

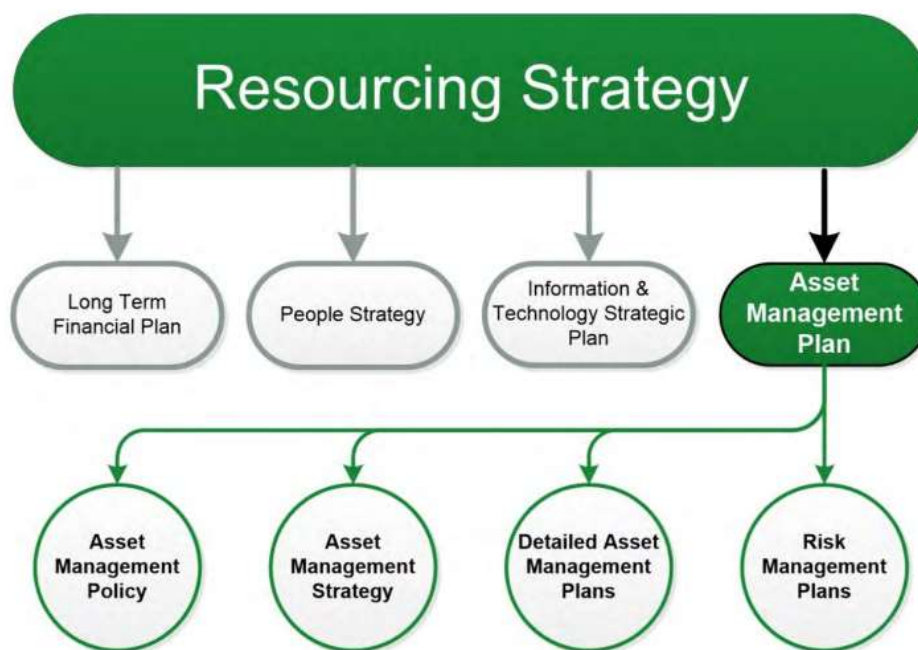
KIAMA MUNICIPAL COUNCIL

STRATEGIC ASSET MANAGEMENT PLAN 2022/23 – 2031/2032

INTRODUCTION

Purpose of the Asset Management Strategy

The Strategic Asset Management Plan is an integral part of Council's Resourcing Strategy and is used to ensure that Council has a long term vision for Infrastructure Asset management for the municipality to meet the aims and objectives of the Community Strategic Plan, Delivery Program and Operations Plan. The integration of the SAMP within the Resourcing Strategy ensures that Asset Renewals, Additions and Maintenance are financially sustainable.



Resourcing Strategy Elements

The SAMP is integrated with Council's Long term Financial Plan (LRFP) and has been developed with reference to the requirements of the ISO55000 series for Asset Management, the International Infrastructure Management Manual, International Infrastructure Financial Management Manual, the Local Government Act 1993, and the Local Government (Content of Plans and Strategies) Order 2014

Over the ten-year window of this Plan, identified asset renewal and maintenance requirements are planned to be met, and the Council's rolling capital works program is set to address identified infrastructure renewal whilst providing new and upgraded infrastructure and facilities to meet growing community demand in the future.

Council is committed to achieving strategic asset management improvements to enable better decision-making and will evaluate its effectiveness through the following key performance indicators:

- Funding and budgeting models that support a whole-of-life cycle of assets;
- Achieving Infrastructure-related ratios that meet OLG targets;
- Identifying and collating project opportunities (ideas and concepts) with priority ratings;

- Optimisation of critical asset renewals;
- Benchmarking Council's Asset Management Framework and systems against industry standards;

The key outcomes of delivering this SAMP will be:

- Increased confidence in budget forecasting using asset lifecycle expenditure analysis;
- Validated funding ratios using asset lifecycles;
- Accurate asset conditions and serviceability life;
- Project prioritisation and critical renewals scheduling;
- Long term operations and maintenance strategies that are compiled utilising asset lifecycle cost analysis;
- Standardised reporting for asset management plans, budget forecasting and risk analysis; and
- Robust revaluation processes leading to accurate asset valuations.

Objectives of the Asset Management Strategy

The objectives of the asset management strategy are to:

1. define the current state of Council's physical assets
2. establish an evidence-based set of projections to ensure inter-generational equity in the management of Council's assets; and
3. identify actions aimed at enabling improved asset management by the organisation.

This strategy contains:

- Current asset position
- Current status of asset management practices
- Asset Management Funding
- Future vision of asset management
- Asset management improvement program to facilitate the vision

This strategy document is fully integrated into Council's suite of Integrated Planning and Reporting publications and contains data derived from Council's Fixed Asset Register and audited financial statements.

Background

Kiama Municipal Council is responsible for a large and diverse asset base. These assets include roads, bridges, footpaths, drains, libraries, holiday parks, convention centre, leisure centre, halls, parks, sporting facilities, and fleet, land and information communication technology- related assets. Council manages its assets in accordance with the Guiding Principles for councils (Section 8A) and Principles of sound financial management (Section 8B) under the Local Government Act 1993.

Over time Kiama Municipal Council has progressively added to its assets, which has consequently added depreciation, operation and maintenance costs to an already large existing and ageing asset base.

In order to manage this asset base, the Strategic Asset Management Plan (SAMP) has been developed which is designed to address plans and priorities considering asset life cycles and risk. Such strategies and plans ensure that their content addresses priorities in line with organisational objectives and adopted community levels of service. Finance and expenditure is also planned and controlled in line with these priorities. Technical levels of service that related to compliance requirements in legislation are also maintained. A specific body of asset management work is also underway for Blue Haven Bonaira and Terralong facilities to document and address maintenance, renewal and depreciation.

Council's Strategic Asset Management Plan (SAMP) analyses groups of assets generally in the following categories:

- **Plant & Equipment:** motor vehicles, major plant (trucks and machinery) and minor plant items
- **Buildings:** Community Facilities, Cultural Facilities, Childcare Centres, Public Toilets, Exeloos, Grandstands, Surf Life Saving Clubs, Amenities, Office/Shops, Industrial, Residences, Cabins and Leisure Centres
- **Other structures:** minor structures such as bus shelters, Lighting structures, picnic shelters, waste facility structures and dam walls
- **Roads:** Road seal, base, sub-base, kerb and gutter, guardrails and traffic facilities (roundabouts, speed-humps, medians etc), road and pedestrian bridges, boardwalks and jetties, footpaths and cycleways, car parks and boat ramps
- **Stormwater:** Pits, Pipes, Headwalls, Culverts and Riparian Assets
- **Open Space / Recreation:** Pools, Playgrounds, Sport Courts, Park Furniture, and Landscaping
- **Other assets:** IT equipment, library collection, waste facility assets.

What is Asset Management?

For the purpose of this Plan, an asset is defined as “a resource controlled by Council as a result of past events and from which future economic benefits are expected to flow to Council”.

The term “asset management” as defined in Council's Asset Management Strategy is:

“The combination of management, financial, economic, and engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.”

Asset management is a “whole of life” approach that includes planning, acquisition, operation, maintenance and disposal of assets.

CURRENT ASSET POSITION

Asset Valuation

Kiama Municipal Council services a resident population of over 23,000 and many more visitors and tourist throughout each year, all of whom utilise physical assets when utilising Council's services. Councils manages assets that would cost over \$701 million to replace to deliver services to the community. Of these assets \$541 million degrade through use and time and will need to be replaced; these are Councils depreciable assets. The value of Council's assets are provided in the table below:

Asset Category	Cost \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000	Remaining Life
Infrastructure				
- Buildings Non Specialised	22,747	7,967	14,780	65%
- Buildings Specialised	146,738	52,888	93,850	64%
- Other Structures	13,042	5,860	7,182	55%
- Roads	193,865	59,228	134,637	69%
- Bridges	36,038	13,159	22,879	63%
- Footpaths	15,594	5,788	9,806	63%
- Earthworks	22,311		22,311	
- Stormwater	56,571	15,797	40,774	72%
- Swimming Pools	1,208	307	901	75%
- Other open space / Recreation assets	6,526	3,231	3,295	50%
Land				
- Operational Land	44,766		44,766	
- Community Land	82,302		82,302	
- Land Under Roads	28		28	
- Land Improvements Non Depreciable	4,728		4,728	
- Land Improvements Depreciable	3,103	1,636	1,467	47%
Other Assets				
- Plant & Equipment	28,537	14,974	13,563	48%
- Office Equipment	5,401	4,267	1,134	21%
- Furniture & Fittings	3,815	2,854	961	25%
- Library Books	2,148	1,712	436	20%
- Other	6,154	319	5,835	95%
- Capital Works in process at 30/6/21	6,126		6,126	
Depreciable Total	541,487	189,987	351,500	65%
Non Depreciable Total	160,261	0	160,261	100%
TOTAL	701,748	189,987	511,761	73%

Council's Asset Register

Source: Financial Statements 30th June 2021

Council's property, plant and equipment are depreciated using the straight line method which allocates an assets cost over its estimated useful life. Council has considerable stocks of assets with long but finite lives. These estimated useful lives are expected to remain constant over the life of this Plan and are provided in the table below.

Progressive reviews of asset lives and condition are conducted on a scheduled basis with major reviews of road, stormwater and community land assets undertake in the last two years. Reviews of buildings and recreational assets are underway. The result of these reviews has typically resulted in an increase in depreciation expense, through reviewed valuations and useful life.

The straight line method of depreciation is consistent with Council's Asset Accounting Policy and ensures that there will be no major peaks or troughs in depreciation expense from year to year as this method ensures a uniform rate of depreciation of property, plant and equipment. This also ensures that current rate payers do not pay too little or too much for the infrastructure in the region.

Plant and equipment Office equipment, furniture & fittings Vehicles, Heavy plant / road marking equipment Other plant and equipment	2 to 50 years 5 to 8 years 5 to 40 years
Other equipment Playground equipment Benches, seats etc.	5 to 15 years 10 to 25 years
Buildings Buildings: masonry Buildings: other	50 to 200 years 20 to 40 years
Stormwater drainage Culverts Drains Flood control structures	50 to 100 years 80 to 120 years 20 to 120 years
Transportation assets Sealed roads: surface Sealed roads: structure Unsealed roads Bridge: concrete Bridge: other Kerb, gutter and paths	12 to 30 years 80 to 100 years 20 years 100 years 55 years 40 to 190 years
Other infrastructure Bulk earthworks Swimming pools Other open space / recreational assets	Infinite 50 to 100 years 15 to 95 years

Estimated Useful Lives for Each Asset Category

Council's infrastructure, property, plant and equipment are valued at fair value per Australian Accounting Standard 116 Property, Plant and Equipment and the Local Government Code of Accounting Practice and Financial Reporting. The Local Government Code of Accounting Practice and Financial Reporting states that a comprehensive revaluation of each asset should be performed at a minimum every five years, however councils need to ensure that revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

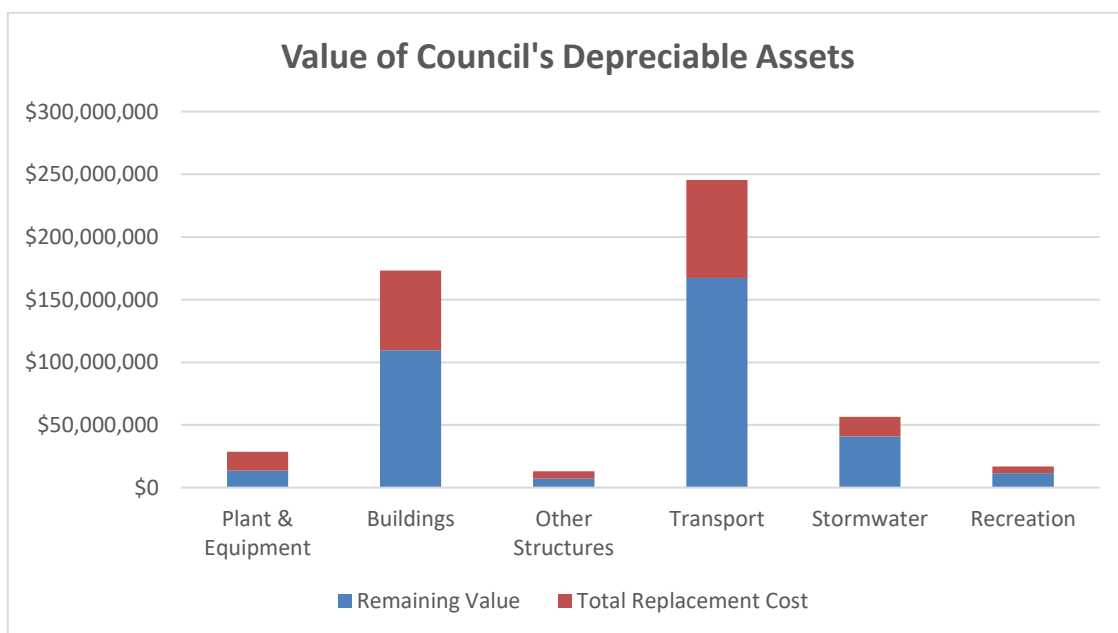
Previous years' and planned revaluations are shown on the table below:

Asset Type	Year												Notes	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026		
Plant & Equip														Only Annual
Office Equip														Only Annual
Operational Land				✓									✓	
Land Under Roads								✓					✓	
Community Land		✓				✓							✓	
Buildings								✓						
Non specialised buildings				✓				✓						
Other Structures		✓		✓				✓						
Roads	✓					✓						✓		
Bridges & Culverts							✓						✓	
Footpath	✓								✓					
Bulk Earthworks						✓						✓		
Stormwater	✓						✓						✓	
Swimming Pools								✓						
Open Space/Recreational Assets								✓						
Library Books														Only Annual
Other Community								✓						
Investment Property							✓						✓	
Loan Licences for Blue Haven							✓						✓	

Asset Revaluation timetable

As infrastructure, property, plant and equipment are already valued at fair value as opposed to historical cost the periodic revaluations to fair value are not likely to result in a material changes to forward estimates. The remaining life of each individual asset is based on condition assessment of the asset and future development plans..

On average Council's assets have 65% of their life remaining before they need replacement. The graph below shows the overall value of each Asset Management Plan category of depreciable assets and their remaining values; the red portion reflecting the proportion of assets lives already used/spent:



Asset value by AM category

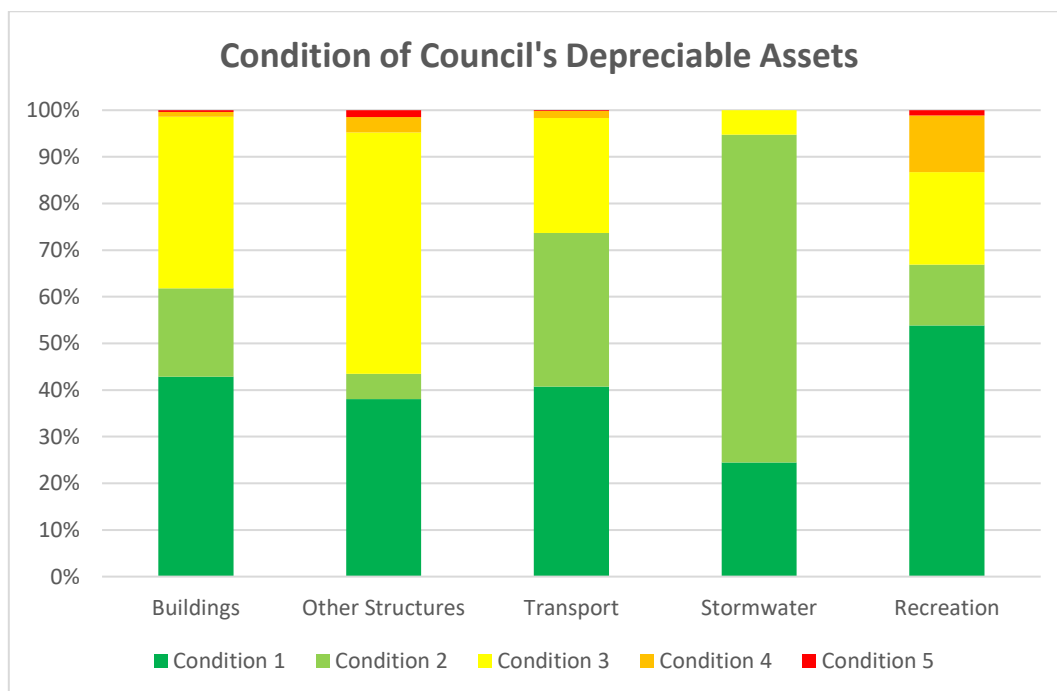
Source: Financial Statements 30th June 2021

Asset Condition

In assessing the condition of Public Assets, Council has considered the existing condition and function of each asset. Where assessed condition data is not available, condition rating has been derived based on remaining lives of each asset as outlined below. This is consistent with condition rating methods and scales utilized by Local Government entities across Australia as identified in the International Infrastructure Management Manual.

Rating	Explanation (Indicative Remaining Live)
1	<i>As new</i> – no work required (>80% life remaining)
2	<i>Good</i> – minor maintenance required (between 80% and 50% life remaining)
3	<i>Fair</i> – regular scheduled maintenance required (between 50% and 20% life remaining)
4	<i>Poor</i> – extensive maintenance required – plan for renewal (between 20% and 5% life remaining)
5	<i>To be replaced</i> – include in current program (<5% life remaining)

The following graph shows the current condition of assets in each Asset Class. Plant & Equipment assets do not have condition ratings as they typically have short lives, with replacement schedules based around utilisation.



Asset condition profile by AM category

Source: Assets Register and Financial Statements 30th June 2021

Using condition levels from physical inspections and risk assessment all of the estimated asset renewals for the next ten years are detailed in each Asset Management Plan, these then feed into the Long Term Financial Plan.

CURRENT STATUS OF ASSET MANAGEMENT PRACTICES

Kiama Municipal Council has adopted the best appropriate Asset Management Practices using the Institute of Public Works Engineering Australia International Infrastructure Manual as its basis. The following sets out Council's current status of each major practice area.

Asset Management Framework

Asset Management Strategy

The Asset Management Strategy derived from Asset Management Plans for asset categories is the corner stone of Councils asset management framework. The plan is fully integrated with all the Integrated Planning and Reporting documents. The key aspects of the 10-year capital renewal schedule and 10 year new capital items schedule ensures that there is full integration of the asset management capital requirements in future budgets.

The Asset Management Strategy is a strategy for the implementation and documentation of Asset Management practices, plans, processes and procedures within Kiama Municipal Council (KMC). It provides a better understanding of how to align Council's overall asset portfolio so that it best meets the service delivery needs of the community, both now and in the future. It is underpinned by the Asset Management Policy, as well as the specific Asset Management Plans for each asset type and collectively support the delivery of Council's Strategic Plan.

Council has made significant advances and continues to seek and implement initiatives to increase council's productivity in the asset management context. The Community Strategic Plan, Delivery Program and Operations Plan, together with a number of other financial sustainability strategies have created a renewed focus on asset management provision and lifecycle planning.

Actions within Council's Asset Management Strategy supporting these broader objectives include the following. These are detailed more in the Asset Management Improvement Program later in this document:

- Review and adoption of an updated overarching asset management policy
- Review and enhancement of the asset management framework and governance structure
- Creation and continuous review of all detailed infrastructure asset management plans
- Coordination of infrastructure data collection projects aimed at improving the quality of the underlying base asset data for roads, stormwater drainage, trees, parks and open spaces, and buildings and their components.
- Development of whole-of-life analysis for all asset-related purchases, acquisitions and implementations to ensure inter-generational equity
- Creation of advanced asset condition and prioritisation methods to develop renewal works programs

Asset Management Policy

The Asset Management Policy enables the delivery of our asset management actions that are consistent with our strategic goals set out in the Community Strategic Plan and other strategic documents. The complete policy is an appendix of this document.

The policy objectives are:

- Provide infrastructure and services to sustain the Municipality's communities
- Implement a life-cycle approach to the management of infrastructure and public assets
- Ensure that service delivery needs are the primary driver for infrastructure asset management practices
- Provide a sustainable funding model that provides assets aligned with the Councils' long term plans and community needs
- Develop and implement best value environmentally sustainable asset management practices
- Create a resilient Municipality by modelling and planning to make it adaptable to acute shocks and chronic stresses
- Provide reliable asset and infrastructure data through supported digital platforms
- Implement an integrated decision support system
- Ensure compliance with legislative requirements
- Allocate asset management responsibilities

Asset Management Plans

The foundation of Asset Management at Kiama are Councils Asset Management Plans. These provide an additional level of detail to various asset categories and are fully integrated with all Integrated Planning and Reporting documents. Councils Asset Management Plans currently include all Blue Haven Aged Care facilities within the relevant plans.

As part of Council's drive to improve understanding, accountability and sustainability of its finances, Council is moving to separate the accounts and reporting for the Aged Care Service from the rest of Council's core business. To this end, all AMPs will be reviewed and updated within the first year of this SAMP to separate out Blue Haven Assets. The review will also be aligned with the transition of the physical asset register from the current "Authority" system to "Technology One" during the first two years of this SAMP. The resulting list of reviewed AMPs will be:

- Stormwater
- Roads
- Buildings (Council)
- Recreation
- Footpaths and Cycleways
- Other Assets
- Holiday Parks
- Blue Haven Facilities

Asset Management Information Registers

Council's asset data is all stored in its corporate Asset Management Information System. At the time of preparing this SAMP, the Physical Asset Register (containing inventory records and condition data) is stored in Council's "Authority" system and will be transitioning to a new Technology One product in the first two years of this plan. The Financial asset register has been transferred into the Technology One financial management information system and will be directly linked to the inventory records when the physical register is transferred. Asset register data in the current system is fully integrated with Geographical Information System (GIS) layers to improve the navigation to inventory records. This special-integration will be transitioned as part of the new system implementation.

Asset Inventory Data

Council has followed the guidelines for the fair value accounting of Infrastructure Assets resulting in the formation and auditing of key asset inventory data. The result of these processes is that all inventory records are periodically validated through routine inspections, programmed condition assessments and revaluation processes resulting in key attribute data of location, dimensions, materials, condition, current replacement cost and remaining lives being regularly reviewed and updated.

Risk Management

Council minimises the risk of asset failure and injury to staff and the community by conducting inspections and condition assessments. This is supported by the Customer Request Management System to support incidents and issues that have occurred between scheduled inspections.

Council manages risk via appropriate insurance, inspection, maintenance and renewal. Risk analysis is documented for assets in each Asset Management Plan.

The following major causes of hazards to Council's infrastructure assets and asset management planning, for which risk management responses have been developed include:

- Condition and service-quality decline through age and use
- Natural disasters and environmental events causing direct impact or accelerate decline in condition or service quality
- Accelerated development resulting in increased contributed assets
- Significant change in external financial factors impacting maintenance, or renewal costs

These risks are managed through routine actions of:

- Asset inspections and periodic condition assessments
- Revaluation of assets and critical reviews of capital program/project estimates
- Updates of AMPs and Developer Contributions Plans
- Identification of critical assets impacted by natural disasters to focus improvement investments and external funding opportunities

Infrastructure supplied by developers

Council becomes liable for maintenance of assets and spaces provided and paid for by the developers of residential estates one year after they are created. There are a number of areas that have potential for future growth and potential for new residential estates to be built. Council may become liable for maintenance of assets and spaces provided by private developers of these residential estates at:

- Spring Creek
- Cedar Grove
- Kiama
- Jamberoo
- Gerringong

Maintenance costs that may arise from future developments have not been quantified. When the costs are quantified, they will be included in future updates of the SAMP and LTFP.

Due to environmental and conservation constraints of the Kiama LGA there are only limited opportunities for large scale residential and commercial developments. There has been and will continue to be increased infill development. It is expected that the developments mentioned above will eventuate; however, the estimated future increase in the number and value of assets, has been estimated conservatively with these environmental and conservation constraints in mind.

Asset Management Confidence Levels

Asset Management confidence levels are reflective of an organisations Asset Management journey. Current confidence levels for each of Councils Asset Management Plan are:

AM Plan	Confidence Level
Stormwater	Medium
Transport	Medium - High
Buildings	Medium
Recreation	Medium
Footpaths and Cycleways	Medium
Other Assets	Medium
Holiday Parks	Medium
Blue Haven	Low - Medium

ASSET MANAGEMENT FUNDING

Council allocates funding from a variety of sources towards the maintenance, operation, renewal and expansion of its infrastructure assets. The expenditure profiles contained within this strategic asset management plan and to be translated into the detailed asset management plans are aligned with and fully funded in Council's ten-year long term financial plan.

Expenditure is classified as one of the following:

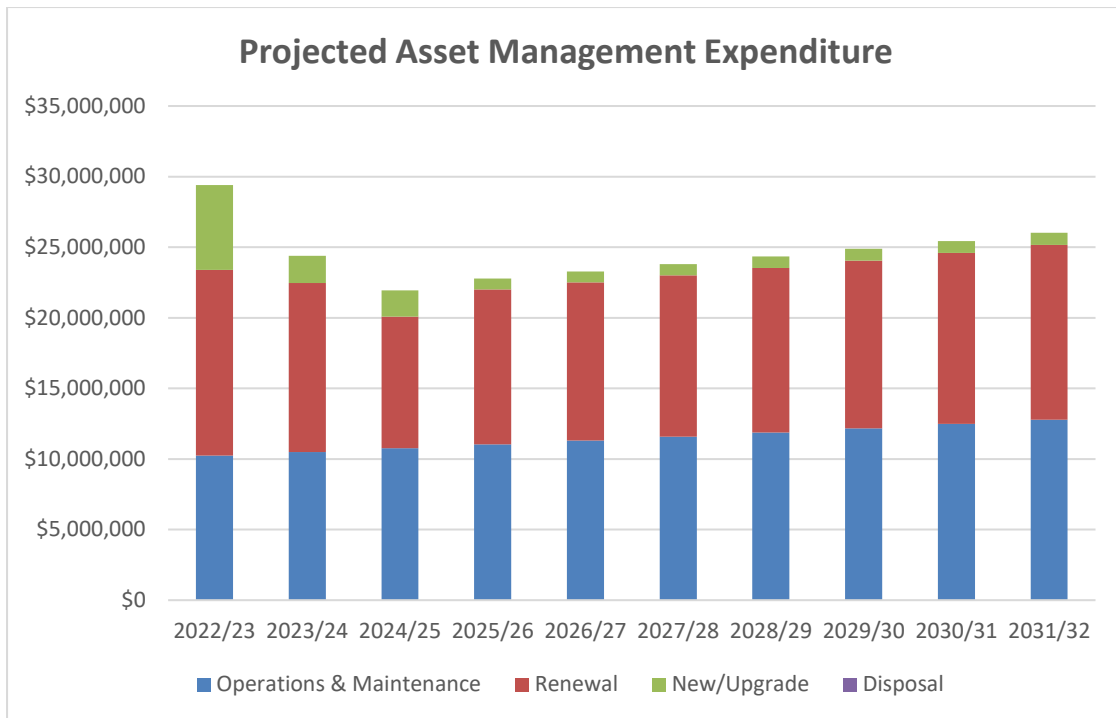
- *Operations & Maintenance* = expenditure required to keep an asset operational for its intended purpose and condition for its intended life. Examples are repainting buildings, mowing parks and filling potholes on our roads.
- *Capital Renewal* = expenditure required to replace an asset or its components prior to enable the current service to be continued with a replacement asset. An example would be reconstruction of a failed section of footpath or replacement of an old stormwater pipe with a new culvert structure.
- *Capital New/Upgrade* = expenditure planned to expand or upgrade an existing asset or create a new asset to expand services to the community. An example may be a major upgrade of an Amenities building or creation of a new footpath.
- *Disposal* = expenditure to demolish or remove an asset that has reached its end of life and is no longer needed. An example may be demolition of an old picnic shelter that is no longer required.

Council has no plans to dispose of any physical assets during the life of this SAMP and the supporting LTFP. Although Council has plans to dispose of a number of strategic land holdings over the life of this plan, these are not considered physical assets covered under the SAMP.

The following table and associated graph show the proposed asset management expenditure under each of these classifications over the life of this plan.

Year	Maintenance	Renewal	New/Upgrade	Disposal	Total
2022/23	10,239,781	13,160,392	5,996,185	-	29,396,358
2023/24	10,495,776	11,964,600	1,927,500	-	24,387,876
2024/25	10,758,170	9,325,000	1,852,500	-	21,935,670
2025/26	11,027,124	10,980,000	762,500	-	22,769,624
2026/27	11,302,802	11,199,600	777,750	-	23,280,152
2027/28	11,585,372	11,423,592	793,305	-	23,802,269
2028/29	11,875,007	11,652,064	809,171	-	24,336,242
2029/30	12,171,882	11,885,105	825,355	-	24,882,341
2030/31	12,476,179	12,122,807	841,862	-	25,440,848
2031/32	12,788,083	12,365,263	858,699	-	26,012,046

Asset Management Expenditure Values



Asset Management Expenditure Profile

The overall profile shows a decline in projected expenditure over the first three years of the plan, followed by a gradual increase over the remainder of the plan. The relatively high expenditure in the Renewal and New/Upgrade profiles reflects a number of significant grant funded projects to be delivered prior to 30 June 2024. These include the \$3 million refurbishment of Hindmarsh Park and \$3.8 million for the Jamberoo Valley Cycleway and other active transport projects.

Predicted expenditures for maintenance and capital funded projects is indexed at between 2% and 2.5% annually over the life of the plan, funded from a mix of revenue and grant funding.

10 Year Capital Renewal Program

The Capital Renewal program has been derived from condition-based assessments to determine the remaining life of assets. The Capital Renewal program for 2022/23 – 2024/25 include specific projects to renew assets at the end of their lives. The current detailed Asset Management Plan contain detailed listings of the asset renewal items for the 10 years from 2018 to 2027, and will be updated over the first two years of this SAMP to reflect these LTFP budget allocations and based on their current replacement cost.

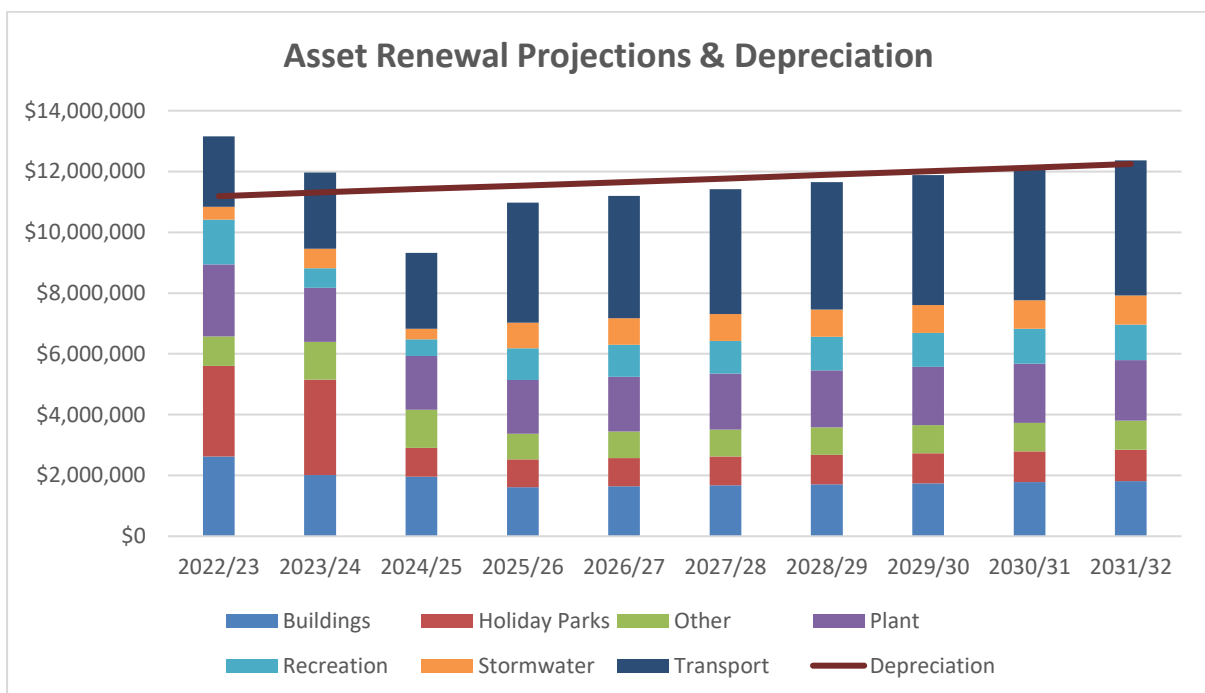
The following table shows the Capital Renewal allocations made for each Asset grouping over the life of the plan. The significant investment in Holiday Park asset renewals in the first two years reflects Council’s commitment to address identified safety and amenity improvements in each of the holiday parks. The apparent contrasting decline in renewal expenditure for Recreation and Stormwater assets in years 2 and 3 are reflective of the significant new/upgrade expenditure for these assets in the same year.

Year	Buildings	Holiday Parks	Other	Plant & Equipment	Recreation	Storm-water	Transport
2022/23	\$2,625,000	\$2,983,800	\$970,000	\$2,360,500	\$1,475,560	\$425,000	\$2,320,532
2023/24	\$2,010,000	\$3,139,600	\$1,250,000	\$1,770,000	\$645,000	\$650,000	\$2,500,000
2024/25	\$1,960,000	\$950,000	\$1,250,000	\$1,770,000	\$545,000	\$350,000	\$2,500,000
2025/26	\$1,610,000	\$915,000	\$850,000	\$1,770,000	\$1,035,000	\$850,000	\$3,950,000
2026/27	\$1,642,200	\$933,300	\$867,000	\$1,805,400	\$1,055,700	\$867,000	\$4,029,000
2027/28	\$1,675,044	\$951,966	\$884,340	\$1,841,508	\$1,076,814	\$884,340	\$4,109,580
2028/29	\$1,708,545	\$971,005	\$902,027	\$1,878,338	\$1,098,350	\$902,027	\$4,191,772
2029/30	\$1,742,716	\$990,425	\$920,067	\$1,915,905	\$1,120,317	\$920,067	\$4,275,607
2030/31	\$1,777,570	\$1,010,234	\$938,469	\$1,954,223	\$1,142,724	\$938,469	\$4,361,119
2031/32	\$1,813,121	\$1,030,439	\$957,238	\$1,993,307	\$1,165,578	\$957,238	\$4,448,342

Capital Renewal Expenditure Values

It is appropriate to compare the annual depreciation expense to the funding allocated for renewal. Annual depreciation expense reflects the annual decline in value or usage of Council’s asset stock and Council’s should aim to allocate sufficient budget on average annual to match this depreciation expense.

The graph on the following page shows the above annual renewal allocations for each asset grouping and their combined total as a comparison to the forecast Annual Depreciation expense for these Council assets.



Capital Renewal Expenditure Profile relative to Annual Depreciation

The above graph shows that over the life of the plan, asset renewal expenditure will keep pace with forecast annual depreciation expense. The short period of lower renewal allocation in year three of the plan is compensated by the higher than required allocations in year one and two.

10 Year Capital Additions Program

The Capital Additions Program or Capital New/Upgrade has been developed as part of each Asset Management Plan encompassing new asset requirements contained in the Community Strategic Plan, Delivery Program, Operations Plan and/or service-specific plans and priorities.

Council has fully funded the Capital New Plan, predominantly from external funding sources or service-specific reserves. Council's strategy over the life of this plan is to minimise allocation of Council revenue to capital new/upgrades and to focus on seeking external funding opportunities to support these projects.

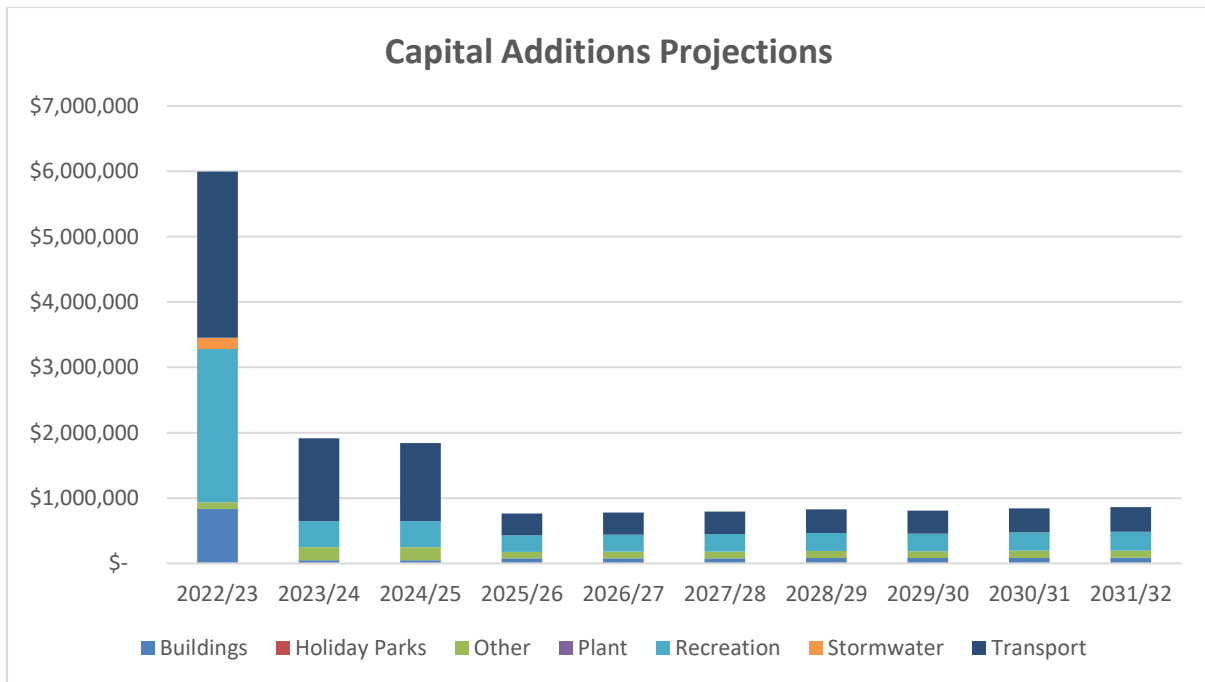
The following table and supporting graph shows the Capital New/Upgrade allocations made for each Asset grouping over the life of this plan.

Year	Buildings	Holiday Parks	Other	Plant & Equipment	Recreation	Storm-water	Transport
2022/23	\$833,000	\$ -	\$100,000	\$ -	\$2,355,000	\$165,000	\$2,543,185
2023/24	\$50,000	\$ -	\$200,000	\$ -	\$395,000	\$ -	\$1,270,000
2024/25	\$50,000	\$ -	\$200,000	\$ -	\$395,000	\$ -	\$1,195,000
2025/26	\$75,000	\$ -	\$100,000	\$ -	\$255,000	\$ -	\$332,500
2026/27	\$76,500	\$ -	\$102,000	\$ -	\$260,100	\$ -	\$339,150
2027/28	\$78,030	\$ -	\$104,040	\$ -	\$265,302	\$ -	\$345,933
2028/29	\$81,182	\$ -	\$108,243	\$ -	\$276,020	\$ -	\$359,909
2029/30	\$79,591	\$ -	\$106,121	\$ -	\$270,608	\$ -	\$352,852
2030/31	\$82,806	\$ -	\$110,408	\$ -	\$281,541	\$ -	\$367,107
2031/32	\$84,462	\$ -	\$112,616	\$ -	\$287,171	\$ -	\$374,449

Capital New/Upgrade Expenditure Values

The significant allocations in the first year of the plan reflect major approved grant funding for asset upgrades such as Hindmarsh Park upgrades, new cycleways and new and upgraded community facilities. The grant funding for cycleways (under Transport) extends into years two and three. The remainder of the plan reflects the conservative approach to funding minimal capital additions from existing allocations. As consideration for future grants are made, this plan, the supporting detailed asset management plans and the long term financial plan will be updated to reflect any new grants for capital new/upgrade projects.

It is a fundamental principle of this plan that consideration of Capital New/Upgrade projects will consider the whole-of-life costs and implications on Council. This means that, any allocation for Capital new/upgrade will also result in increased maintenance & operations costs, increased depreciation and a future renewal expenditure based on the expected life of the new/upgraded asset.



Capital Additions Expenditure Profile

The current detailed Asset Management Plan contain listings of the asset additions for the 10 years from 2018 to 2027; these will be updated over the first two years of this SAMP to reflect these LTFP budget allocations.

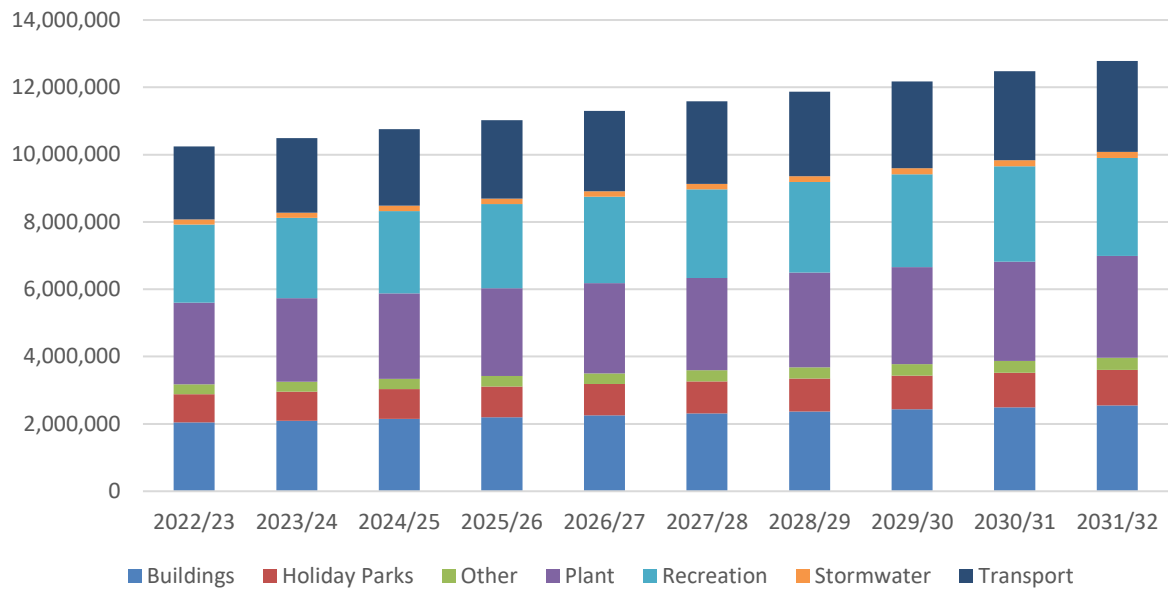
10 Year Operational & Maintenance Program

The Operational and Maintenance Program has been developed as part of each Asset Management Plan encompassing the asset requirements contained in the Community Strategic Plan. Council has fully funded the Operational and Maintenance Program as summarised below from the Asset Management Plans.

Year	Buildings	Holiday Parks	Other	Plant & Equipment	Recreation	Storm-water	Transport
2022/23	2,044,855	841,500	289,310	2,422,600	2,327,291	146,263	2,167,962
2023/24	2,095,976	862,538	296,543	2,483,165	2,385,473	149,920	2,222,161
2024/25	2,148,376	884,101	303,956	2,545,244	2,445,110	153,668	2,277,715
2025/26	2,202,085	906,203	311,555	2,608,875	2,506,238	157,509	2,334,658
2026/27	2,257,137	928,859	319,344	2,674,097	2,568,894	161,447	2,393,024
2027/28	2,313,566	952,080	327,328	2,740,950	2,633,116	165,483	2,452,850
2028/29	2,371,405	975,882	335,511	2,809,473	2,698,944	169,620	2,514,171
2029/30	2,430,690	1,000,279	343,899	2,879,710	2,766,418	173,861	2,577,026
2030/31	2,491,457	1,025,286	352,496	2,951,703	2,835,578	178,207	2,641,451
2031/32	2,553,744	1,050,918	361,309	3,025,495	2,906,468	182,662	2,707,487

Asset Maintenance & Operations Expenditure Values

Projected Maintenance & Operations Expenditure



Asset-related Financial Performance Indicators

The following indicators are the asset-related measures set by the Office of Local Government to assess Council's Fitness for the Future. Council's predicted performance against these indicators, together with the other financial indicators are provided in the Long Term Financial Plan.

Building and Infrastructure Asset Renewal Ratio

Definition:	<p>A ratio of 100% indicates that expenditure on asset renewals matches the cost of asset deterioration for the year. A ratio of below 100% indicates an increasing infrastructure backlog as existing assets are deteriorating faster than they are being renewed. A renewals ratio above 100% indicates a diminishing backlog.</p> <p>Ratio = $\frac{\text{asset renewals (building and infrastructure)}}{\text{depreciation, amortisation and impairment (building and infrastructure)}}$</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the Building and Asset Renewal Ratio of greater than 100%.

Infrastructure Backlog Ratio

Definition:	<p>This ratio measures the estimated cost to bring assets to a satisfactory condition divided by total infrastructure, building, other structure and depreciable land improvement assets.</p> <p>Ratio = $\frac{\text{estimated cost to bring assets to a satisfactory condition}}{\text{total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets}}$</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the Infrastructure Backlog Ratio of less than 2%.

Asset Maintenance Ratio

Definition:	<p>This ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance. The ratio provides a measure of the rate of asset degradation (or renewal) as it shows whether a council is fulfilling all maintenance requirements, or allowing some assets to degrade.</p> <p>Ratio = $\frac{\text{actual asset maintenance}}{\text{required asset maintenance}}$</p>
Analysis:	NSW Treasury Corporation uses a benchmark for the Asset Maintenance Ratio of greater than 100%.

THE FUTURE OF COUNCIL'S ASSETS

The challenge for Kiama Municipal Council is to facilitate the provision of sustainable assets used in the effective delivery of services to the community for both current and future generations, within a tightly constrained funding environment. Council's vision is that via the effective management of current and future assets Council delivers sustainable services to the community.

The resources required to deliver services are finite and to facilitate the most effective use of these resources an effective asset management system and processes must be in place to provide the necessary information to make informed decisions.

The following items form part of this asset management vision:

- Generational equity in consumption of infrastructure assets
- Levels of service defined and met for all of councils services
- Budgets to meet defined service levels inclusive of all life cycle costs
- Regular condition assessments undertaken for all assets to manage and reduce organisational and community risk
- Asset Management Information System used to:
 - Provide a central source of asset related data
 - Forecast renewal expenditure
 - Standard unit rates used for estimating life cycle costs associated with new infrastructure projects and proposals
 - Facilitate operations management via scheduled work orders
- Community consultation used to prioritise and set levels of service
- Proposals to alter levels of service are accompanied by documented business cases including life cycle cost estimates and a funding method
- Asset Management remains fully aligned with Councils Integrated Planning and Reporting documents.

Asset Management Improvement Program

The following improvement program has been identified to enable Kiama to achieve and maintain its vision for asset management:

Asset Management Plans

The Asset Management Plans are the corner stone of Councils asset management framework. Each plan was fully integrated with the previous version of this SAMP and the Integrated Planning and Reporting documents at that time. This underlying physical asset register and financial asset register used to inform this SAMP have been updated to reflect the current state of Council's assets and to enable accurate forecasts and projections for the life of this plan.

However, the detailed Asset Management Plan documents have not been updated since 2018 and their review early in the life of this plan will be a main focus for improvement.

As part of this review and to support the Asset Management vision, Council will:

- Transform from Asset Management Plans based on asset classes to Service based Asset Management Plans by 2025. This will include the update and transition of all current AMPs into Individual Asset Management Plans for Service Areas ie Community Services, Waste Services, Blue Haven etc
- Establish community and technical levels of service for each service-based asset plan, in consultation with the community. These will be used in the preparation of the Integrated Planning and Reporting process for the reporting period commencing 1st July 2025.
- Review and revise the asset management plans when key triggers exist, such as when the assets in the plan are revalued, major unplanned development occurs leading to additional contributed assets or major unplanned grant funding creates significant additional assets to Council's portfolio.

Asset Management Information Registers

Council's asset data is centralised in a corporate asset management information system with valuation linked to the physical inventory, however is spread across two computer software systems.

The focus for in the first two years of this plan will be to:

- successfully transition and migrate the physical asset register from the current "Authority" system across to the TechnologyOne system and to fully integrate it with the financial register.
- enable further progression in integrating works management, project delivery and customer request modules with the asset register to create seamless information flow for planning, reporting and response.

Asset Management Framework

To support Council's understanding of its current state of maturity in Asset Management and opportunities for improvement in line with industry recognised best practice, following transition and consolidation of the asset register within a single system as outlined above, Council will commission a suitable consultant to undertake a Maturity Assessment of Council's SAMP and Asset Management systems.

Key focus areas identified for improvement will be incorporated into a full revision of the asset management policy, this SAMP and updated asset management plans. These documents will include sections defining those actions relevant to each plan required to be undertaken to achieve Council's "path to maturity". It is expected that key areas of focus will be on the following key areas:

1. Asset Management Governance
2. Asset Management Resources, Skills and Processes
3. Asset information and systems
4. Levels of service
5. Financial sustainability
7. Resilience in our infrastructure assets

Strategic Asset Management Plan Review

This document will be reviewed annually and updated to reflect changes to the ongoing 10 Year Financial Plan and supporting Asset Management Plans.

Appendix 1 Asset Management Policy



ASSET MANAGEMENT POLICY

- 1.0 Purpose** To set guidelines for implementing consistent asset management processes throughout Kiama Municipal Council. In delivering services Council uses physical assets, this policy provides a framework for the management of physical assets required to deliver safe, efficient, reliable services which are utilised by current and future generations.
- 2.0 Objective** To ensure adequate provision is made for the long-term replacement of major assets by:
- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
 - Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
 - Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining an asset management awareness throughout the Council.
 - Meeting legislative requirements for asset management.
 - Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
 - Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.
 - Maintaining alignment of Councils Asset Management plans with the
 - Community Strategic Plan
 - Delivery Program
 - Operations Plan
 - 10 year Financial Plan
- 3.0 Scope** This policy applies to all Council activities that use or manage physical assets. Physical assets include, but are not limited to, roads, footpaths, cycle ways, kerb and gutter, street furniture, signage, bridges, land, parks, open space, buildings, drainage, waste and recycling facilities, plant, vehicles, telecommunications and information technology.

Appendix 1 Asset Management Policy

4.0 Policy

4.1 Background

- 4.1.1 Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.
- 4.1.2 Council owns and uses approximately \$372 million of non-current assets to support its core business of delivery of service to the community.
- 4.1.3 Asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve our strategic service delivery objectives.
- 4.1.4 Asset management relates directly to the Community Strategic Plan and is fully integrated in the 10 year financial plan.

4.2 Principles

- 4.2.1 A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all Departments of Council.
- 4.2.2 All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- 4.2.3 Asset management principles will be integrated within existing planning and operational processes.
- 4.2.4 An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- 4.2.5 Asset renewals required to meet agreed service levels and identified in infrastructure and asset management plans and long term financial plans will be fully funded in the annual budget estimates.
- 4.2.6 Service levels agreed through the Community Strategic Plan and defined in Asset Management Plans will be fully funded in the 10 Year Financial Plan, Delivery Program and Operations Plan.
- 4.2.7 Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- 4.2.8 Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
- 4.2.9 Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
- 4.2.10 Future service levels will be determined in consultation with the community.

Appendix 1 Asset Management Policy

4.2.11 Council will implement and maintain an Asset Management Information System to facilitate the provision of accurate asset data for informed decision making.

5.0 Legislation

Local Government Act 1993
Chapter 3 Section 8 Councils Charter
Chapter 13 Part 2 Strategic Planning

6.0 Related Documents

Integrated Planning and Reporting

- Community Strategic Plan
- Delivery Program
- Operations Plan
- 10 Year Financial Plan
- Strategic Asset Management Plan

Asset Management Plans

Responsibility

Councillors are responsible for adopting the policy and ensuring that sufficient resources are applied to manage the assets.

The **General Manager** has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

