

Extra Ordinary Meeting

Meeting Date: Tuesday, 05 November, 2024

Location: Council Chambers, City Administrative Building, Bridge Road, Nowra

Attachments (Under Separate Cover)

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3. Reports

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Workforce Management Strategy 2022-26

2024/25 Version



CL24.345 - Attachment 1

Workforce Management Strategy

The Workforce Management Planning Strategy is a document that shapes the capacity and capability of the workforce to achieve Council’s strategic goals and objectives over the next four years in alignment with Council’s core values of Respect, Integrity, Adaptability and Collaboration.

It will act as a roadmap to guide key workforce initiatives to ensure Council can meet future workforce and organisational challenges. The document includes an assessment of workforce trends, needs, current challenges and forecasts future needs. The development of the Workforce Management Planning Strategy is aligned to the 2032 Community Strategic Plan and will support Council to achieve our Delivery Program objectives and positive outcomes for our community.

Given that employee costs are approximately one third of total operating expenses for the Council, how the Council plan and manages the workforce will have a significant impact upon the Council’s financial sustainability. Furthermore, the capability, performance and productivity of the workforce are essential components of achieving long term financial sustainability for the Council. Therefore, the following plan for the management of the workforce as been developed to integrate with the other resourcing plans – Long Term Financial Plan, the Asset Management Strategy and the ICT Strategy – to enable the Council to deliver on the Community Strategic Plan in an approach that is financially sustainable.

In response to the recommendations of the Financial Sustainability Review amendments to the Workforce Management Planning Strategy have included strategies to enhance the asset management and project management capabilities across the workforce, as well as general improvements to the financial acumen at all levels of management.

Consistent with the other resourcing plans, the following plan includes three potential scenarios that the Council may decide to adopt – the base case scenario (no increase in rates above the rate peg) and two additional scenarios that include an increase in the rates above the rate peg. The rate peg is the maximum percentage increase that the Council is allowed to increase the general rate revenue and is determined by the Independent Pricing and Regulatory Tribunal (IPART). While enhancements to asset management, project management and financial management are essential for all three scenarios, with additional revenue through a special rate variation (increase above the rate peg) the Council will need to enhance the workforce capability to deliver the additional works, including the need to plan, deliver and report on the additional investments made.

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Workforce Trends & Needs

As at November 2023, Shoalhaven City Council had a total headcount of 1556 staff (includes 403 casuals). Staff are distributed across seven areas as shown in Table 1. Full-time equivalent numbers in Table 1 exclude casual positions.

Table 1. Workforce Distribution

Group	Headcount	Percentage of workforce (%)	Full time Equivalent (includes fixed-term excludes casuals)	Percentage of FTE (%)
CEO	18	1.16	15	1.36
City Performance	188	12.08	146	13.24
Shoalhaven Water	238	15.30	214	19.40
City Services	431	27.70	405	36.72
City Development	177	11.38	141	12.78
City Lifestyles	452	29.05	145	13.15
City Futures	52	3.34	37	3.35
Total	1,556	100%	1,103	100%

Age

Shoalhaven has an ageing workforce, with 40% of staff aged 50 or older. In contrast only 20.1% of workers are aged under 30. While the ageing workforce is an issue across the organisation, it is most pertinent in City Services, where 46.4% of staff are 50 years or older. Table 2 displays the age distribution across Council. Council has in place an established traineeship and apprenticeship program to assist in attracting and retaining young people within the organisation through an agreement with a third-party provider with on average 50 participants involved. These externally engaged trainees are not included within the numbers below.

Table 2. Age Distribution by Directorate (%)

Age	Total (%)	CEO Group (%)	City Performance (%)	City Lifestyles (%)	Shoalhaven Water (%)	City Services (%)	City Futures (%)	City Development (%)
16 – 19	5.53	0.0	0.0	17.0	1.7	0.5	0.0	0.0
20 – 29	15.36	11.1	12.2	20.6	19.7	12.1	7.7	10.2
30 – 39	18.54	11.1	18.6	15.9	17.6	20.2	13.5	25.4
40 – 49	20.57	22.2	25.5	15.7	21.4	20.9	26.9	23.7
50 – 59	25.19	33.3	29.3	16.8	26.9	30.2	25.0	27.1
60 - 69	13.20	5.6	14.4	11.5	11.8	15.3	21.2	12.4
70+	1.61	16.7	0.0	2.4	0.8	0.9	5.8	1.1

Annual permanent turnover for 2022/23 was 15.61%. This included 159 permanent exits from an average of permanent staff of 1022.5 for the year. The permanent headcount at 30 June 2023 was 1024. The turnover can be compared to the national turnover rate of 15% for Local Government and close to 20% turnover rate for rural areas.

Gender

The overall percentage of women in the Shoalhaven City Council workforce as at November 2023 was 44%. As Table 3 displays, the percentage of women is highest in the City Performance, and lowest in Shoalhaven Water.

Table 3. Gender Diversity

Directorate	Women (%)	Men (%)
CEO Group	63	37
City Performance	70	30
Shoalhaven Water	16	84
City Services	22	78
City Lifestyles	61	39
City Futures	75	25
City Development	55	45
Total Workforce	44%	56%

In reviewing the gender balance in management levels, the following statistics are relevant:

Table 4. Gender Balance in Management Levels

Directorate	Women	Men
Supervisors/Managers = 234	99 (42%)	135 (58%)
Senior Managers (Grade 13^) = 78	26 (33%)	52 (67%)

Current Workforce Challenges

Current workforce challenges facing SCC are focused around building a capable and agile workforce. Based on consultation and the need to respond to the workforce profile identified above the workforce plan should target the following areas:

- Planning for an ageing workforce
- Addressing knowledge management
- Succession Planning
- Attraction and retention
- Staff capability and capacity to harness technological advances
- Developing a resilient and agile workforce
- Capability uplift around effective stakeholder management (both community and councillors)
- Attracting and retaining local staff including youth, ATSI and people with a disability
- Increasing operational effectiveness through communication and collaboration across Council
- Employee learning and development
- Leadership and Management Capability development

Forecasted Future Needs

Shoalhaven City Council needs to remain agile, with a continuing focus on customer service while developing a more proactive and planned approach to undertaking work. Council needs to position itself as an employer of choice and effectively plan for the retirement of a large portion of the workforce. The SCC workforce needs to be in a position to:

- Plan and deliver services and infrastructure as efficiently as possible
- Research and implement best practice and productivity improvements
- Collect, access and analyse data and information in making good decisions
- Retain knowledge as older workers exit the workforce
- Have a cohort of leaders ready to step into management positions as older workers retire
- Collaborate effectively across the different areas of Council
- Harness innovations in technology
- Remain agile in changing environments
- Meet and manage the needs of stakeholders
- Attract and retain the right staff for the right roles.

Strategic Action Plan

In the context of the challenges faced by Council, we have identified nine areas with related strategic actions which form the basis of the Workforce Management Planning Strategy. These priorities were developed in collaboration with staff, to align and address behaviours and capabilities to achieve the community goals of the Community Strategic Plan. Each of these priorities have actions to be implemented across the organisation over the next four years. The following sections outline each action, what is the success indicator and who is accountable. Actions from this strategy will be incorporated into the Delivery Program Operational Plan with implementation progress reported through the quarterly performance report.

1. Strategy

The workforce needs to understand how their work aligns with Council strategy. Team and individual activities should clearly link to overarching strategic objectives. The following actions will assist SCC to achieve strategic priorities.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Align strategic language about future direction in all relevant documents	<ol style="list-style-type: none"> Review key strategic documents, to ensure alignment and consistency All managers to regularly communicate with staff regarding the strategic intent and how their work aligns with the approach 	Staff use a shared language to articulate the future direction of SCC and can see how their work supports the strategy	CEO EMT Media & Communications Manager		✓	✓	
Enhance clarity and line of sight between teams and individual roles, & organisational strategy	<ol style="list-style-type: none"> Cascade organisational strategies into team and individual work plans Ensure performance management system shows clear link to strategic plan and priorities. 	All teams can articulate how their work contributes to achieving the Community Strategic Plan and the boarder direction of Council.	EMT Media & Communications Manager	✓	✓	✓	

2. Organisational Structure

The workforce structure will be instrumental in driving and supporting Council's strategy. The structure needs to support an agile workforce and should position staff to incorporate technological innovations in their work.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Align structure to support future direction of Council.	1. Review changes to organisational structure and ensure outcomes are being met.	Staff and management report a high degree of confidence in the structure	People & Culture (Human Resources)	✓	✓	✓	
	2. Commence review of those areas not changed in most recent restructure.	Higher levels of lateral integration can be observed	SLT	✓	✓	✓	
	3. Assess and quantify the benefits of offering more roles with flexible working arrangements or part-time/ casual arrangements to better meet the needs of council and staff within the structure	SCC developed and reported on metrics to align workforce to business strategy		✓	✓	✓	✓

3. Resourcing

Strategic recruitment and forecasting of resource needs will enable an effective workforce. Recruitment processes will be transparent and implemented Council-wide and SCC will be recognised as an employer of choice in the region. To recruit the most suitable candidates, recruitment processes will consider both internal and external candidates and Council will engage in targeted recruitment of minority groups. Council will effectively utilise the skill sets of the workforce and resource requirements will be regularly forecast to prepare for any potential skill gaps. The resourcing requirements will be assessed to enable the delivery of the scenarios in the Long Term Financial Plan (LTFP) and Asset Management Strategy (AMS) as well as the strategies and actions listed in the delivery program and operational plan.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Forecasting and resourcing needs	1. Actively forecast human resourcing trends at enterprise level throughout the year taking into account peak periods and staff leave	Resourcing needs are identified in advance and can be planned for	EMT SLT People & Culture (Human Resources)		✓	✓	✓
	2. Forecast resourcing required to deliver the additional capital scenarios (Scenarios 2 and 3) presented in the LTFP and AMS	Resourcing needs are identified to enable the delivery of the additional capital works in Scenarios 2 and 3 presented in the LTFP and AMS			✓	✓	✓
	3. Complete a Council wide resourcing assessment to determine the staffing level required to deliver the different scenarios as outlined in the LTFP, Asset Management Strategy, Delivery Program and Operational Plan	Resourcing requirements for all Integrated Planning and Reporting documents are completed for each of the three scenarios.				✓	✓
	4. Identify the resourcing gaps where positions are required, vacancies need to be filled, additional training is required, or where current positions may have additional capacity	Resourcing gaps and additional capacity are identified				✓	✓

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Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Implementation of Strategically Aligned Recruitment Practices	1. Re-define the recruitment processes to align with the workforce plan	Standardised recruitment practices are utilised through SCC	People & Culture (Human Resources)	✓			
	2. Develop consistent processes for including both internal and external applicants in the recruitment process			✓			
Ensure recruitment practices deliver a diverse workforce that is representative of the Community	1. Develop practices to attract the recruitment of minority groups and work with community organisations to increase application rates	Higher representation of Aboriginal and Torres Strait Islander, minority groups and people with a disability in applicant pools	People & Culture (Human Resources)	✓	✓		
	2. Partner with employment providers to ensure recruitment practices are inclusive of people with a disability			✓	✓		
Develop and refine strategies to attract and recruit staff	1. Develop an Employee Value Proposition seeking staff input.	Employee Value Proposition (EVP) developed	People & Culture (Human Resources & Workplace Learning)		✓	✓	✓
	2. Investigate options to develop stronger and more positive brand recognition for Council	Staff survey shows staff awareness of EVP and positive brand association		✓	✓	✓	✓
	3. Develop strategies which encourage youth within the local area to consider Council as a career option	Consideration given to defining customer survey metrics related to brand recognition		✓	✓	✓	✓

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Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Review of Remuneration offering	1. Undertake a review and update of the salary table, benefits, reward and recognition program.	Updated salary table and remuneration system every 4 years Reward & Recognition program implemented	People & Culture (Human Resources)	✓	✓	✓	

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4. Succession Planning

Council will engage in organisation wide skills development and knowledge sharing to effectively address succession planning requirements. Council will utilise the knowledge of experienced staff through knowledge management processes to ensure in-depth Council knowledge is retained. Transition programs will support staff as they enter retirement and create appropriate time for handover to their successors.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Organisation-wide approach to succession planning	1. Council to develop a Succession strategy and guidelines for all key roles	Number of internal staff applying for roles is increasing	People & Culture (Human Resources & Workplace Learning)		✓	✓	✓
		Numbers of internal verses external appointment (based on merit)	SLT				
	2. Develop a targeted succession plan for City Services to address the high percentage of aged workers	Age profile of City Services is more balanced			✓	✓	
	3. Use Performance Review process to assist employees identify their careers paths and the milestones they need to achieve the outcomes	Numbers of internal promoted is increasing over time (based on merit)			✓	✓	✓

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Ensure effective knowledge management processes are core to operational approach	<p>1. Implement mentoring programs and internal professional development sessions run by subject matter experts</p> <p>2. Involve experienced staff in developing training materials and 'handover guides' for new staff or those who may take over in the future staff</p>	Council will have formalised processes for retaining key knowledge from experienced and retiring staff	<p>People & Culture (Workplace Learning)</p> <p>SLT</p>		✓	✓	✓
Refresh Transition to Retirement Support Services	1. Review the existing Planned Departure Program to support staff as they transition to retirement	Knowledge is retained within SCC	People & Culture (Human Resources & Workplace Learning)	✓			

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5. Leadership and Professional Development

Council will look to innovative ways to include professional development opportunities into every-day work. There will be opportunities for staff to act in different roles and learn from internal subject matter experts. Professional development activities will be informed by a capability framework aligned to strategic objectives, which will outline behaviours needed for success at each level of Council. Leaders will understand what behaviours are required for success. Leaders will be effective in having performance conversations and giving feedback to staff. Performance management processes will be transparent and consistent across Council. Financial sustainability and asset management will be integrated into Council's training programs.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Capability Framework aligned to Strategic Workforce Plan	<p>1. Develop a capability framework aligned to the Workforce Plan and use this when assessing professional development needs of staff and future recruitment needs</p> <p>2. Utilise subject matter experts for internal training and capability uplift for staff</p>	<p>Capability framework developed and incorporated into professional development process</p> <p>Internal capability will be built in identified areas of skill development</p>	People & Culture (Workplace Learning)		✓	✓	
Create strong focus on Leadership Development Opportunities	Continue roll-out of a leadership program to support staff to experience different leadership roles and grow their leadership skills	<p>More experienced staff will be actively involved in developing the capabilities and knowledge of other staff</p> <p>Increased awareness of staff regarding the opportunity for professional development through secondments, education sessions and role shadowing.</p>	<p>People & Culture (Workplace Learning)</p> <p>EMT</p>	✓	✓	✓	✓

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Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Proactively develop Leaders	1. Implement leadership development program for middle management staff including consideration of a 360degree assessment process	Self-Assessments of Leaders pre and post development programs show increase in confidence and capability	People & Culture (Workplace Learning)		✓	✓	
	2. Implement coaching and mentoring program	360degree process shows perceptions of leaders have improved		✓	✓	✓	
Capability uplift to enhance performance outcomes in engaging in difficult conversations	Professional development for leaders to increase capability and confidence in having feedback conversations and managing difficult interactions	Self-Assessments of Leaders pre and post education sessions show increase in capability and confidence	People & Culture (Human Resources & Workplace Learning)	✓	✓	✓	✓
Create a consistent approach to performance management across Council	Upskill all leaders such that they understand how to effectively utilise existing performance management processes	People management practices are consistent across SCC.	People & Culture (Human Resources & Workplace Learning)	✓	✓	✓	✓

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Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Leadership capabilities clearly defined	<ol style="list-style-type: none"> Leadership capability framework developed that clearly aligns with strategic direction Integrate into the performance management processes. 	Integration of leadership capability framework into the performance management processes	People & Culture (Workplace Learning)	✓	✓	✓	
Financial sustainability training	Financial sustainability strategies identified in the financial sustainability review are integrated into the employee induction, Councillor induction program and the leadership development program	Financial sustainability strategies are integrated in training programs	People & Culture (Workplace Learning)		✓	✓	
Asset management and project management training to empower the Councillors and workforce to excel in managing and delivering infrastructure	<ol style="list-style-type: none"> Develop asset management training program covering strategic, technical and operational elements across the lifecycle of an asset and deliver to Councillors and identified staff. Support the implementation of a new Project Management Framework with a gap analysis and training framework. 	The asset management and project management training programs are developed and delivered to all Councillors and identified staff	People & Culture (Workplace Learning) EMT		✓	✓	✓

6. Community

Council will utilise training programs to increase employment of local staff. Council will use innovations in technology to effectively communicate and interact with the community. Staff will have the capabilities to effectively navigate interactions with the community. Also, where possible and appropriate, Council will engage in partnering relationships with local organisations.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Capability Uplift for Staff Engagement with Community	<ol style="list-style-type: none"> 1. Provide training for best ways to manage community expectations and hold effective conversation with stakeholders 2. Provide training/guidance in verbal and written communication skills for staff when engaging with the local community 	<p>Staff feel confident when engaging with stakeholders and the community</p> <p>The community is satisfied with Council interactions</p>	<p>People & Culture (Workplace Learning)</p> <p>Media & Communications Manager</p>	✓	✓	✓	✓
Ensure SCC is an inclusive employer and is representative of the Shoalhaven community	<ol style="list-style-type: none"> 1. Work with community organisations to increase application rates from diverse segments of the community 2. Partner with employment providers to ensure increase applications from people with a disability 	<p>Higher representation of Aboriginal and Torres Strait Islander, minority groups and people with a disability in applicant pools</p>	<p>People & Culture (Human Resources)</p> <p>Community Connections</p>	✓	✓	✓	

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7. Culture

The workforce will have a strong culture of Integrity, Respect, Adaptability and Collaboration. Staff will be able to clearly see how desired behaviours to support the culture are aligned with achieving strategic goals. The workforce will adhere to the strategies outlined in the Financial Sustainability Review to ensure that the future financial targets are met and the Asset Management principles are embedded into the workforce culture.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Proactively work on enhancing and aligning Councils culture to align with strategic direction	<ol style="list-style-type: none"> Develop Corporate behaviours aligned to core values Involve staff to refresh the values and develop behaviours that align to the future culture Include the corporate behaviours in the performance development and management process 	Staff engagement survey shows awareness of and commitment to the SCC values and desired behaviours	People & Culture (Human Resources & Workplace Learning) SLT	✓	✓	✓	✓
Financial sustainability culture	1. Financial sustainability strategies identified in the financial sustainability review are communicated by leaders to the workforce	Staff response to survey questions on importance and observed culture that supports the financially sustainable approach.	EMT SLT		✓	✓	✓

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Strategy	Actions	Success	Accountable	2022/23	2023/24	2024/25	2025/26
	<p>2. Executive to be role models by leading discussions and making day to day decisions consistent with a financially sustainable approach.</p> <p>Budget managers are to be made responsible and accountable for their performance against budget</p>		<p>EMT</p> <p>SLT</p>		✓	✓	✓
Asset management culture	1. The asset management principals of community benefit, financial sustainability, environmental sustainability, and continuous improvement are integrated into Council's workforce culture	The asset management principles are communicated to the workforce and are part of the induction training and the asset management training program.	<p>People & Culture (Human Resources & Workplace Learning)</p> <p>EMT</p> <p>SLT</p>		✓	✓	✓

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8. Communication

Collaboration and communication between Council areas will become integrated into Council's way of working. Communication will be aligned with strategic objectives to ensure the strategy is part of core shared language at Council. There will be clear processes for internal communication throughout Council such that messages are effectively cascaded to all levels of Council. External communications to stakeholders and the community will harness technological innovations.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Strategy is part of core shared language	<p>1. Communication session is conducted with managers and leaders regarding the SCC strategies in the CSP and Resourcing Strategies and the requirements to cascade goals to teams and individuals</p> <p>2. Common language is used and promoted throughout SCC regarding strategy and its role</p>	<p>Staff have a shared language regarding strategy</p> <p>Sessions on cascading strategy are completed.</p>	<p>CEO</p> <p>EMT</p> <p>Media & Communications Manager</p>		✓	✓	

9. Technology

Technology will become an integral part of how Council operates and how Council interacts with the community. Council will harness technological advances to increase internal efficiencies and improve interactions with the community.

Strategy	Actions	Success Indicator	Accountable	2022/23	2023/24	2024/25	2025/26
Enable the workforce through the provision of technology and systems that allow them to work flexibly anywhere, anytime.	1. Work in collaboration with the Information Services team to ensure technology and systems deployed support flexible working arrangements, with remote system access as opposed to working offline.	Increase in percentage of mobile/laptops in the device fleet and number of SaaS/ Cloud based systems.	People & Culture (Human Resources) Information Technology	✓			
Empower staff through effective learning and development programs/approaches centered around technology and systems.	1. Capability uplift for staff and increase in skills in using systems and technology	Increased completion rates of technology and systems learning and development programs	People & Culture (Workplace Learning) Information Technology	✓	✓	✓	✓



CL24.345 - Attachment 1



Asset Management Strategy 2022-26

2024/25 Version



CL24.345 - Attachment 2

Asset Management Strategy

Adoption Date:	15/05/2012
Amendment Date:	15/04/2014, 18/07/2017, 27/06/2022, 10/11/2023 (draft)
Minute Number:	MIN12.524, MIN14.266, MIN17.624, MIN22.425
Review Date:	1/12/2024
Directorate:	City Services
Record Number:	POL22/147

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1 Executive Summary

1.1 Introduction

Shoalhaven City Council offers a broad range of services, with many of them enabled by our infrastructure assets. The replacement cost of these assets, for which Council is the custodian of, is \$6.6 billion, as reported in the June 2023 Financial Statements.

The purpose of the Asset Management Strategy is to provide strategic direction for Asset Management at Council. The Asset Management Strategy is a dynamic high-level action plan that will adapt in response to the evolving strategic objectives of Council, aimed at meeting customer service needs. The essential stages in this process involve understanding community requirements, service expectations and legislative requirements, analysing strategic trends, evaluating potential asset impacts, and identifying gaps in the necessary asset knowledge for enhancing Asset Management Plans.

The strategy identifies assets that are critical to Council's operations, and includes specific actions required to improve Council's asset management capability.

1.2 Asset Management Objectives

Council's Asset Management Objectives have been identified as follows:

- Ensure the alignment of asset service provision and Levels of Service (LoS) with community expectations and priorities, as outlined in the Community Strategic Plan 2032 (CSP).
- Establish a structured and effective approach to developing Council's Asset Management Plans (AMPs) that adheres to best practices, supporting informed decision-making.
- Enhance and streamline Council's Asset Management practices to optimise the efficiency, and effectiveness of the Asset Management System.
- Contribute to the long-term financial sustainability of assets, safeguarding them for future generations by implementing strategic asset management practices and financial planning.

As the Asset Management Strategy is aligned with the CSP, it adopts a minimum timeframe of 10 years. This alignment is also consistent with the Long-Term Financial Plan (LTFP) and the AMP's, however, it also has a view to sustainability beyond the 10-year timeframe.

1.3 Establishing a Corporate Approach

Recognising that asset management is a corporate responsibility, not solely a technical one, is imperative. A robust asset management framework relies on collaboration across various teams within Council. Several key areas where a corporate approach is essential include:

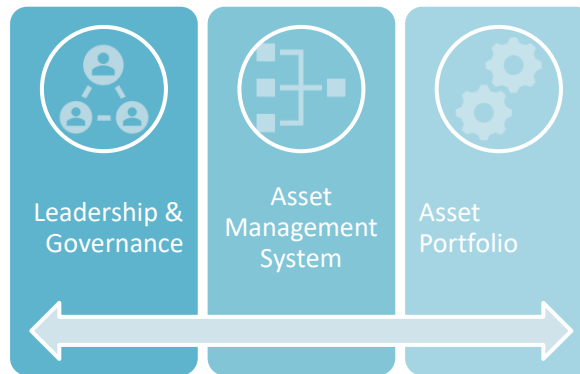
- Community involvement in establishing what is desired for service provisions and standards from the Community Strategic Plan and other strategic plans.
- Reliable information and systems.
- Comprehensive Asset Management Planning undertaken by the Asset Strategic Planner and the Asset Custodian.
- Rigor in financial and asset assessments to determine present costs, affordability, and the optimal timing for asset renewal, replacement, or upgrades.
- Performance measurement of asset management. To advise 'How much we did, How well we did it, and the associated costs'.

To develop a strong corporate approach to Asset Management a cross-directorate Enterprise Asset Management (EAM) Steering Committee has been established to define and review the Improvement Plan. The EAM Steering Committee has previously been referred to as the EAM Oversight Group and is comprised of key asset management leaders from across the organisation.

1.4 Asset Management Vision

The strategy addresses three components of an effective asset management approach: leadership and governance, the asset management system, and asset portfolio management.

All three components are interrelated, and each must be successfully delivered for the others to succeed. The Asset Management Vision is supported by strategic outcomes that have been developed with consideration to each of these components.



Our vision can be realised through the embodiment of effective leadership and sound governance. Our leadership team is dedicated to instilling a culture marked by accountability, transparency, and excellence. In doing so, we aim to foster an inclusive and collaborative work environment where our team can truly flourish. Our philosophy centres on empowering our staff, enabling them to unleash their full potential, and thereby delivering high-quality services to our community.

Our systematic approach is anchored in processes and systems designed to consistently provide quality services to our customers and community. We hold an unwavering commitment to ongoing improvement, continually refining our processes and systems, enabling the delivery of quality services.

Effective asset management is imperative for the comprehensive management of assets throughout their entire lifecycle, spanning from acquisition to disposal. While overarching objectives are determined by leadership and governance, and the asset management system provides essential tools and support, the proficient management of the asset portfolio demands expertise in comprehending and overseeing these assets. At Council, we recognise that embracing an asset lifecycle management approach is a pivotal strategy for enhancing asset management and controlling lifecycle costs, improving asset reliability and performance, by ensuring that assets are maintained and replaced at the opportune moment.

The strategic outcomes, targeted through the implementation of this strategy, are outlined in the following table.

1.5 Integration with the Long Term Financial Plan

The following Asset Management Strategy has been prepared to integrate with the Long Term Financial Plan, Workforce Management Strategy and the ICT Strategy, with particular focus on responding to the financial sustainability challenges outlined in the Financial Sustainability Review. The Asset Management Strategy may differ depending upon which scenario the Council decides to implement. Three scenarios are considered as follows:

1.5.1 Scenario One – Base Model

The Base Model (Scenario One) is a planned approach to the continued delivery of services and provision of infrastructure based on a revenue base that does not increase the general rates income above the projected rate peg (as set by IPART) and current service charges only increasing each year by the projected annual indexation.

The capital works program, being constrained by the cash generated from operations (including rates, grants, and charges) and financing (borrowings) activities, is below what is necessary to maintain the current levels of service provided by the infrastructure. Assets such as roads, buildings and stormwater are expected to deteriorate over time, requiring future Councils to make decisions on rationalisation of assets when assets begin to fail. This is not considered to be a sustainable approach over the long term.

1.5.2 Scenario Two – 8% SRV

The Enhanced Asset Investment – 8% SRV (Scenario Two) entails an increased commitment to investing in the renewal and replacement of assets. This higher level of investment is strategically designed to ensure the sustained functionality of our assets, while also factoring in the present capacity of Council. There is an increased investment in roads, to address part of the backlog, as well as increased investment in buildings, stormwater, footpaths and open space over the 10 years.

Scenario Two is presumed to be funded through the introduction of a special rate variation in general rates, increasing the general rate in year 1 by 8%, inclusive of the rate peg (a permanent increase). The general rate increase in the following years, returns to the projected rate peg approved by IPART.

Whilst balancing the need to increase Council's unrestricted cash, this scenario provides a modest additional funding. The additional funding is predominantly allocated to urgent roads renewals, however, to ensure pavement renewals are durable the first year is anticipated to have a higher focus on scoping and design activities for implementation in later years.

This scenario increases investment in Roads greater than the base scenario, but around 40% lower than the renewal requirements to begin addressing the existing backlog. This scenario would enable additional investment to be allocated to Buildings and Open Spaces; however this is even more limited than the investment in Roads.

The current investment in water and sewer assets continues in this scenario, however it will be important for this to be reviewed in detail, to ensure that the current pricing model enables adequate infrastructure investment to maintain the existing levels of service into the future.

1.5.3 Scenario Three – 12% SRV

The Enhanced Asset Investment – 12% SRV (Scenario Three) entails an increased commitment to investing in the renewal and replacement of assets, as identified in Scenario Two, and is incrementally closer to approaching Council's asset renewal requirements. It is

important to note that just meeting current renewal requirements does not adequately address the backlog which has been growing from recent under-investment.

Scenario Three is presumed to be funded through the introduction of a special rate variation in general rates increasing the general rate in year 1 by 12%, inclusive of the rate peg (a permanent increase) and general rate increase in the following years, returning to the projected rate peg approved by IPART.

As with Scenario Two, there is a balance needed in ensuring an increase in Council's unrestricted cash. However, given the larger increase in general rates the amount available to invest in critical assets increases, with a similar initial focus on urgent road renewals.

The current investment in water and sewer assets continues in this scenario, however it will be important for this to be reviewed in detail, to ensure that the current pricing model enables adequate infrastructure investment to maintain the existing levels of service into the future.

Component of Asset Management Vision	Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes	
Leadership & Governance	Integrated Planning Framework	Council and Executive Leadership Team maintain an ongoing commitment to review and uphold an integrated Resourcing Strategy. This strategy serves as the foundation for delivering the Community Strategic Plan. The Resourcing Strategy encompasses the Long-Term Financial Plan, Workforce Management Plan, Asset Management Strategy and Asset Management Plans. All plans are aligned with organisational and service objectives, and the allocation of resources.			
	Asset Management Policy and Strategy	Council's decisions on policy and strategy are clearly documented and communicated effectively throughout the organisation. Both demonstrate a high level of Asset Management maturity, based on Council's self-assessment. The Policy and Strategy clearly outline the asset management objectives to be implemented, and responsibilities and accountability are clear and understood across the organisation. This framework is further fortified by a culture that places a high value on asset management, primarily aimed at enhancing the asset management system and optimising the management of asset portfolios. They are subject to regular review and updates to ensure their continued relevance and effectiveness in steering our endeavors.			
	Service Planning	Service planning is a core component of the integrated planning framework. Council's decision on the services offered and the levels of service are informed by asset management impacts and whole of life costing for acquisition and upgrading assets.		Sufficient funding is available to maintain current levels of service. No funding is available to enhance levels of service.	Sufficient funding is available to maintain current levels of service, however there is an element of risk in the initial years of this scenario, and Council will develop mitigation plans to reduce this where possible.
		Decisions will likely need to be made on a reduction in the range of services offered and/or levels of service to be sustainable over the medium and long term. Rationalisation of assets will need to be considered.			
	Enterprise Asset Management Steering Committee	With the establishment of the Enterprise Asset Management Steering Committee, we will seek to enhance our accountability, collaboration, and strategic thinking towards the implementation of our Asset Management Strategy. The Committee will be pivotal in maintaining the alignment of our asset management performance with our strategic objectives.			
Decision Making	The decisions taken by both the Council and the management are aligned with the Asset Management Policy, Asset Management Strategy, and the adopted scenario of the Long-Term Financial Plan. Decisions are evidence based and guided by the Enterprise Asset Management Steering Committee. To substantiate the necessity for new assets or upgrades, comprehensive business cases are employed, adopting a holistic "whole of life" perspective. The Enterprise Project Management Office (ePMO) assesses and provides advice on the suitability of projects for inclusion into the annual budget and LTFP based on the described scope, strategic alignment, stakeholder engagement, delivery risks and operational interdependencies.				

Component of Asset Management Vision	Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
	Asset Management Culture	Our Workforce Management Plan holds a pivotal role in nurturing a workplace culture that embodies the finest principles of asset management. Across the organisation we understand our strategy, objectives and goals. We look for opportunities to collaborate on joint improvement initiatives, working towards the achievement of shared goals. We adhere to clearly defined processes and procedures and have a continuous improvement and proactive approach in all that we do. We ensure that roles and responsibilities are clearly defined and understood, with a clear line of accountability throughout the asset lifecycle, to further strengthen our asset management practices.		
	Resource Allocation	Resources are constrained and allocated to address priorities based on asset criticality and risk.	Sufficient funding is available to maintain current levels of service. No funding is available to enhance levels of service.	Sufficient funding is available to maintain current levels of service, however there is an element of risk in the initial years of this scenario, and Council will develop mitigation plans to reduce this where possible.
	Performance Framework	To effectively manage risk, we are committed to providing regular reporting on performance against established objectives and performance targets to both Council and management. This reporting will encompass a thorough assessment of the strategic, tactical, and operational aspects of our asset management practices. By adopting a comprehensive approach to performance reporting, we aim to facilitate well-informed decision-making and prompt intervention when needed.		
Asset Management System	Asset Management Information System (AMIS)	Council has obtained an effective setup of the asset management information system. This includes a well-structured asset register, accurate asset valuations, efficient works programming, streamlined works scheduling and ticketing processes, as well as comprehensive reporting capabilities.		
	GIS Mapping	Enhancing the GIS capability to boost the precision of asset mapping is a top priority. This involves harmonizing GIS data and systems with asset categorisation, the Asset Register, capital projects, and work planning, all aimed at optimising spatial strategic planning.		
	Asset Strategy Team	Improved leadership, offering strong support, and prioritising comprehensive training and skill development, ensuring that Asset Management proficiency is solid among our asset management team. Establishment of the Asset Strategy Team empowers our existing resources to provide more informed guidance, and enhanced support for decision-making processes, ultimately elevating the management of our asset portfolios.		
	Asset Management Plans	We have a defined process and timeframe for updating our Asset Management Plans, which is adhered to. Our planning is strong and supported by cyclic revisions of demand projections. We have improved planning through scheduling of condition assessments, inspections, operations, maintenance, and renewal/replacement activities, defined by our funding constraints.		
	Data Driven Asset Planning	In our pursuit of data-driven asset planning, we envision a future where every decision is powered by insights derived from a wealth of information. Our vision is to foster a culture where data is not just a tool, but the cornerstone of our strategic asset planning, ensuring that our organisation thrives through informed choices, innovation, and sustainability. With data as our compass, we're committed to building a smarter, more resilient future for our assets and the services they provide to our community.		

Component of Asset Management Vision	Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
	Processes & Procedures	Council has quality processes and procedures that are efficient and consistent, enabling improved data.		
	Asset Valuations	Recognition and measurement of asset valuations are consistent with the enhanced asset management planning, including the measurement of fair value and depreciation expense based on enhanced understanding of useful lives and deterioration of assets.		
		Asset valuations are planned with the aim of addressing asset data deficiencies. Asset condition assessments are undertaken by adequately skilled and trained inspectors to provide reliable condition assessments. The asset condition assessments are used to update the asset register and GIS mapping in a timely manner.		
	Training and Development	Our vision for training and development is to create a dynamic and empowered workforce that excels in managing our infrastructure and resources. We aspire to foster a culture of continuous learning, where every team member is equipped with the knowledge and skills necessary to optimise the performance and longevity of our assets. Through robust training and development, we will empower our workforce to drive efficiency, sustainability, and excellence in asset management, benefiting both our organisation and the community we serve.		
Asset Portfolio	Understanding the Assets	Councillors, management, and officers have a good understanding of the current state of our assets, including access to accurate information on condition, capacity, functionality, criticality, common asset failure causes, risk, future demand, lifecycle deterioration. An Annual whole of Council report, <i>State of the Assets</i> is presented to Council, in addition to cyclic workshops on asset classes within Council's Asset Portfolio.		
	Asset Inspections	Condition and maintenance inspections are planned and scheduled with relevant updates applied to the asset register in a timely manner. Reactive inspections are undertaken as required to respond in a timely manner to damage or defects.		
	Planning	Asset Strategy Team maintains current Asset Management Plans that plan to deliver on the asset management objectives outlined in this Strategy. Planning is based upon better understanding of the assets and access to improved data within the AMIS and GIS.		
		Enhanced scheduling of maintenance aims to transition from a high reliance upon reactive works to a target balance of 70% scheduled & 30% reactive works. Council acknowledges that some assets are run to fail and therefore the response will always be reactive, as well as reactive maintenance being a requirement of a weather event or disaster management situation.		
	Acquisition	Acquisition of assets (including construction) is based upon enhanced planning and understanding of service needs. Decision gateways have been developed within the Project Lifecycle Management (PLM) system administered by the ePMO to ensure the acquisition of assets does not progress unless funding and other considerations are acceptable to proceed.		

Component of Asset Management Vision	Asset Management Functions	Scenario One Strategy Outcomes	Scenario Two Strategy Outcomes	Scenario Three Strategy Outcomes
	Operations	In our vision for operations in asset management, we recognise the importance of adapting to the current funding landscape while striving for excellence. We envision a future where our resource allocation and utilisation are optimised to achieve maximum efficiency, even in the face of existing budget constraints. Our commitment to innovation and smart practices will ensure that we make the most of the resources available, maintaining and enhancing the performance and longevity of our assets.		
	Maintenance	We acknowledge that maintenance resources are currently constrained, leading to accelerated asset deterioration, which necessitates more frequent interventions, however despite this, our investment in asset renewals remains at its current level. This situation underscores the imperative of shifting our focus towards critical assets, prioritising them for optimised maintenance strategies. Our vision is to not only address these constraints effectively but to transform them into an opportunity for innovative and targeted asset management.	In the coming year, we acknowledge the potential for increased maintenance needs in both buildings and open space asset classes. While this presents a challenge, we are committed to implementing robust mitigation plans to minimise these risks. Additional investment in later years for the renewal of roads, buildings, stormwater, footpaths, open space, and maritime assets, will yield benefits by reducing maintenance requirements. Our vision is to leverage the additional investment to ensure that our overall asset portfolio is not only well-maintained but also poised for long-term sustainability and efficiency.	An initial reduction in asset renewal investment may increase maintenance needs across a range of asset classes, making it imperative to shift focus towards critical assets, prioritising them for optimised maintenance strategies. This will be a temporary constraint, with increased renewal investment in the later part of the 10-year yielding benefits by reducing maintenance requirements. Our vision is to leverage the additional investment to ensure that our overall asset portfolio is not only well-maintained but also poised for long-term sustainability and efficiency.
	Renewal/Replacement	Renewals and replacement of assets are constrained at the current levels.	Renewals and replacement of assets are constrained in year 1.	Renewals and replacement of assets are constrained in the initial years, but increase in outer years, particularly in our roads.
	Disposal	Asset rationalisation is to be considered to reduce the funding burden on maintenance and renewals mitigating risks that assets will deteriorate to an unacceptable condition.	Disposals will occur when assets are renewed, with consideration to minimal asset rationalisation, with minimal impact to the current overall asset portfolio.	

2 Introduction

Shoalhaven City Council (Council) is the custodian of assets with a replacement cost of nearly \$6.6 billion funded by a revenue generated from the rateable population of over 109,600. The asset management approach by the Council is essential to continue to maintain the services and infrastructure that provide the liveability that our community and visitors enjoy and value.

A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement, while at the same time providing growth assets to enable and meet the demand of growth and changing demands from the community. Infrastructure assets such as roads, drains, bridges, water and sewerage networks and public buildings present challenges, particularly given the age, as a large portion of the infrastructure is nearing end of life and requiring a higher level of investment than historically provided. Assets such as buildings and recreational facilities need to meet the changing demands of what is considered necessary for a contemporary liveable environment.

While age is a strong basis of an assets condition, the actual useful life can vary significantly based on exposure to the local environment and the intensity of the use of the assets. Assessing the condition of assets, estimating the remaining useful life of the asset, and planning for the renewal or replacement is a core requirement of modern Councils. Financing the planned renewals and replacements can be a significant challenge, requiring planning for cash availability to address large peaks and the discipline to accumulate reserves during troughs.

The demand for new and improved services adds to the planning and financing complexity. The creation of new assets also presents challenges in funding the ongoing operating, maintenance, and replacement costs necessary to provide the needed service over the assets' full life cycle.

The lack of funding to address all demands is a reality for all local governments. Planning and prioritisation is essential, as is the need to prolong the life of assets without exposing the community and the Council to unacceptable risks associated with ageing assets.

2.1 Asset Management Strategy Definition

The definition of an Asset Management Strategy is – *A strategy for asset management covering development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure desired level of service and other operational objectives are achieved at optimum cost.*

2.2 Asset Management Strategy Purpose

Council must account for and plan for all the existing assets under its control, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.

The Asset Management Strategy must:

- include the council-adopted Asset Management Policy,
- identify assets that are critical to Council's operations and outline risk management strategies for these assets, and
- include specific actions required to improve Council's asset management capability and projected resource requirements and timeframes.

2.3 Legislative Requirements

The NSW Integrated Planning and Reporting (IP&R) Framework guides planning and reporting requirements, which are set out in the Local Government Act 1993 (the Act) and the Local Government (General) Regulation 2021 (the Regulation).

The main components of the Framework include:

- Community Strategic Plan
- Resourcing Strategy, including 3 inter-related documents:
 - Long-Term Financial Plan
 - Workforce Management Plan
 - Asset Management Strategy
- Delivery Program
- Operational plan
- Annual Report

Council is governed by the principles of the Local Government Act 1993 (NSW), which require councils to consider asset management as part of their [Resourcing Strategies](#).

Following is an extract from the Local Government Act 1993 (NSW):

403 Resourcing strategy

(1) A council must have a long-term strategy (called its resourcing strategy) for the provision of the resources required to implement the strategies established by the community strategic plan that the council is responsible for.

(2) The resourcing strategy is to include long-term financial planning, workforce management planning and asset management planning.

Following is an extract from the Local Government (General) Regulation 2021:

196A Integrated planning and reporting guidelines—the Act, s 406

A council must comply with the integrated planning and reporting guidelines in the document entitled Integrated Planning and Reporting Guidelines for Local Government in NSW, published on the website of the Department, as in force from time to time.

[Guidelines](#) issued by the [NSW Office of Local Government \(OLG\)](#) are referenced in the legislation and Councils must comply with these.

The OLG has the following requirements regarding asset management (references to Asset Management Strategy are in bold) –

General requirements for asset management planning

- Each Council must account for and plan for all of the existing assets under its ownership, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.
- Each Council must prepare an **Asset Management Strategy** and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program.

Minimum timeframe for the Asset Management Strategy and Plans

- The **Asset Management Strategy** and Plan/s must be for a minimum timeframe of 10 years.

Basic Structure of the Asset Management Strategy

- The **Asset Management Strategy** must include a council endorsed Asset Management Policy.

- The **Asset Management Strategy** must identify assets that are critical to the council's operations and outline risk management strategies for these assets.
- The **Asset Management Strategy** must include specific actions required to improve council's asset management capability and projected resource requirements and timeframes.

Basic Structure of the Asset Management Plans

- The Asset Management Plans must encompass all the assets under a council's control.
- The Asset Management Plans must identify asset service standards.
- The Asset Management Plans must contain long term projections of asset maintenance, rehabilitation and replacement costs.

Asset Management Reporting

- Councils must report on their assets in the annual financial statements, in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including condition assessment, renewal and maintenance expenditure.

2.4 Roles & Responsibilities

Shoalhaven City Council is currently operating within an Asset Custodian model that assigns responsibility for service provision and the development, implementation and reviewing of Asset Management Plans (AMP's) for the various services to the Asset Custodians. Responsibility for AMP's is being transitioned over to the Asset Strategy Team to facilitate improved coordination of AMP updates consistent with corporate priorities.

Council has defined the roles of Technical Services and Asset Custodian within the Asset Management System, identifying the following responsibilities.

The responsibility of Technical Services is to:

- Provide leadership.
- Provide governance (Asset Management Policy, Asset Management Strategy, Template Asset Management Plan, Configuration of Asset Register).
- Advisor

The responsibility of the Asset Custodian is to:

- Deliver a great customer experience
- Know what assets they have
- Maximise value from the investment
- Know the service levels and their cost
- Know where the assets are in their life cycle
- Understand the annual consumption cost (Operations, Maintenance, Depreciation)
- Understand future demands
- Manage the risks
- Develop and use asset management and long-term financial plans

The supporting roles provided by Information Services and Financial Services teams, are responsible for providing:

- Support to enable the Asset Custodians to provide great customer experiences through good Asset Management

While Council acknowledges that the initial identification of roles in asset management and operation is a positive step, there is a recognised opportunity for further enhancement in this regard.

2.5 Asset Management System

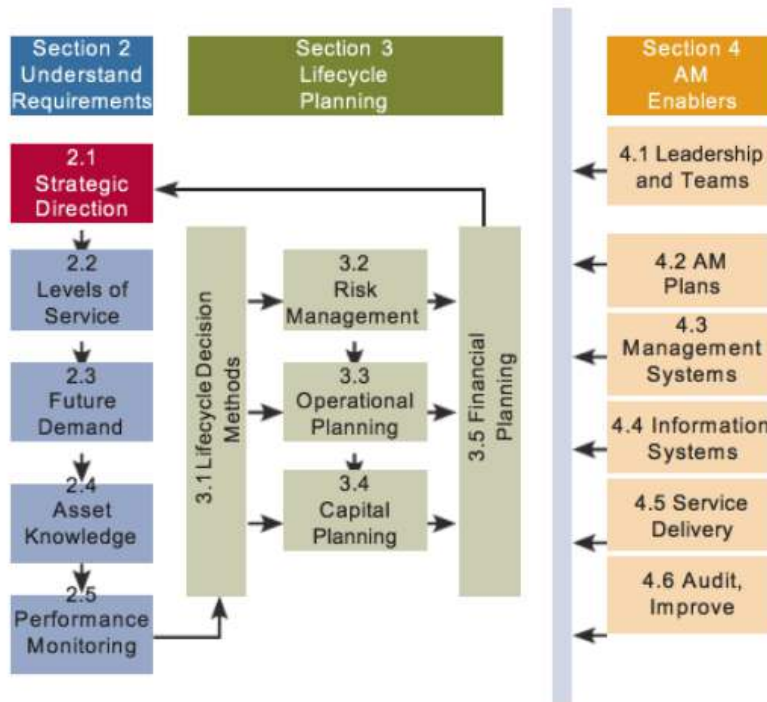
An Asset Management system must include:

- Organisational context
- Leadership & governance
- Asset registers
- Asset condition assessments
- Asset maintenance and management systems
- Strategic planning capabilities
- Predictive modelling
- Deterioration modelling
- Risk analysis and management
- Lifecycle costing
- Performance evaluation
- Improvement Plan

A component of the Asset Management Strategy must be a plan to fully develop, implement and continuously improve the Asset Management system as well as lead corporate change to improve asset management.

A comprehensive Asset Management (AM) system is required to meet community expectation and to satisfy statutory and financial imperatives.

Council's Asset Management System aligns with [IPWEA](#). See extract from section 2.1. defining scope of Asset Management - IIMM



2.6 Assets classes included in the Asset Management Strategy

This AMS includes all Council’s infrastructure assets, typically known by Asset Class as:

- Public and Community Buildings
- Recreation & Leisure
- Road Network
- Stormwater
- Water and Sewerage
- Land
- Plant & Equipment (including fleet)
- Recycling and Waste
- Commercial Activities
- Office equipment, furniture & IT hardware

Council has the following 37 Asset Management Plans published on the website, (not all are current).

Administration Buildings	Cultural Centres	Shoalhaven Animal Shelter
Aquatic Facilities	Drainage	Shoalhaven Entertainment Centre
Arts & Crafts Buildings	Early Childhood Services	Streetscapes

Bridges & Culverts	Emergency Services	Surf Lifesaving Clubs
Bus Shelters	Flood Mitigation Drainage Structures	Traffic Facilities
Bushwalks	Footpaths and Cycleways	Transport Infrastructure (Sealed Roads)
Car Parks - Commercial	Kerb and Gutter	Transport Infrastructure (Unsealed Roads)
Cemeteries	Libraries	Wastewater Supply
Coastal & Estuary Assets	Parks & Reserves	Water Supply
Commercial Buildings	Parks & Reserves - Playgrounds	Waterways Infrastructure (Boating Facilities)
Communications Facilities	Public Amenities	Works Depots
Community Buildings	Public Halls & Community Centres	Shoalhaven Animal Shelter
Courts - Tennis & Netball	Scout & Guide Club Facilities	Shoalhaven Entertainment Centre

It should be noted that Council's Financial Statements report on the Financial Asset Class, which is different to the Asset Class, and different again to the Asset Management Plan structure.

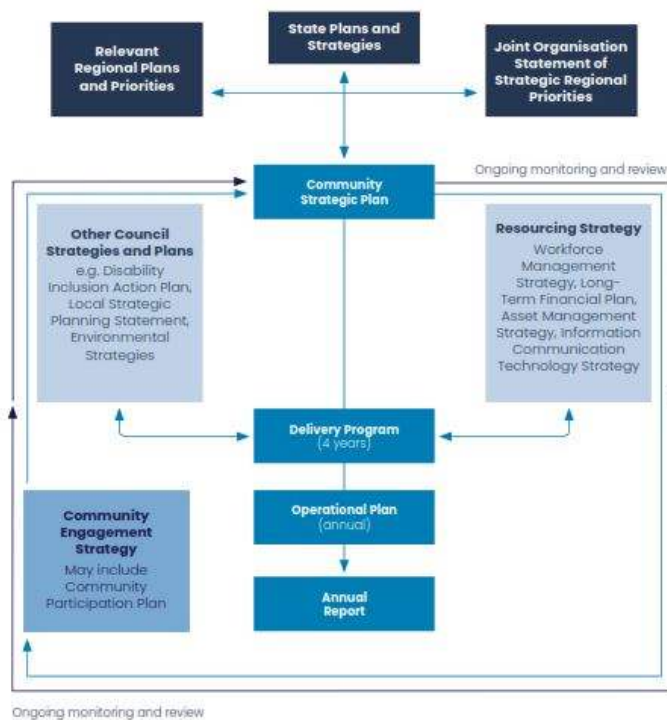
3 Strategic Alignment

As part of the Integrated Planning and Reporting Framework, the Community Strategic Plan (CSP) identifies “What the community told us”, that is their main priorities and expectations for the future.

The Resourcing Strategy identifies ways to achieve these goals, within the limits of Council’s available resources.

The [Office of Local Government Integrated Planning and Reporting framework](#) extract below demonstrates that all IP&R documents should connect and integrate well together. The documents need to be developed in an iterative way, with each informing development of the others.

The Asset Management Strategy demonstrates how the asset portfolio will achieve Council’s vision and goals in a sustainable way. To demonstrate this, the strategy needs to document the current state and identify how sustainable Council’s assets are to achieve the vision set by the CSP, considering what the gap is, and what improvements are required to achieve this.



Referencing the above diagram, Asset Management Plans align with the service provisions to meet the agreed levels of service in an optimum way that is financially sustainable. AMP’s provide essential corporate information to assist in the preparation of the *Community Strategic Plan*, *Long Term Financial Plan* and the *Delivery Program*.

3.1 Community Strategic Plan

Within the Community Strategic Plan, the vision for the future is identified as:

“We will work together in Shoalhaven to foster a safe & attractive community for people to live, work, stay & play; where sustainable growth, development & environmental protection are managed to provide a unique & relaxed lifestyle”.

Council’s CSP identifies the following four themes based on the community priorities:

- Resilient, safe, accessible, and inclusive communities.
- Sustainable, liveable environments.
- Thriving local economies that meet community needs.
- Effective, responsible, and authentic leadership.

3.2 Asset Management Policy

Asset Management is understanding the community’s desired level of service and then coordinating activity of management, physical, financial, economic, engineering, and other practices applied to the assets for the whole of their life with the objective of providing the required levels of service in the most cost-effective manner whilst balancing risk and trade.

The primary objective of the Asset Management Policy is to underpin Council’s responsibility to achieve sustainable asset outcomes for the community, with consideration of the long term and cumulative effects of decisions and their impact on current and future generations. The detail of this consideration is captured in our Asset Management Plans.

In support of the Shoalhaven community’s vision, the objective of the Policy is to align Council’s asset management activities with the following asset management principles:

Community benefit

- Continuously work toward an appropriate balance of community expectations and the resources of Council through the development and monitoring of agreed levels of service and appropriate community engagement.
- Improve the resilience of Council’s infrastructure to support communities.
- Enhance the protection of the community against future natural hazards and climate change.

Financial Sustainability

- Asset planning decisions for infrastructure will consider the “Life Cycle Cost” of an asset including costs of construction, operation, maintenance, and disposal.
- Asset planning decisions will be made in the context of a sustainable Long Term Financial Plan.
- Adopt a ‘Renewal before Upgrade or New’ philosophy for asset planning as appropriate. The intent of this philosophy is to ensure priority is given to sustainable management of renewals to deliver optimal asset lifecycle before implementing asset upgrades or new assets.

Environmental Sustainability

- Encourage the efficient use of resources in the planning and delivery of infrastructure activities.

- Embed protection of the natural environment into asset strategies and asset planning, utilising a risk-based approach in decision making.
- Acknowledge that climate adaptation and environmental protection considerations are fundamental to sustainable asset management.

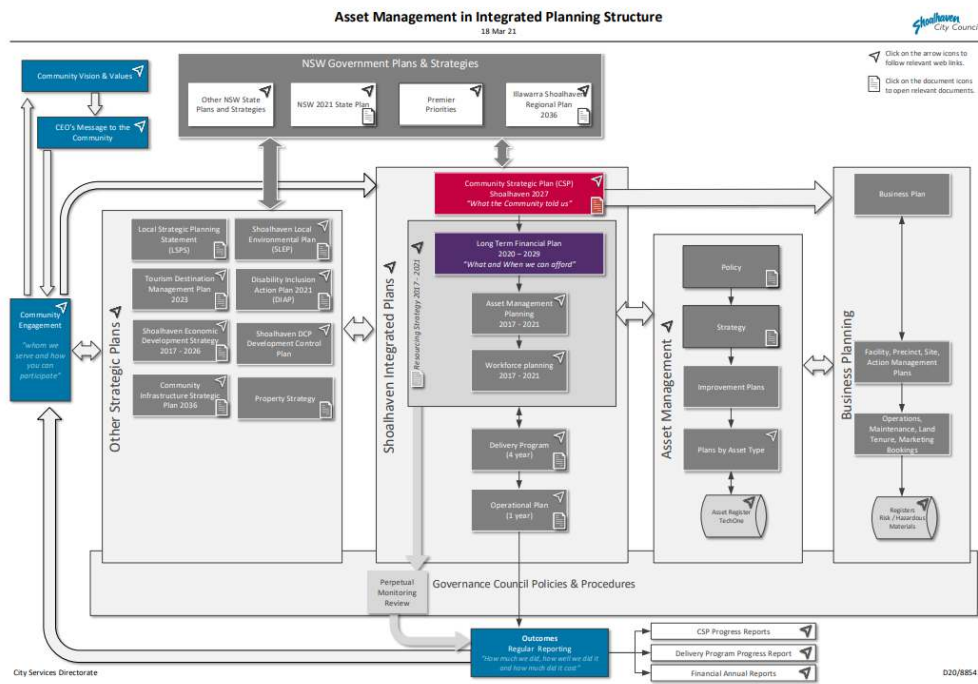
Continuous Improvement

- Support the continuous improvement of Council's asset management practices by providing and maintaining systems and data necessary to achieve Policy outcomes and facilitate informed asset planning decisions based on reliable data and consistent with an Intermediate maturity (as defined in IIMM 2020).
- Continually develop and maintain digital platforms that enable community access to data where appropriate.

3.3 Integration with Resourcing Strategy

The Asset Management Strategy has been prepared through integration with the Long-Term Financial Plan and the Workforce Management Strategy – collectively providing the Resourcing Strategy to deliver the adopted Delivery Program and Strategic Community Plan, as per the Integrated Planning and Reporting Framework.

The following table shows how Council's Asset Management integrates with the Integrated Planning Structure.



3.4 Other Related Strategies & Plans

In addition to Council's Community Strategic Plan and the Resourcing Strategy, there are numerous interconnected strategies and plans that contribute to the realisation of Council's

CL24.345 - Attachment 2

objectives. Ensuring a strong alignment between these strategies and the Resourcing Strategy is important. Such strategies and plans include Shoalhaven Heritage Strategy, Shoalhaven Property Strategy, Disability Inclusion Action Plan, numerous Transport studies and strategies etc

The Resourcing Strategy plays a pivotal role in delineating the Council's areas of responsibility within the Community Strategic Plan, given that various stakeholders, including other government levels, businesses, non-government organisations, community groups, and individuals, share a collective role in achieving the Community Strategic Plan's outcomes. This alignment is critical for effective coordination and collaboration across diverse sectors to maximise the plan's impact.

3.5 Stakeholders

The international standard for Asset Management, ISO 55001, places significant importance on the alignment of an Asset Management System with the requirements and desires of its stakeholders.

Council's asset management realm comprises of both internal and external stakeholders, who are outlined below. As Council advances in its asset and service planning endeavours, it becomes increasingly vital to enhance engagement with external stakeholders. This proactive engagement ensures that Council's infrastructure and assets align closely with the desired expectations of these external stakeholders.

Council's internal stakeholders include: Councillors, Executive Management, Asset Management Steering Committee (AMSC), service and asset planners, service delivery managers, asset operators and maintainers, ePMO.

Council's external stakeholders include: Community members, Federal & State governments, developers, industry/businesses, utilities, other agencies, visitors / tourists and goods and service providers to Council.

4 Description of Scenarios

4.1 Scenario One – Base Model

The Base Model (Scenario One) is a planned approach to the continued delivery of services and provision of infrastructure based on a revenue base that does not increase the general rates income above the projected rate peg (as set by IPART) and current service charges only increasing each year by the projected annual indexation.

The capital works program, being constrained by the cash generated from operations (including rates, grants, and charges) and financing (borrowings) activities, is below what is necessary to maintain the current levels of service provided by the infrastructure. Assets such as roads, buildings and stormwater are expected to deteriorate over time, requiring future Councils to make decisions on rationalisation of assets when assets begin to fail. This is not considered to be a sustainable approach over the long term.

4.2 Scenario Two – Enhanced Asset Investment – 8% SRV

The Enhanced Asset Investment – 8% SRV (Scenario Two) entails an increased commitment to investing in the renewal and replacement of assets. This higher level of investment is strategically designed to ensure the sustained functionality of our assets, while also factoring in the present capacity of Council. There is an increased investment in roads, to address part of the backlog, as well as increased investment in buildings, stormwater, footpaths and open space over the 10 years.

Scenario Two is presumed to be funded through the introduction of a special rate variation in general rates, increasing the general rate in year 1 by 8%, inclusive of the rate peg (a permanent increase). The general rate increase in the following years, returns to the projected rate peg approved by IPART.

Whilst balancing the need to increase Council's unrestricted cash, this scenario provides a modest additional funding. The additional funding is predominantly allocated to urgent roads renewals, however, to ensure pavement renewals are durable the first year is anticipated to have a higher focus on scoping and design activities for implementation in later years.

This scenario increases investment in Roads greater than the base scenario, but around 40% lower than the renewal requirements to begin addressing the existing backlog. This scenario would enable additional investment to be allocated to Buildings and Open Spaces; however this is even more limited than the investment in Roads.

The current investment in water and sewer assets continues in this scenario, however it will be important for this to be reviewed in detail, to ensure that the current pricing model enables adequate infrastructure investment to maintain the existing levels of service into the future.

4.3 Scenario Three – Enhanced Asset Investment – 12% SRV

The Enhanced Asset Investment – 12% SRV (Scenario Three) entails an increased commitment to investing in the renewal and replacement of assets, as identified in Scenario Two, and is incrementally closer to approaching Council's asset renewal requirements. It is important to note that just meeting current renewal requirements does not adequately address the backlog which has been growing from recent under-investment.

Scenario Three is presumed to be funded through the introduction of a special rate variation in general rates increasing the general rate in year 1 by 12%, inclusive of the rate peg (a permanent increase) and general rate increase in the following years, returning to the projected rate peg approved by IPART.

As with Scenario Two, there is a balance needed in ensuring an increase in Council's unrestricted cash. However, given the larger increase in general rates the amount available to invest in critical assets increases, with a similar initial focus on urgent road renewals.

The current investment in water and sewer assets continues in this scenario, however it will be important for this to be reviewed in detail, to ensure that the current pricing model enables adequate infrastructure investment to maintain the existing levels of service into the future.

