

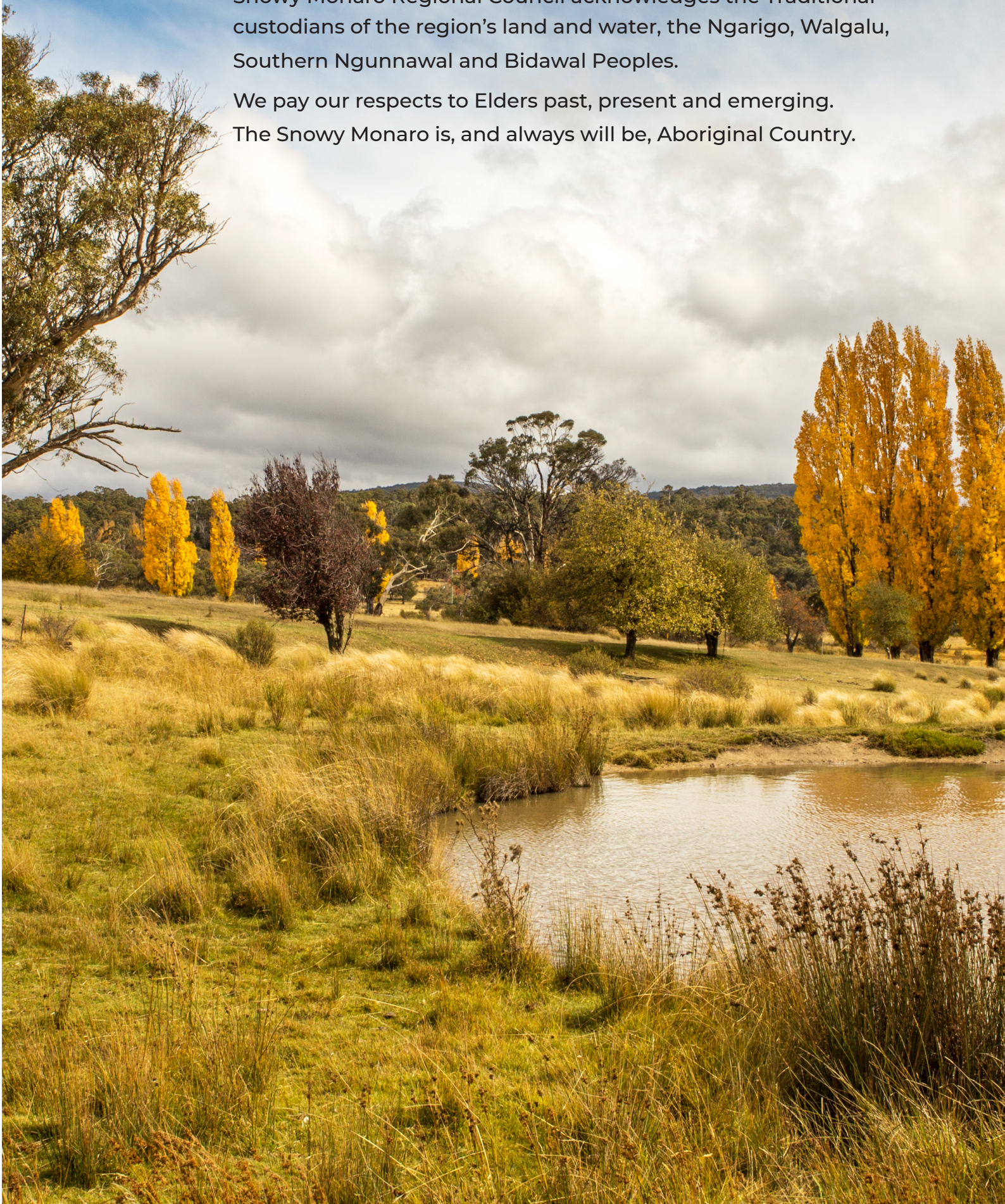
ASSET MANAGEMENT PLAN
OPEN SPACE AND RECREATION
2022 - 2032



Acknowledgement of Country

Snowy Monaro Regional Council acknowledges the Traditional custodians of the region's land and water, the Ngarigo, Walgalu, Southern Ngunnawal and Bidawal Peoples.

We pay our respects to Elders past, present and emerging.
The Snowy Monaro is, and always will be, Aboriginal Country.



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1.0 EXECUTIVE SUMMARY

1.1 The Purpose of the Plan

This Asset Management Plan (AMP) details information about infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide over the ten year planning period. The AMP will link to a Long-Term Financial Plan which typically considers a 10-year planning period.

1.2 Asset Description

This plan covers the infrastructure assets that provide Open Space & Recreation services.

The Open Space & Recreation network comprises:

- Over 30 parks, reserves and playgrounds
- 10 Swimming Pools at 5 locations
- 5 Skate parks
- 147 items of play and exercise equipment
- 29 sporting facilities or assets
- 60 seats and benches
- 57 picnic tables
- 28 barbeques
- 1 conversation pit

The above infrastructure assets have replacement value estimated at \$56,210,000.

1.3 Levels of Service

The allocation in the planned budget is insufficient to continue providing existing services at current levels for the planning period.

At time of writing this plan, Council is in the process of community consultation on a number of proposed funding scenarios which will have impact on future budgets. The outcome of these consultations will be incorporated into future revisions of this plan.

1.4 Future Demand

The factors influencing future demand and the impacts they have on service delivery are created by:

- Changes in population
- Changes in demographics
- Changed tourist visitation patterns

These demands will be approached using a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures.

1.5 Lifecycle Management Plan

1.5.1 What does it Cost?

The forecast lifecycle costs necessary to provide the services covered by this AMP includes operation, maintenance, renewal, acquisition, and disposal of assets. Although the AMP may be prepared for a range of time periods, it typically informs a Long-Term Financial Planning period of 10 years. Therefore, a summary output from the AMP is the forecast of 10 year total outlays, which for the Open Space & Recreation service is estimated as \$18,978,230 or \$1,897,823 on average per year.

1.6 Financial Summary

1.6.1 What we will do

Estimated available funding for the 10 year period is \$3,505,232 or \$350,523 on average per year as per the Long-Term Financial plan or Planned Budget. This is 18% of the cost to sustain the current level of service at the lowest lifecycle cost.

The infrastructure reality is that only what is funded in the long-term financial plan can be provided. The Informed decision making depends on the AMP emphasising the consequences of Planned Budgets on the service levels provided and risks.

The anticipated Planned Budget for [Enter Asset Group] leaves a shortfall of \$-1,547,300 on average per year of the forecast lifecycle costs required to provide services in the AMP compared with the Planned Budget currently included in the Long-Term Financial Plan. This is shown in the figure below.

Forecast Lifecycle Costs and Planned Budgets

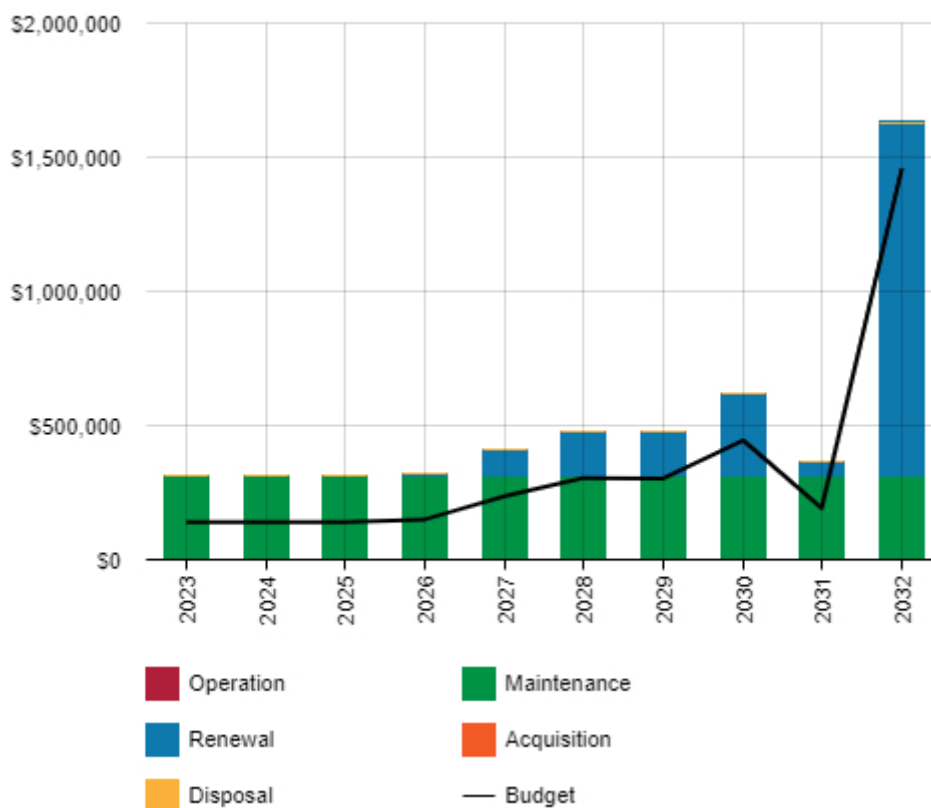


Figure Values are in current dollars.

We plan to provide Open Space & Recreation services for the following:

- Operation, maintenance, renewal and acquisition of assets to meet service levels set by Council in annual budgets.

1.7 Asset Management Planning Practices

Key assumptions made in this AMP are:

- The assets will remain in the organisations ownership and control throughout the planning period
- Planned and reactive maintenance will take place in accordance with relevant guidelines/standards
- All expenditure is stated in 2021/22 dollar values
- Regulations and standards relating to operations will remain unchanged over the planning period

Assets requiring renewal are identified from either the asset register or an alternative method.

- The timing of capital renewals based on the asset register is applied by adding the useful life to the year of acquisition or year of last renewal,
- Alternatively, an estimate of renewal lifecycle costs is projected from external condition modelling systems and may be supplemented with, or based on, expert knowledge.

The Asset Register Method was used to forecast the renewal lifecycle costs for this AMP.

This AMP is based on a reliable level of confidence information.

1.8 Monitoring and Improvement Program

The next steps resulting from this AMP to improve asset management practices are:

- Continue to review accuracy and currency of asset registers
- Separate identification and recording of operating costs
- Improve linking of customer requests to asset record
- Progress asset management maturity level from 'Core' to 'Advanced'

2.0 INTRODUCTION

2.1 Background

This AMP communicates the requirements for the sustainable delivery of services through management of assets, compliance with regulatory requirements, and required funding to provide the appropriate levels of service over the planning period.

The AMP is to be read with the Snowy Monaro Regional Council planning documents. This should include the Asset Management Policy and Asset Management Strategy, where developed, along with other key planning documents:

- Asset Management Policy
- Asset Management Strategy

The infrastructure assets covered by this AMP include a variety of asset types. For a detailed summary of the assets covered in this AMP refer to Table in Section 5.

These assets are used to provide recreational services.

The infrastructure assets included in this plan have a total replacement value of \$56,210,000.

2.2 Goals and Objectives of Asset Ownership

Our goal for managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Linking to a Long-Term Financial Plan which identifies required, affordable forecast costs and how it will be allocated.

Key elements of the planning framework are

- Levels of service – specifies the services and levels of service to be provided,
- Risk Management,
- Future demand – how this will impact on future service delivery and how this is to be met,
- Lifecycle management – how to manage its existing and future assets to provide defined levels of service,
- Financial summary – what funds are required to provide the defined services,
- Asset management practices – how we manage provision of the services,
- Monitoring – how the plan will be monitored to ensure objectives are met,
- Asset management improvement plan – how we increase asset management maturity.

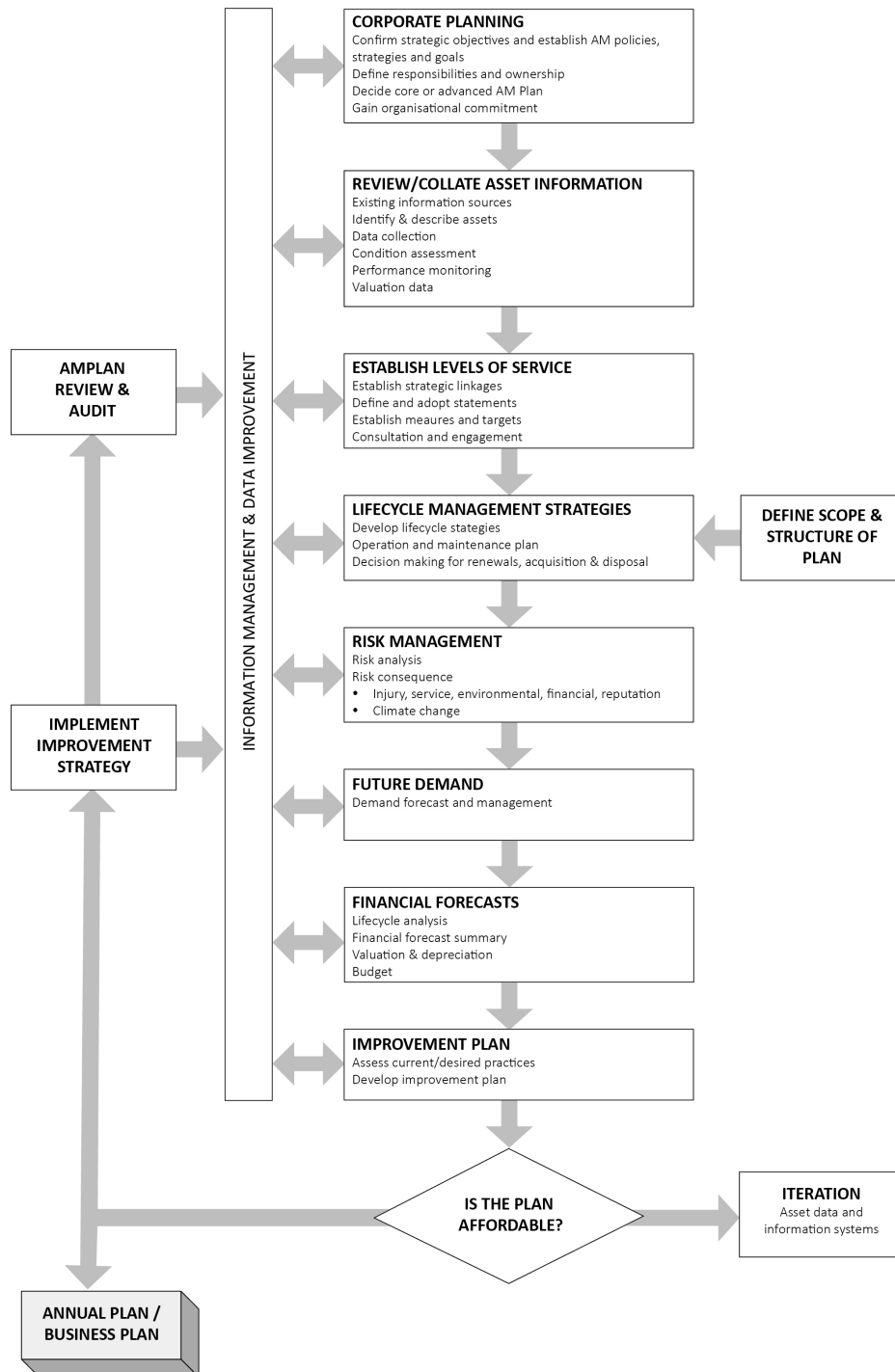
Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 ¹
- ISO 55000²

A road map for preparing an AMP is shown below.

Road Map for preparing an Asset Management Plan

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11



¹ Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

² ISO 55000 Overview, principles and terminology

3.0 LEVELS OF SERVICE

3.1 Customer Research and Expectations

This AMP is prepared to facilitate consultation prior to adoption of levels of service by the Snowy Monaro Regional Council. Future revisions of the AMP will incorporate customer consultation on service levels and costs of providing the service. This will assist the Snowy Monaro Regional Council and stakeholders in matching the level of service required, service risks and consequences with the customer’s ability and willingness to pay for the service.

3.2 Strategic and Corporate Goals

This AMP is prepared under the direction of the Snowy Monaro Regional Council vision, mission, goals and objectives.

Our vision is:

The Snowy Monaro Region is a welcoming diverse and inclusive community where everyone can belong, participate, and work together. Our natural environment and heritage is preserved and enhanced for future generations.

The region offers a fulfilling quality lifestyle and is a place of opportunity, with education, training and economic opportunities for people of all ages and backgrounds.

Strategic goals have been set by the Snowy Monaro Regional Council. The relevant goals and objectives and how these are addressed in this AMP are summarised in Table 3.2.

Table 3.2: Goals and how these are addressed in this Plan

Objectives	How Goal and Objectives are addressed in the AMP
<p>4.1 Our health is supported by fit for purpose infrastructure</p> <p>4.4 We have in place infrastructure that supports our lifestyles</p>	<ul style="list-style-type: none"> • By developing long term works programs and projecting expenditure required to implement these programs. • By minimising the required physical and monetary resources through focussing on “whole-of-lifecycle” costs • By optimising maintenance works so that the desired outcomes are delivered at the least possible cost • By coordinating with other departments when planning and scheduling maintenance and capital works programmes, to ensure minimum impact on visual amenity

3.3 Legislative Requirements

There are many legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of the Recreation Service are outlined in Table 3.3.

Table 3.3: Legislative Requirements

Legislation	Requirement
Local Government Act 1993	<p>Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.</p> <p>Amended in 2009 by the Local Government Amendment (Planning and Reporting) Act 2009, to incorporate the Integrated Planning & Reporting framework.</p>
Disability Discriminations Act, 1992	<p>The Federal Disability Discrimination Act 1992 (D.D.A.) provides protection for everyone in Australia against discrimination based on disability. It encourages everyone to be involved in implementing the Act and to share in the overall benefits to the community and the economy that flow from participation by the widest range of people. (a) to eliminate, as far as possible, discrimination against persons on the ground of disability in the areas of: (i) work, accommodation, education, access to premises, clubs and sport; and (ii) the provision of goods, facilities, services and land; and (iii) existing laws; and (iv) the administration of Commonwealth laws and programs; and (b) to ensure, as far as practicable, that persons with disabilities have the same rights to equality before the law as the rest of the community; and to promote recognition and acceptance within the community of the principle that persons with disabilities have the same fundamental rights as the rest of the community.</p>
Work Health & Safety Act 2011	<p>Sets out roles and responsibilities to secure the health, safety and welfare of persons at work and covering injury management, emphasising rehabilitation of workers particularly for return to work. Council is to provide a safe working environment and supply equipment to ensure safety.</p>
Crown Lands Act, 2016	<p>An Act to provide for the ownership, use and management of the Crown land of New South Wales and provide clarity concerning the law applicable to Crown land..</p>

3.4 Levels of Service

Council's current service levels are detailed in Tables 3.4

Table 3.4: Levels of Service – Open Space & Recreation

Level of Service	Measure	Current Performance
COMMUNITY LEVELS OF SERVICE		
Maintain high priority, high use parks, sporting facilities and other grounds	Facilities are maintained and available 80% of the time	To be determined
	Mean satisfaction score within Annual Community Satisfaction Survey >3.61	To be determined
Maintain amenities throughout the region	80% of Council provided amenities are clean and available within scheduled opening times	To be determined
	Mean satisfaction score within Annual Community Satisfaction Survey >3.33	To be determined
TECHNICAL LEVELS OF SERVICE		
Will be developed in future versions of this plan		

It is important to monitor the service levels regularly as circumstances can and do change. Current performance is based on existing resource provision and work efficiencies. It is acknowledged changing circumstances such as technology and customer priorities will change over time.

4.0 FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented.

4.3 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

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

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AMP.

Table 4.3: Demand Management Plan

Demand driver	Current position	Projection	Impact on services	Demand Management Plan
Population	21,207	1% growth per annum	Minimal impact on demand for services	NA

4.4 Asset Programs to meet demand

The new assets required to meet demand may be acquired, donated or constructed. Additional assets are discussed in Section 5.4.

Acquiring new assets will commit the Snowy Monaro Regional Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the long-term financial plan (Refer to Section 5).

5.0 LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the Snowy Monaro Regional Council plans to manage and operate the assets at the agreed levels of service (Refer to Section 3) while managing life cycle costs.

5.1 Background Data

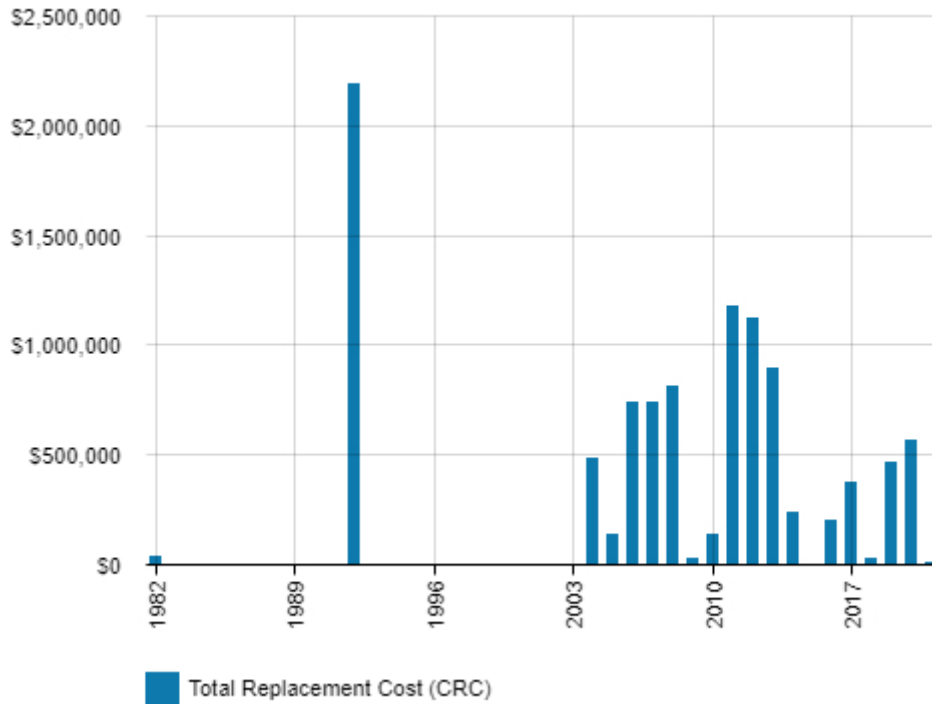
5.1.1 Physical parameters

The assets covered by this AMP are shown in Table 5.1.1.

The age profile of the assets included in this AMP are shown in Figure 5.1.1.

Table 5.1.1: Assets covered by this Plan

Asset Category	Dimension	Replacement Value
Swimming Pools	10	\$50,000,000
Skate Parks	5	\$2,261,765
Exercise & Play Stations	147	\$1,438,616
Sports equipment/assets	29	\$2,219,853
Picnic tables, benches and seats	117	\$134,230
Barbeques	28	\$149,740
TOTAL		\$56,204,204



All figure values are shown in current day dollars.

Add discussion about the age asset profile. Outline how past peaks of investment that may require peaks in renewals in the future. Comment on the overall age versus useful lives of the assets.

5.1.2 Asset capacity and performance

Assets are generally provided to meet design standards where these are available. However, there is insufficient resources to address all known deficiencies. Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency
	None currently identified

5.1.3 Asset condition

Condition is measured using a 1 – 5 grading system³ as detailed in Table 5.1.3. It is important that a consistent approach is used in reporting asset performance enabling effective decision support. A finer grading system may be used at a more specific level, however, for reporting in the AMP results are translated to a 1 – 5 grading scale for ease of communication.

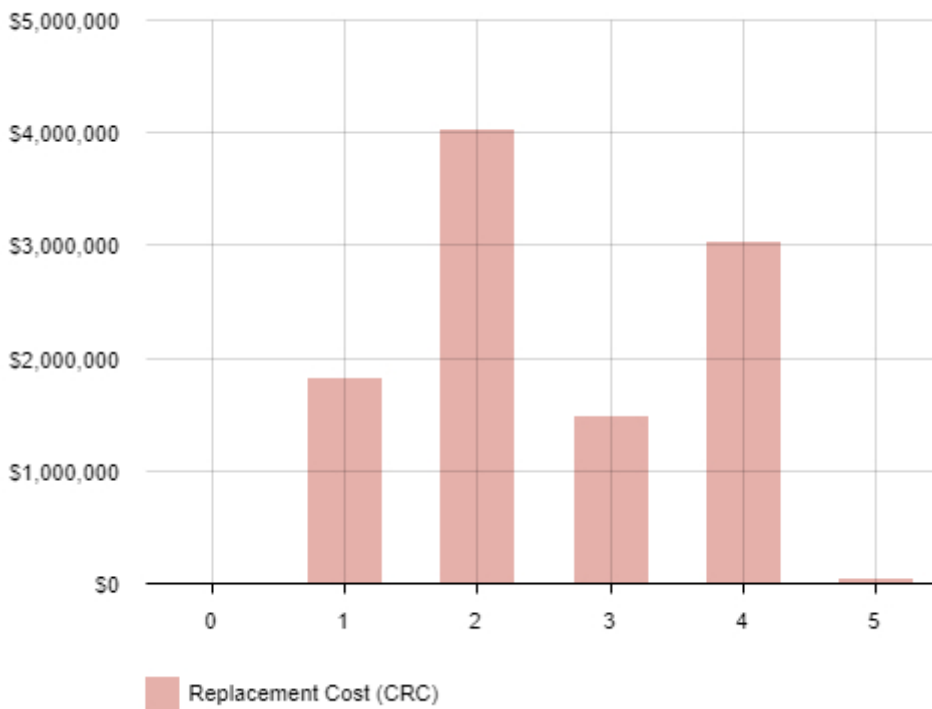
³ IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.

Table 5.1.3: Condition Grading System

Condition Grading	Description of Condition
1	Very Good: free of defects, only planned and/or routine maintenance required
2	Good: minor defects, increasing maintenance required plus planned maintenance
3	Fair: defects requiring regular and/or significant maintenance to reinstate service
4	Poor: significant defects, higher order cost intervention likely
5	Very Poor: physically unsound and/or beyond rehabilitation, immediate action required

The condition profile of our assets is shown in Figure 5.1.3.

Figure 5.1.3: Asset Condition Profile



All figure values are shown in current day dollars.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical operational activities include cleaning, street sweeping, asset inspection, and utility costs.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating. Examples of typical maintenance activities include pipe repairs, asphalt patching, and equipment repairs.

The trend in maintenance budgets are shown in Table 5.2.1.

Table 5.2.1: Maintenance Budget Trends

Year	Maintenance Budget \$
2017/18	\$177,000
2018/19	\$113,000
2019/20	\$128,000

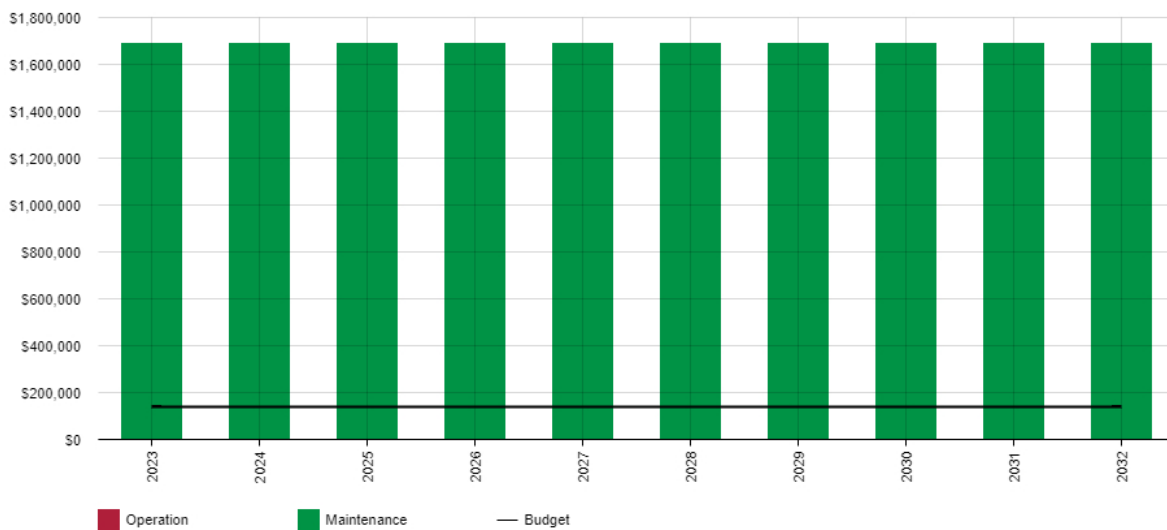
Maintenance budget levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance budget allocations are such that they will result in a lesser level of service, the service consequences and service risks have been identified and are highlighted in this AMP and service risks considered in the Infrastructure Risk Management Plan.

Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement.

Summary of forecast operations and maintenance costs

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed of the forecast operation and maintenance costs are expected to decrease. Figure 5.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.

Figure 5.2: Operations and Maintenance Summary



All figure values are shown in current day dollars.

5.3 Renewal Plan

Renewal is major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs.

Assets requiring renewal are identified from one of two approaches in the Lifecycle Model.

- The first method uses Asset Register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year), or
- The second method uses an alternative approach to estimate the timing and cost of forecast renewal work (i.e. condition modelling system, staff judgement, average network renewals, or other).

The typical useful lives of assets used to develop projected asset renewal forecasts are shown in Table 5.3. Asset useful lives were last reviewed on 26 July 2021.

Table 5.3: Useful Lives of Assets

Asset (Sub)Category	Useful life
Swimming pools	50 years
Skate parks	50 years
Exercise/play equipment	25 years
Picnic tables, seats, benches	20 years
Sporting assets	20 years
Barbeques	10 years

The estimates for renewals in this AMP were based on the asset register method.

5.3.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. condition of a playground).⁴

It is possible to prioritise renewals by identifying assets or asset groups that:

- Have a high consequence of failure,
- Have high use and subsequent impact on users would be significant,
- Have higher than expected operational or maintenance costs, and
- Have potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.⁵

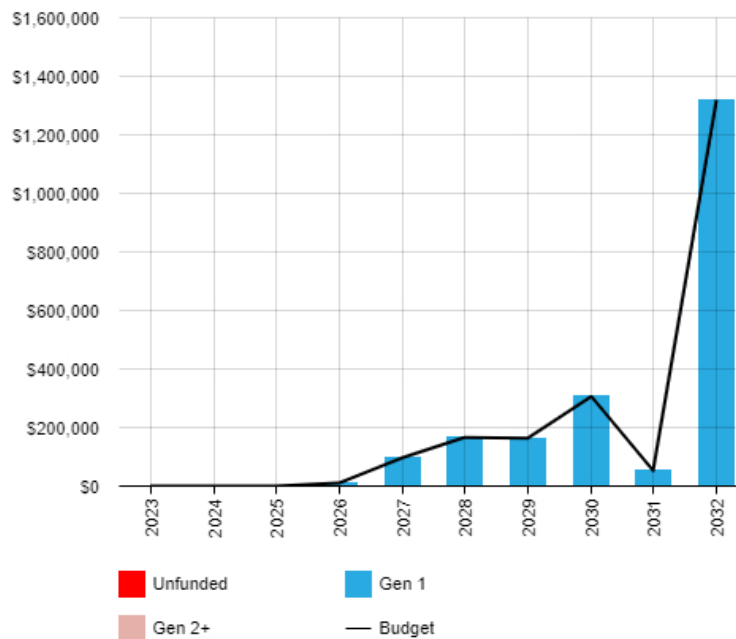
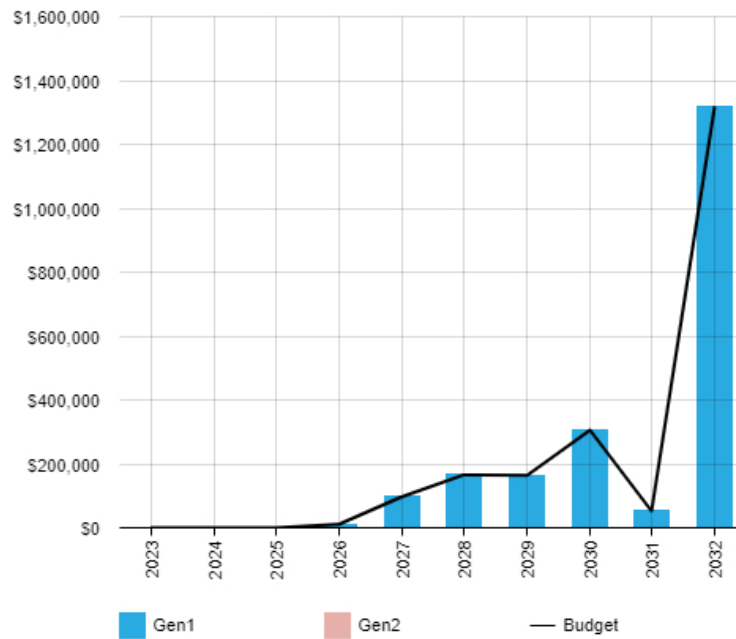
5.4 Summary of future renewal costs

Forecast renewal costs are projected to increase over time if the asset stock increases. The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 5.4.1. A detailed summary of the forecast renewal costs is shown in Appendix D.

Figure 5.4.1: Forecast Renewal Costs

⁴ IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

⁵ Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.



All figure values are shown in current day dollars.

5.5 Acquisition Plan

Acquisition reflects are new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the Snowy Monaro Regional Council.

5.5.1 Selection criteria

Proposed acquisition of new assets, and upgrade of existing assets, are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the Entities needs. Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.5.1.

Table 5.5.1: Acquired Assets Priority Ranking Criteria

Criteria	Weighting
To be determined	To be determined

Summary of future asset acquisition costs

No assets are forecast to be acquired in the planning period.

When an Entity commits to new assets, they must be prepared to fund future operations, maintenance and renewal costs. They must also account for future depreciation when reviewing long term sustainability. When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the acquired assets being taken on by the Entity.

Expenditure on new assets and services in the capital works program will be accommodated in the long-term financial plan, but only to the extent that there is available funding.

5.6 Disposal Plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6. A summary of the disposal costs and estimated reductions in annual operations and maintenance of disposing of the assets are also outlined in Table 5.6. Any costs or revenue gained from asset disposals is included in the long-term financial plan.

Table 5.6: Assets Identified for Disposal

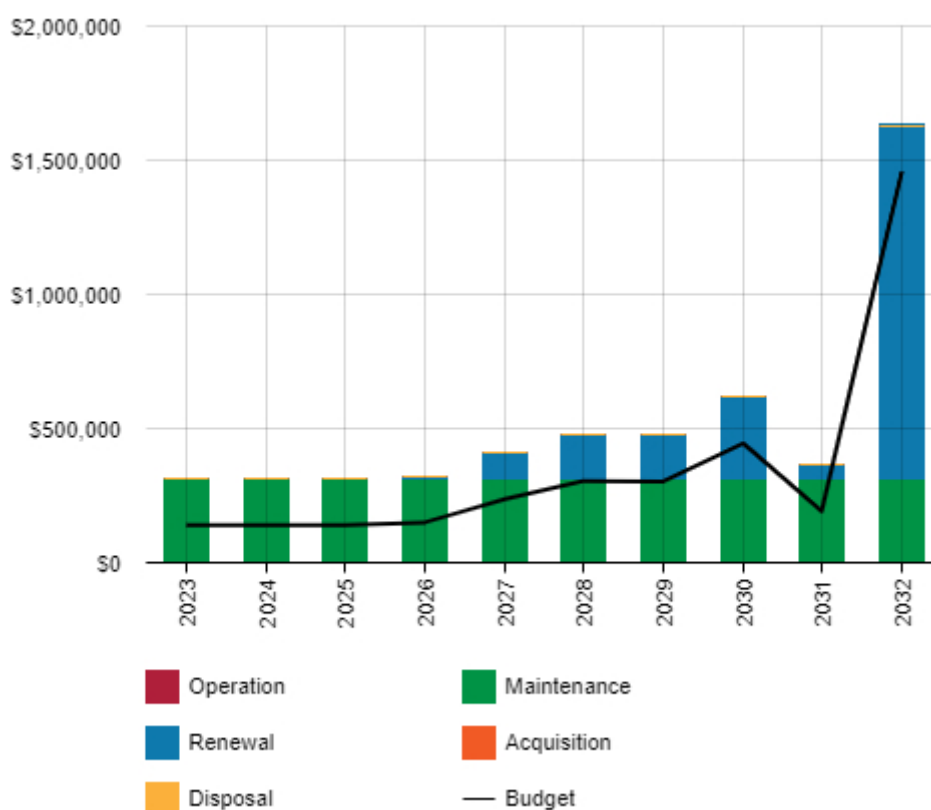
Asset	Reason for Disposal	Timing	Disposal Costs	Operations & Maintenance Annual Savings
No assets currently identified for disposal				

5.7 Summary of asset forecast costs

The financial projections from this asset plan are shown in Figure 5.7.1. These projections include forecast costs for acquisition, operation, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

Figure 5.7.1: Lifecycle Summary



All figure values are shown in current day dollars.

6.0 RISK MANAGEMENT PLANNING

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

Risk Management is defined in ISO 31000:2018 as: ‘coordinated activities to direct and control with regard to risk’⁶.

An assessment of risks⁷ associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

⁶ ISO 31000:2009, p 2

⁷ REPLACE with Reference to the Corporate or Infrastructure Risk Management Plan as the footnote

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are summarised in Table 6.1. Failure modes may include physical failure, collapse or essential service interruption.

Table 6.1 Critical Assets

Critical Asset(s)	Failure Mode	Impact
None currently identified		

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

6.2 Risk Assessment

The risk management process used is shown in Figure 6.2 below.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

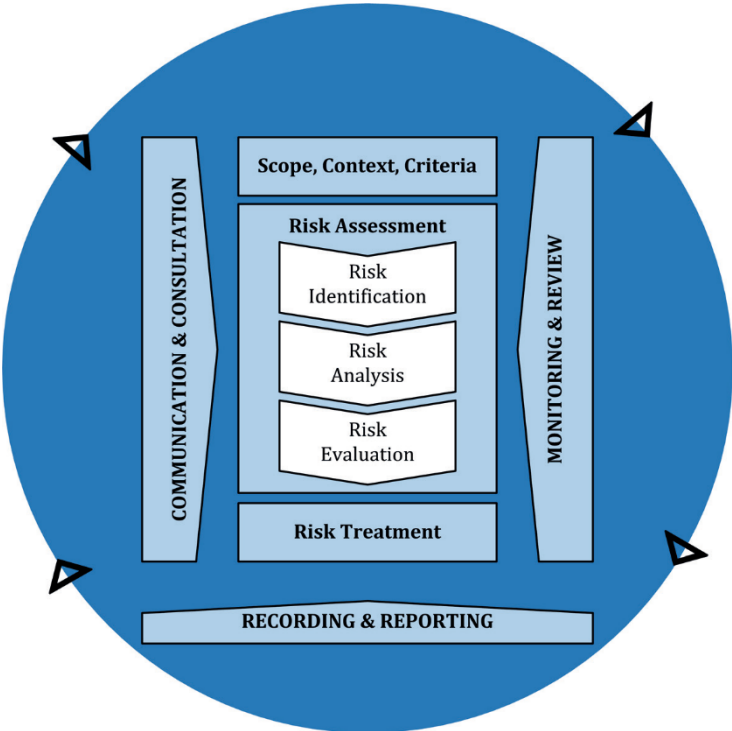


Fig 6.2 Risk Management Process – Abridged
 Source: ISO 31000:2018, Figure 1, p9

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

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences.

Critical risks are those assessed with ‘Very High’ (requiring immediate corrective action) and ‘High’ (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and Snowy Monaro Regional Council.

Table 6.2: Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Will be identified in future revisions of this plan	NA	NA	NA	NA	NA

6.3 Infrastructure Resilience Approach

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

Resilience recovery planning, financial capacity, climate change risk assessment and crisis leadership.

We do not currently measure our resilience in service delivery. This will be included in future iterations of the AMP.

7.0 FINANCIAL SUMMARY

This section contains the financial requirements resulting from the information presented in the previous sections of this AMP. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

7.1 Financial Sustainability and Projections

7.1.1 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AMP for this service area. The two indicators are the:

- asset renewal funding ratio (proposed renewal budget for the next 10 years / forecast renewal costs for next 10 years), and
- medium term forecast costs/proposed budget (over 10 years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio⁸ 100.0%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 10 years we expect to have 100.0% of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget, and the cumulative shortfall, is illustrated in Appendix D.

Medium term – 10 year financial planning period

This AMP identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

This forecast work can be compared to the proposed budget over the first 10 years of the planning period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the 10 year planning period is \$522884 average per year.

The proposed (budget) operations, maintenance and renewal funding is \$350523 on average per year giving a 10 year funding shortfall of \$-172361 per year. This indicates that 67.04% of the forecast costs needed to provide the services documented in this AMP are accommodated in the proposed budget. Note, these calculations exclude acquired assets.

⁸ AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AMP and ideally over the 10 year life of the Long-Term Financial Plan.

7.1.2 Forecast Costs (outlays) for the long-term financial plan

Table 7.1.3 shows the forecast costs (outlays) required for consideration in the 10 year long-term financial plan.

Providing services in a financially sustainable manner requires a balance between the forecast outlays required to deliver the agreed service levels with the planned budget allocations in the long-term financial plan.

A gap between the forecast outlays and the amounts allocated in the financial plan indicates further work is required on reviewing service levels in the AMP (including possibly revising the long-term financial plan).

We will manage the 'gap' by developing this AMP to provide guidance on future service levels and resources required to provide these services in consultation with the community.

Forecast costs are shown in 2022 dollar values.

Table 7.1.2: Forecast Costs (Outlays) for the Long-Term Financial Plan

Year	Acquisition	Operation	Maintenance	Renewal	Disposal
2023	0	0	1,686,300	0	0
2024	0	0	1,686,300	0	0
2025	0	0	1,686,300	0	0
2026	0	0	1,686,300	10,920	0
2027	0	0	1,686,300	97,460	0
2028	0	0	1,686,300	165,903	0
2029	0	0	1,686,300	163,787	0
2030	0	0	1,686,300	305,679	0
2031	0	0	1,686,300	52,888	0
2032	0	0	1,686,300	1,318,595	0

7.2 Funding Strategy

The proposed funding for assets is outlined in the Entity's budget and Long-Term financial plan.

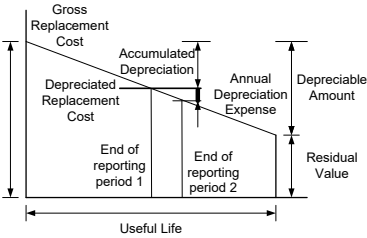
The financial strategy of the entity determines how funding will be provided, whereas the AMP communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

7.3 Valuation Forecasts

7.3.1 Asset valuations

The best available estimate of the value of assets included in this AMP are shown below. The assets are valued at fair value on a replacement cost basis.

Replacement Cost (Current/Gross)	\$56,210,000
Depreciable Amount	\$56,210,000
Depreciated Replacement Cost ⁹	\$32,984,234
Depreciation	\$1,756,652



7.3.2 Valuation forecast

Asset values are forecast to increase as additional assets are added to service.

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

7.4 Key Assumptions Made in Financial Forecasts

In compiling this AMP, it was necessary to make some assumptions. This section details the key assumptions made in the development of this AMP and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AMP are:

- The assets will remain in the organisations ownership and control throughout the planning period
- Planned and reactive maintenance will take place in accordance with relevant guidelines/standards
- All expenditure is stated in 2021/22 dollar values
- Regulations and standards relating to operations will remain unchanged over the planning period

7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AMP are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on a A - E level scale¹⁰ in accordance with Table 7.5.1.

⁹ Also reported as Written Down Value, Carrying or Net Book Value.

¹⁰ IPWEA, 2015, IIMM, Table 2.4.6, p 2 | 71.

Table 7.5.1: Data Confidence Grading System

Confidence Grade	Description
A. Very High	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B. High	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C. Medium	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Low	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Very Low	None or very little data held.

The estimated confidence level for and reliability of data used in this AMP is considered to be Medium confidence

8.0 PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices¹¹

8.1.1 Accounting and financial data sources

This AMP utilises accounting and financial data. The source of the data is the Civica Authority corporate system

8.1.2 Asset management data sources

This AMP also utilises asset management data. The source of the data is the Assets Module of the Civica Authority corporate system.

8.2 Improvement Plan

It is important that an entity recognise areas of their AMP and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AMP is shown in Table 8.2.

¹¹ ISO 55000 Refers to this as the Asset Management System

Table 8.2: Improvement Plan

Task	Task	Responsibility	Resources Required	Timeline
1	Continue to review accuracy and currency of asset registers	Asset team	Staff time	Ongoing
2	Separate recording of operating and maintenance costs	Finance and operational staff	Staff time	2024
3	Improve linking of customer requests to asset records	Assets & Civic Maintenance team	Staff time	2024
4	Develop Risk Management Plans for Critical Assets	Corporate Risk Management Staff	Staff time	2024
5	Progress the maturity of asset management planning from 'core' to 'advanced' level	Assets Team	Staff time	2025
6	Develop Technical Levels of Service to complement the Community Levels of Service documented in this plan	Civic Maintenance team	Staff time	2023

8.3 Monitoring and Review Procedures

This AMP will be reviewed during the annual budget planning process and revised to show any material changes in service levels, risks, forecast costs and proposed budgets as a result of budget decisions.

The AMP will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, acquisition and asset disposal costs and planned budgets. These forecast costs and proposed budget are incorporated into the Long-Term Financial Plan or will be incorporated into the Long-Term Financial Plan once completed.

The AMP has a maximum life of 4 years and is due for complete revision and updating within one year of each Council election.

8.4 Performance Measures

The effectiveness of this AMP can be measured in the following ways:

- The degree to which the required forecast costs identified in this AMP are incorporated into the long-term financial plan,
- The degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures consider the 'global' works program trends provided by the AMP,
- The degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Planning documents and associated plans,
- The Asset Renewal Funding Ratio achieving the Organisational target (this target is often 90 – 100%).

9.0 REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM
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- IPWEA, 2018, Practice Note 12.1, 'Climate Change Impacts on the Useful Life of Assets', Institute of Public Works Engineering Australasia, Sydney
- IPWEA, 2012, Practice Note 6 Long-Term Financial Planning, Institute of Public Works Engineering Australasia, Sydney, <https://www.ipwea.org/publications/ipweabookshop/practicenotes/pn6>
- IPWEA, 2014, Practice Note 8 – Levels of Service & Community Engagement, Institute of Public Works Engineering Australasia, Sydney, <https://www.ipwea.org/publications/ipweabookshop/practicenotes/pn8>
- ISO, 2014, ISO 55000:2014, Overview, principles and terminology
- ISO, 2018, ISO 31000:2018, Risk management – Guidelines

10.0 APPENDICES

Appendix A Acquisition Forecast

A.1 – Acquisition Forecast Assumptions and Source

No assets are forecast to be acquired within the planning period.

A.2 – Acquisition Project Summary

No assets are forecast to be acquired within the planning period

A.3 – Acquisition Forecast Summary

No assets are forecast to be acquired within the planning period

Appendix B Operation Forecast

B.1 – Operation Forecast Assumptions and Source

Operations costs are currently not identified separately.

B.2 – Operation Forecast Summary

Operations costs are currently not identified separately.

Appendix C Maintenance Forecast

C.1 – Maintenance Forecast Assumptions and Source

Maintenance spending is estimated from the average spend over the past three years as listed in Special Schedule 7.

C.2 – Maintenance Forecast Summary

The required maintenance forecast is based on a calculation of 3.0% of gross replacement cost of the assets.

Table C2 - Maintenance Forecast Summary

Year	Maintenance Forecast	Additional Maintenance Forecast	Total Maintenance Forecast
2023	139,000	0	1,686,300
2024	139,000	0	1,686,300
2025	139,000	0	1,686,300
2026	139,000	0	1,686,300
2027	139,000	0	1,686,300
2028	139,000	0	1,686,300
2029	139,000	0	1,686,300
2030	139,000	0	1,686,300
2031	139,000	0	1,686,300
2032	139,000	0	1,686,300

Appendix D Renewal Forecast Summary

D.1 – Renewal Forecast Assumptions and Source

Renewals are assumed to be done at end of life as projected by the asset register.

D.2 – Renewal Project Summary

The project titles included in the lifecycle forecast include:

- Play equipment
- Sports equipment
- Barbeques
- Picnic tables & seats

D.3 – Renewal Forecast Summary

Table D3 - Renewal Forecast Summary

Year	Renewal Forecast	Renewal Budget
2023	0	0
2024	0	0
2025	0	0
2026	10,920	10,920
2027	97,460	97,460
2028	165,903	165,903
2029	163,787	163,787
2030	305,679	305,679
2031	52,888	52,888
2032	1,318,595	1,318,595

Appendix E Disposal Summary

E.1 – Disposal Forecast Assumptions and Source

No asset disposals are currently identified

E.2 – Disposal Project Summary

No asset disposals are currently identified

E.3 – Disposal Forecast Summary

No asset disposals are currently identified

Appendix F Budget Summary by Lifecycle Activity

Table F1 – Budget Summary by Lifecycle Activity


Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2023	0	0	139,000	0	0	139,000
2024	0	0	139,000	0	0	139,000
2025	0	0	139,000	0	0	139,000
2026	0	0	139,000	10,920	0	149,920
2027	0	0	139,000	97,460	0	236,460
2028	0	0	139,000	165,903	0	304,903
2029	0	0	139,000	163,787	0	302,787
2030	0	0	139,000	305,679	0	444,679
2031	0	0	139,000	52,888	0	191,888
2032	0	0	139,000	1,318,595	0	1,457,595

Further Information


The Snowy Monaro 2042 Community Strategic Plan, 2022-26 Delivery Program, Operational Plan and Annual Reports can be viewed on Council's website.

For further information visit:

 www.snowymonaro.nsw.gov.au

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Your Feedback

A copy of this Plan can be obtained from Council's website: www.snowymonaro.nsw.gov.au

We are interested to know your thoughts about this Plan. Your comments and suggestions are valuable because they highlight opportunities for us to improve the quality of our services, plans and reports. If you would like to comment, or require additional information regarding this report please contact us.

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