUND		31,292	31,383	3,330	2,707	2,955	5,095	10,738	5,088	2,830	6,850	102,269

COMMENTS ON CAPITAL WORKS PROGRAM

Individual projects will be identified in the Operational Plan (annual budget).

PROG#	WATER SUPPLY
WS1	**WATER TREATMENT:** demolition and repurposing of old treatment plant in 2032. No renewals of new plant required within 10 years (maintenance only).
WS2	**BORES AND PUMPING:** around 15 projects identified for the next 10 years, mostly focused on mechanical and electrical equipment, but also some civil works (buildings, etc.).
WS3	**PIPELINES AND VALVES:** forecast is an estimate only. Areas to focus on for renewals generally have been identified (key priorities for pipe renewals include the B-section and the gravity line from dam for Parkes) but specific sections to renew will be identified via the targeted condition assessment program (see improvement actions). This will also inform estimates of actual renewal needs over the next 10 years and beyond. Program also includes $300k p.a. in mains extensions (new pipes).
WS4	**SERVICE RESERVOIRS:** around 14 projects identified, renewal of existing reservoirs and decommissioning of 2 disused facilities.
WS5	**PLANT AND EQUIPMENT:** based on current condition of fleet and expected service life.
WS6	**OTHER (E.G. TELEMETRY, METERS, DAMS):** variety of projects including new services, safety upgrades, replacing telemetry, drinking water quality management, access roads to dams, rollout of smart meters. It is likely that funding for meters will need to be increased.
WS7	**PARKES WATER SECURITY PROJECT:** project includes ground + surface water pre-treatment and storage (grants and PSC funds secured, work in 2023-4) and pipeline duplication (grants still being pursued but budgeted to be done in 2023-4). Further project in 2028-30 is stage 2 of Parkes Water Treatment Plant (increasing capacity to cater for higher demand – timing will be subject to actual increases in demand).
	RECYCLED WATER
RW1	**RECYCLED WATER – RENEWALS:** renewal of UV and filters in treatment plant, end user controls.
RW2	**RECYCLED WATER – UPGRADES**

RENEWAL RATIO ANALYSIS

The Asset Renewal Ratio for the next 10 years is calculated in the table below. Refer to comments on issues with this ratio under general fund capital works above.

PROG#	PROGRAM	10 YEARS	Renewal only (10yr)	Depreciation (1yr)	Renewal Ratio (10yr)	Replacement Cost	Grants
WS1	Water treatment	2,000	-	878	0%	47.3	-
WS2	Bores and pumping	2,510	2,510	327	77%	14.8	-
WS3	Pipelines and valves	17,800	14,800	1,445	102%	114.2	-
WS4	Service reservoirs	3,365	3,365	242	139%	24.1	-
WS5	Plant and equipment	1,130	-	-	-	-	-
WS6	Other (e.g. telemetry, meters, dams)	2,035	2,035	238	86%	25.0	-
WS7	Parkes Water Security Project	72,969	-	-	-	-	49,796
	WATER SUPPLY	101,809	22,710	3,130	73%	225.4	49,796
RW1	Recycled water renewals	460	460	233	20%	14.4	-
RW2	Recycled water upgrades	-	-	-	-	-	-
	RECYCLED WATER	460	460	233	20%	14.4	
	TOTAL WATER FUND	102,269	23,170	3,363	69%	239.8	49,796

3.3 CAPITAL WORKS PROGRAM FOR SEWER FUND

Council's sewerage business is accounted for separate to 'general fund' (covering all other activities) as required by National Competition Policy and the NSW Local Government Act.

Use PROG# column code to refer to **Comments on Capital Works Program** and **Renewal Ratio Analysis** (Pg25).

CAPITAL WORKS PROGRAM

The capital works program for the sewer fund is shown below.

PROG#	PROGRAM	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	10 YEARS
S1	**Gravity pipelines and manholes**	925	891	525	375	675	1,975	1,975	1,975	2,975	1,975	14,266
S2	**Sewage pumping stations**	-	-	619	-	-	-	-	19	-	-	638
S3	**Sewage treatment plants**	-	-	-	200	-	-	660	1,100	-	-	1,960
S4	**Pressure sewers**	-	-	-	120	-	-	-	-	-	-	120
S5	**Rising mains**	-	-	-	-	-	-	-	-	-	-	-
S6	**Plant and Equipment**	-	-	76	-	-	-	-	35	-	-	111
S7	**Other (e.g. telemetry)**	400	80	-	-	-	-	-	-	-	-	480
	TOTAL SEWERAGE FUND	**1,325**	**971**	**1,220**	**695**	**675**	**1,975**	**2,635**	**3,129**	**2,975**	**1,975**	**17,575**

COMMENTS ON CAPITAL WORKS PROGRAM

Individual projects will be identified in the Operational Plan (annual budget).

PROG#	SEWERAGE
S1	**GRAVITY PIPELINES AND MANHOLES:** Projects include significant new works: $2.6M in mains construction and $3.3M in mains extensions. Renewal works include relining of pipes and rehabilitation of manholes to reduce inflow and infiltration, informed by CCTV inspections, focused on older areas. Investment is forecast to ramp up in the last 5 years (2028-2032).
S2	**SEWAGE PUMPING STATIONS:** emergency storage at Parkes, mono pump Peak Hill.
S3	**SEWAGE TREATMENT PLANTS:** renewals at Parkes STP, demolition/repurposing old STP.
S4	**PRESSURE SEWERS:** renewal of pumps at Trundle and Tullamore (average every 8 years).
S5	**RISING MAINS:** no projects identified.
S6	**PLANT AND EQUIPMENT:** based on current condition of fleet and expected service life.
S7	**OTHER (E.G. TELEMETRY):** Akuna wetlands rehabilitation, telemetry improvements.

RENEWAL RATIO ANALYSIS

The Asset Renewal Ratio for the next 10 years is calculated in the table below. Refer to comments on issues with this ratio under general fund capital works above.

PROG#	PROGRAM	10 YEARS	Renewal only (10yr)	Depreciation (1yr)	Renewal Ratio (10yr)	Replacement Cost	Grants (2024 on)
S1	**Gravity pipelines and manholes**	14,266	8,416	383	220%	41.2	-
S2	**Sewage pumping stations**	638	638	-	-	2.5	-
S3	**Sewage treatment plants**	1,960	1,960	-	-	42.7	--
S4	**Pressure sewers**	120	120	-		1.0	
S5	**Rising mains**	-	-	-	-	2.3	-
S6	**Plant and Equipment**	111	111	-	-	-	-
S7	**Other (e.g. telemetry)**	480	480	-	-	-	-
	TOTAL SEWERAGE FUND	**17,575**	**11,725**	**383**	**306%**	**89.7**	**-**

4 RISK MANAGEMENT

CRITICAL RISKS

CRITICAL RISKS

The table below summarises critical risks[7] associated with each of Council's asset classes and the management strategies Council has in place, or needs to implement, to manage these. Council's corporate risk register has considerable additional detail regarding these issues.

Where management strategies require additional funding to be implemented, this is noted. If the lack of funding gives rise to an 'unacceptable' level of risk, the funding required to implement the strategy will be included in calculations of infrastructure asset performance measures (section 5).

All the risks listed below are considered 'high'. As Council's risk management framework matures, further information on the actual risk ratings, and residual risks following implementation of management strategies, will be included in future revisions of this plan.

Asset-Related Risk	Management Strategy
TRANSPORT	
Insufficient investment in resealing (on sealed roads) leads to costly premature failure of underlying gravel pavements	• Condition assessment (inspections) undertaken; prioritised list of works prepared • Adequate funding of reseal program
Insufficient investment in table drain clearing on sealed and unsealed roads leads to costly premature failure of pavements	• Program of table drain clearing to be implemented and funded, with reporting on progress in Operational Plan
Insufficient investment in unsealed roads maintenance (grading) and capital works (gravel resheeting) results in rural properties being inaccessible	• Review of service levels on unsealed roads • Inspection program in place • Seeking grants to repair damage following natural disasters (flooding)
Transport infrastructure fails, leading to person and/or property damage	• Customer request system in place to respond to defects • Program to inspect all minor drainage culverts needs to be undertaken
URBAN STORMWATER DRAINAGE	
Drainage infrastructure fails, leading to person and/or property damage	• Undertake inspection program (start with CCTV inspection of a sample of urban drainage network), funding to fix problems
Drainage infrastructure has insufficient capacity to cater for storm event leading to person and/or property damage	• Develop prioritised list of upgrade projects and consider options for funding these
BUILDINGS AND FACILITIES	
Asset failure leads to person and/or property damage	• Inspection program in place for higher risk assets (playgrounds), customer request • Non-compliant playground equipment to be removed (refer capital works program) • Funding of capital works and maintenance • Maintenance program for electrical, fire safety and other issues
Exposure to asbestos in Council building	• Asbestos management plan in place
Drowning at swimming pool	• Provide appropriately trained staff • Commission audit by RLSA and act on issues
PLANT AND EQUIPMENT	
Plant or equipment failure leads to person and/or property damage	• Scheduled maintenance and inspection programs in place for plant and equipment • Funding of plant replacement program

7 Aligns with Statement of Financial Position in 2021 Financial Statements.

WATER SUPPLY	
Water supplied fails to comply with Australian Drinking Water Guidelines	• Drinking Water Quality Management System developed and implemented in accordance with NSW Health Guidelines
Resilience of the system is compromised through a mix of ageing infrastructure (trunk mains are breaking) and lack of storage capacity in service reservoirs (there is less than 48 hours peak summer storage available). As a consequence, failure in one element of the system (e.g. a pump failure) can means 2 weeks of 'catching up' to keep up with demand.	• $60M capital project (replace pipeline, additional storage 20ML storage reservoir at WTP – 48 hrs raw water storage) • Condition assessment of gravity line from dam • Upgrades to river line
Insufficient capacity to meet demand for major industrial user	• Upgrade project
Need for improve data on water usage and losses to inform future planning	• Meter replacement program • Water loss management system (funded by DPE)
Inadequate flow and or pressure in water pipelines, or inoperable fire hydrant, hampers firefighting efforts	• Pressure and flow analysis undertaken, system model develop, works to address the issues included in the capital works program • Preventative maintenance program to be developed and implemented (hydrants as well as valves)
Capability and capacity (technical staff, trades, engineers)	• Workforce Management Plan • Resourcing Plan
Health risks associated with recycled water	• Recycled Water Management System
Demand for recycled water exceeds supply – governance around allocations	• Policy to be developed
SEWERAGE	
Operational or asset failure results in effluent being discharged from Sewage Treatment Plant that fails to meet standards of Environmental Protection Licence	• SCADA and telemetry system in place to monitor processes and send alarms • Trained operators in place • Operational controls preventing immediate discharge • Preventative maintenance program to be developed and implemented • Pollution Incident Response Management Plan
Capability and capacity (technical staff, trades, engineers) with a particular gap in sewage pumping stations (several coming on line in the next few years)	• Workforce Management Plan • Resourcing Plan
Inflow and infiltration increasing flows and therefore capacity in the system (eventually may result in regulatory intervention if not actioned)	• Inflow and infiltration program
Operational or asset failure (e.g. pump station or pipeline) results in raw sewage being discharged to the environment	• Telemetry to monitor pump operations • Emergency response team • Preventative maintenance program to be developed and implemented • Develop and implement risk-based program of CCTV inspection and pipe relining • Develop and implement a program to rationalise and upgrade pump stations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5. INFRASTRUCTURE ASSET PERFORMANCE REPORTING

PERFORMANCE REPORTING

PERFORMANCE REPORTING

The Local Government Code of Accounting Practice and Financial Reporting prescribes several performance measures councils are required to report on in their annual financial statements.

The table below explains each one, and Council's approach to satisfying reporting requirements.

As discussed in section 6, the Asset Management Steering Group will prepare an annual State of the Shire Infrastructure Report, addressing these and related issues to support mandatory reporting.

Measure	Calculation	Application for PSC
Building and infrastructure asset renewals ratio	Expenditure on renewal of all existing assets divided by annual depreciation (benchmark > 100%, averaged over 3 years)	• As discussed in section 3, Council doesn't consider the renewals ratio to be an appropriate performance measure. • Council will however, monitor and report on its progress with implementing the forecast capital works it has determined it needs to undertake (section 3) and continue to refine estimates for future renewal needs (informed by improvement actions in section 6).
Infrastructure backlog ratio	'Cost to bring assets to satisfactory condition' (renewal works only) to net carrying amount (benchmark < 2%)	• Council will limit the backlog to the cost to undertake renewal works that, if not done, give rise to an unacceptable level of risk as assessed in accordance with its Risk Management Framework. • 'High risk' issues where a backlog is anticipated to be reported include the following: – Resealing of sealed roads (to avoid costly premature failure of underlying pavements) – Resheeting of unsealed (gravel) roads where the road may become impassable – Removal/replacement of non-compliant playground equipment.
Asset maintenance ratio	'Actual' maintenance divided by 'required' maintenance (benchmark > 100%)	• Council will only report a shortfall in maintenance spending if the work that was not done due to inadequate funding gives rise to an unacceptable level of risk as assessed in accordance with its Risk Management Framework. • 'High risk' issues where a shortfall in maintenance funding is anticipated to be reported (to fund the management strategies identified the table in section 4) include: • clearing of table drains on sealed and unsealed roads to avoid premature pavement failure • programs to inspect the urban drainage network as well as minor culverts on rural roads and to identify potential failures and address these
Cost to bring assets to agreed level of service	'Cost to bring assets to agreed level of service' divided by gross replacement cost (no benchmark set)	• At this stage, Council has not undertaken sufficient analysis of current service levels or the funding required to deliver alternative service levels, and then engaged the community about these and their willingness to pay for higher levels of service (if required) to report in a meaningful way against the cost to bring assets to agreed level of service. • This is identified in section 6 as an improvement action. Examples of the issues to be investigated include: – service levels on unsealed roads (e.g. gravel resheeting frequencies) – service levels on sealed roads (e.g. the condition pavement reaches before rehabilitation). • At this stage, Council considers that the service levels that are 'agreed' are what Council can afford to deliver provided that the risks associated with these assets are 'acceptable'. • As such, Council will simply report the 'cost to bring assets to agreed level of service' equal to 'backlog' at this stage.

6. ASSET MANAGEMENT SYSTEM AND IMPROVEMENT ACTIONS

ASSET MANAGEMENT

APPENDIX 1

APPENDIX 2

ASSET MANAGEMENT POLICY

Council's **Asset Management Policy** documents its commitment to:

- Providing the best possible value from its infrastructure assets.
- Implementing an asset management (AM) system that reflects best practice (the international standard, ISO 55001:2014) to support the achievement of this objective.
- Continuously improving the AM system and so its AM capability.
- Establishing an Asset Management Steering Group to keep the AM system under review and report to Council and the Audit, Risk and Improvement Committee regarding AM generally, and to Council's Roads Committee regarding transport-related AM issues.

Actions to improve Council's AM capability are summarised in Appendix 2. These were identified during the development of this SAMP and an assessment against the National Asset Management Assessment Framework (NAMAF) undertaken in conjunction with other Central West JO councils.

Council intends to formally assess its AM capability against ISO 55001 as a catalyst for continuous improvement, but the actions below are deemed fundamental, and will take significant resources and commitment already, so a formal assessment against ISO will not be progressed at this time.

Perhaps the most fundamental issue is the need for a stronger governance framework, in particular the establishment of the Asset Management Steering Group. This was arguably the biggest gap in maturity identified in the NAMAF assessment. The **Terms of Reference for the Asset Management Steering Group** are included in Appendix 1.

The Steering Group will monitor and report on progress with improvement actions (as per the Terms of Reference), but some actions may also be included in the Operational Plan, where appropriate.

APPENDIX 1: TERMS OF REFERENCE FOR ASSET MANAGEMENT STEERING GROUP

Purpose

The General Manager has established the Asset Management Steering Group (AMSG) to monitor and review the implementation and improvement of the Asset Management (AM) system to ensure Council's AM objectives, as defined in the AM Policy, are met.

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

Membership

- Directors of Operations and Infrastructure; Chief Financial Officer
- Executive Managers of Operations, Technical Services, Water Engineering and Corporate Services; other staff as required

Agenda Items

Standard agenda items will include the following:

- Progress with improvement action plan (Appendix 2 of SAMP).
- Problems or potential problems identified with Council's assets or AM system; actions to correct or prevent these; progress on actions taken.
- Adequacy of resourcing of AM activities and clarity of roles.
- Integration with Council's risk management system.
- Proposed changes to AM system and assessment of associated risks .
- Proposed outsourcing of AM activities, controls and monitoring required.

Each year, the AMSG will undertake a review of the AM system and Improvement Action Plan when updating the SAMP (usually, February/March) and endorse a new Action Plan.

Each year, the AMSG will prepare a 'State of Shire Infrastructure Assets' Report to support mandatory reporting in the annual financial statements (usually, October). This will include:

- Issues of note from last year's capital works program (note: GPAC monitors capital works monthly, the focus here is the annual program delivery).
- Delivery of last year's maintenance program.
- Details of specific risks included in reporting on the renewal 'backlog' and shortfall in maintenance funding ('required maintenance').
- How these risks have informed the current year's capital works program as well as key maintenance activities, and any other issues of note.

Distribution of Minutes

Minutes of the AMSG will be tabled for information at meetings of Senior Staff and the Audit, Risk and Improvement Committee.

APPENDIX 2: ASSET MANAGEMENT IMPROVEMENT ACTION PLAN

The actions identified below in relation to particular asset classes are generally an expanded version of the objectives identified in the 'asset class summaries' in section 2.

REF	IMPROVEMENT ACTION	WHO	WHEN
GENERAL			
G1	Establish Asset Management Steering Group, monthly report to Senior Staff; progress reporting to Audit, Risk and Improvement Committee	Asset Management Steering Group	Monthly meeting
G2	Establish 'State of the Shire Infrastructure' report to supplement mandatory reporting on assets in annual financial statements including details regarding backlog (high risk assets needing renewal), progress with capital program and shortfall in funding for maintenance (if any)	Asset Management Steering Group	Report to Council October each year
G3	Review the adequacy of current definitions for responsibilities for asset management across Council and prepare a plan to improve this	Asset Management Steering Group	End of 2022
G4	Review and improve capital works process from start to finish	Asset Management Steering Group	End of 2022
G5	Review structure of asset data in Tech1, align to capital works programs	Asset Management Steering Group	End of 2023
G6	Improve understanding of current service levels to inform reporting on 'agreed level of service' and future deliberations to balance the budget	Asset Management Steering Group	End of 2023
G7	Review of depreciation expenses as part of revaluation processes	Asset Management Steering Group	Ongoing
TRANSPORT			
T1	Progress the sealed roads renewal program: further ground-truthing of identified projects, assess the urgency of works (i.e. what should be considered 'backlog'? e.g. do some reseals need completing earlier?), review of work methods and unit rates for proposed works, monitor progress with program, review best format to manage the data, report to Council on a project list to publish (with road names, etc.)	Executive Manager Operations	Review by Dec 22 then ongoing
T2	Review of long term road improvement plan: review road hierarchy including identification of key freight routes throughout the Shire based on current strategies, define target standards for each class of road, prioritisation criteria for projects, longer-term works program (based on assumed funding availability and unit rates for required works)	Executive Manager Operations	Report to Council by June 2023
T3	Review service levels for the unsealed network: review road hierarchy, resourcing required to deliver the 'basic' level of service (e.g. grading + table drain clearing), extent of 'gravel' versus 'formed' network, data collection and reporting, reactive versus proactive programming and prioritisation criteria for gravel resheeting; define service levels for reporting in the Delivery Program in future years	Executive Manager Operations	Report to Council by June 2023

TRANSPORT (CON'T)			
T4	Develop program for table drain clearing on all roads: consider ability to fund this within current budgets, timeframes and objectives (i.e. to complete full network, plus ongoing after that), work methods, etc.	Executive Manager Operations	Report to Council by June 2023
T5	Develop program for inspecting minor culverts on all roads: consider ability to fund this within current budgets, timeframes, data collection method (including update of asset register), etc.	Executive Manager Operations	Report to Council by June 2023
T6	Develop a plan to move asset data across to longer segments while still satisfying financial reporting requirements for assets	Executive Manager Operations	For next revaluation
T7	Develop a prioritised plan for footpath upgrades drawing on Active Transport Strategy, but also incorporating asset renewals and widening of existing paths; consider objectives / timing in light of available funds	Executive Manager Operations	Report to Council by June 2023
URBAN DRAINAGE			
U1	Develop CCTV program for sampling say 5% of the network (focusing on areas more likely to be in poor condition) and implement within budget	Executive Manager Operations	By 2024
U2	Finalise analysis of urban drainage capacity issues and develop a prioritised works program for consideration by Council.	Executive Manager Operations	By 2023
BUILDINGS AND FACILITIES			
BF1	Review Council's property portfolio, identify assets for disposal and/or consolidation and prepare a report for consideration by Council that aligns such works with upgrades, renewals and other projects	Facilities Manager	June 2023, report to Council
BF2	Develop a Playgrounds Strategy for consideration by Council to address non-compliant sites, potentially by removing some minor facilities while investing more in several 'district' facilities	Executive Manager Operations	June 2023, report to Council
BF3	Review provision of cricket wickets across the Shire and best approach to provide these facilities	Executive Manager Operations	June 2023, report to Council
BF4	Develop and implement a program to better automate irrigation and also reduce demand on potable water supplies	Executive Manager Operations	June 2023, report to Council
BF5	Identify further actions for pools, airport, cemetery and other facilities		
WATER SUPPLY			
W1	Progress the targeted condition assessment program for pipelines and review forecasts for renewal needs	Executive Manager Water Engineering	Ongoing
W2	Refine demand estimates as information becomes available	Executive Manager Water Engineering	Ongoing
W3	Implement hydrant and valve exercise, maintain and renew program	Executive Manager Water Engineering	Ongoing
SEWERAGE			
S1	Progress the inflow and infiltration program, including clarification of pipelines that are already relined in Tech 1.	Executive Manager Water Engineering	Ongoing

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It all adds up.