



MIDCOAST
council



ASSET MANAGEMENT STRATEGY

2024 - 2034



Acknowledgement of Country

We acknowledge the traditional custodians of the land on which we work and live, the Gathang-speaking people and pay our respects to all Aboriginal and Torres Strait Islander people who now reside in the MidCoast Council area. We extend our respect to Elders past and present, and to all future cultural-knowledge holders.

About this document

This document, MidCoast Council's Asset Management Strategy 2024-2034 (AM Strategy), forms part of Council's Resourcing Strategy. It provides a comprehensive summary of Council's infrastructure assets including transport assets, buildings and community assets, stormwater, water and sewer assets and the performance measures for these assets including targets for asset renewals and condition assessments.

The AM Strategy aims to ensure that Council's infrastructure assets are managed effectively to meet the current and future needs of the community.

Asset Management Strategy on Public Exhibition: 2/05/2025 – 6/06/2025

Asset Management Strategy adopted by Council: 30/06/2025

NOTE:

The MidCoast Local Government Area (LGA) experienced severe flooding after receiving over 50% of its annual average rainfall in four days from 20th of May 2025. The flood was marked as a 1 in 500-year event, with the Manning River recording 6.5 metres at Taree, which surpassed the 1929 record of 6.0 meters at the same location. The floods had a major impact on infrastructure, the economy, and society. At the time of finalising this AM Strategy, the full impact of the floods, especially on infrastructure assets, is still being evaluated and will be included in future revisions of the AM Strategy. As a result, this AM Strategy is presented in the context before the 2025 flood event, when it was placed on public exhibition.

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Executive Summary

MidCoast Council's Asset Management Strategy 2024–2034 (AM Strategy) provides a comprehensive roadmap for the sustainable management of over \$5.8 billion worth of infrastructure assets across the 10,000 km² local government area. These assets include roads, buildings, bridges, community facilities, stormwater systems, and water and sewer infrastructure. The Strategy is prepared in alignment with the Integrated Planning and Reporting (IP&R) Framework and supports the delivery of the *MidCoast 2035* Community Strategic Plan (CSP) through a whole-of-life approach to asset stewardship.

The AM Strategy reflects Council's commitment to responsible asset stewardship, risk management, and financial sustainability. It sets the direction to reach a minimum of 'Good' asset management maturity by 2028, as assessed by industry-standard benchmarks. A key enabler of this goal is the Asset Management Working Group (AMWG), a cross-functional body including senior management, asset custodians, and key corporate services personnel. The AMWG has developed an Asset Improvement Plan to guide internal processes, governance, data integrity, and system integration.

Climate change is a central focus of the AM Strategy. Council declared a climate emergency in 2019, and the AM Strategy integrates resilience-building into infrastructure planning and maintenance. It references Council's Climate Change Strategy 2021 and outlines specific adaptation measures, such as enhanced drainage design, coastal hazard planning, and participation in the Hunter Joint Organisation's 'Coastal Wise Communities' project. These measures reflect Council's dual responsibility to its own assets and the broader community in adapting to and mitigating climate impacts.

The AM Strategy outlines current condition and financial data for each asset class. Approximately 25% of Council's assets are rated in Condition 3 (Fair), with the remainder split across Very Good, Good, and Poor categories. This is summarised in Table ES.1 below from Section 5.3.

Table ES1: Asset Condition Rating

Assets in each condition rating as % of gross replacement costs					
MidCoast Council Annual Financial Statements 2023/2024 – Report on Infrastructure Assets					
	Condition 1 Very Good	Condition 2 Good	Condition 3 Fair	Condition 4 Poor	Condition 5 Very Poor
Buildings	14.46%	20.83%	53.53%	11.16%	0.02%
Other Structures	46.00%	31.70%	8.80%	13.50%	0.0%
Recreation	21.97%	35.12%	26.34%	16.49%	0.08%
Transport	41.12%	25.98%	24.17%	7.54%	1.19%
Stormwater	23.70%	44.40%	27.90%	3.60%	0.40%
Water	35.90%	32.20%	15.00%	13.90%	3.00%
Sewer	29.00%	32.90%	24.30%	8.30%	5.50%
Total all assets	34.86%	29.22%	25.45%	8.67%	1.80%

Forecasts reveal a growing annual funding gap, with renewal needs exceeding available funding by up to \$57 million per year by 2033/34. This is particularly critical for roads, buildings, and stormwater assets, where backlog and funding gaps are the most pronounced. The funding gap is summarised in Table ES2 and Figure ES1 which are drawn from Section 5.7.

Table ES2: Asset Condition Rating

All Assets	\$000										
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget	Renewal	\$99,580	\$83,357	\$71,212	\$69,700	\$64,777	\$66,487	\$68,312	\$70,192	\$72,126	\$73,907
	New and Expanded Assets	\$54,874	\$67,329	\$57,009	\$61,557	\$46,260	\$30,490	\$43,398	\$56,333	\$52,364	\$28,121
	O&M	\$71,517	\$70,479	\$73,865	\$76,163	\$79,301	\$81,726	\$84,560	\$87,643	\$90,745	\$93,607
	Total Expenditure	\$225,971	\$221,165	\$202,087	\$207,420	\$190,337	\$178,703	\$196,269	\$214,168	\$215,235	\$195,636
Required	Required Renewal (Depreciation)	\$83,530	\$87,175	\$90,922	\$94,592	\$98,320	\$101,766	\$105,509	\$109,594	\$113,747	\$117,635
	New and Expanded Assets	\$54,874	\$67,329	\$57,009	\$61,557	\$46,260	\$30,490	\$43,398	\$56,333	\$52,364	\$28,121
	Required O&M	\$75,050	\$78,659	\$82,121	\$85,737	\$89,155	\$92,389	\$95,992	\$99,931	\$103,885	\$107,493
	Total	\$213,454	\$233,163	\$230,053	\$241,886	\$233,735	\$224,645	\$244,899	\$265,858	\$269,996	\$253,250
Overall (GAP)		\$12,517	-\$11,998	-\$27,966	-\$34,466	-\$43,398	-\$45,942	-\$48,629	-\$51,690	-\$54,760	-\$57,615
Maintenance Gap		-\$3,533	-\$8,181	-\$8,256	-\$9,575	-\$9,854	-\$10,663	-\$11,433	-\$12,288	-\$13,140	-\$13,887
Renewals Gap		\$16,050	-\$3,817	-\$19,710	-\$24,891	-\$33,543	-\$35,279	-\$37,197	-\$39,402	-\$41,620	-\$43,728

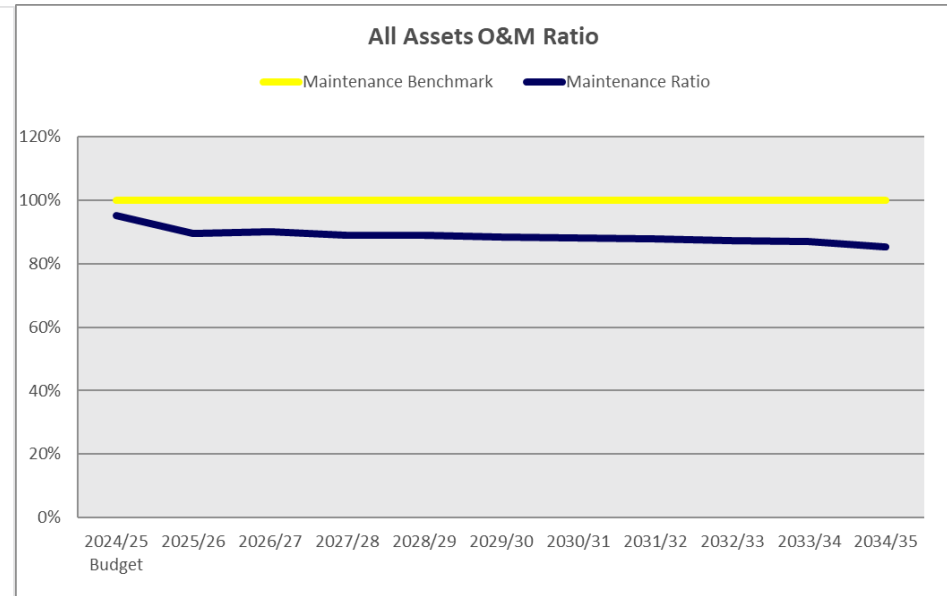
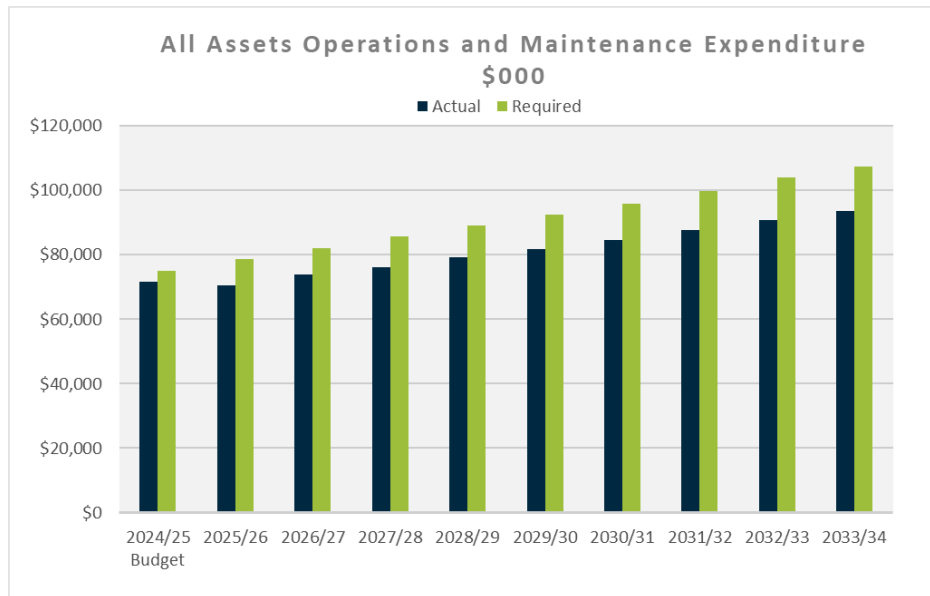
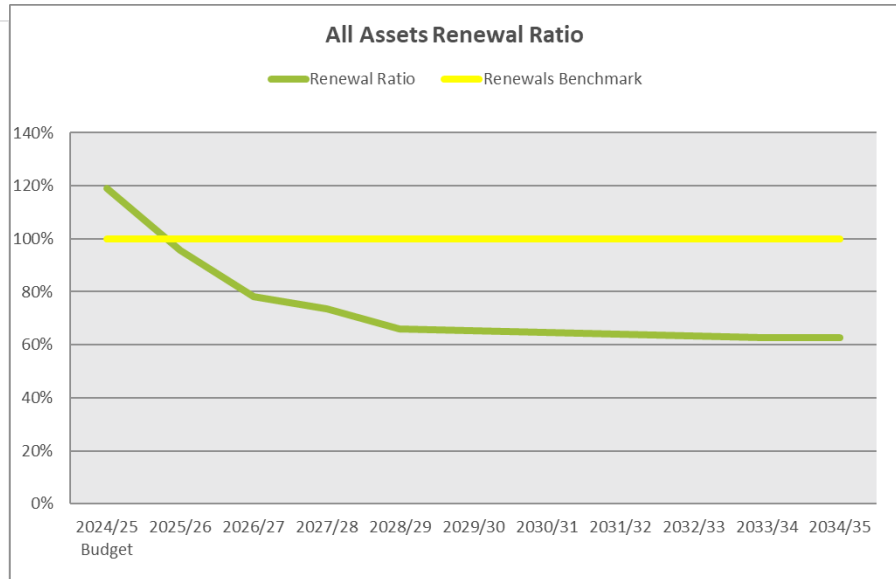
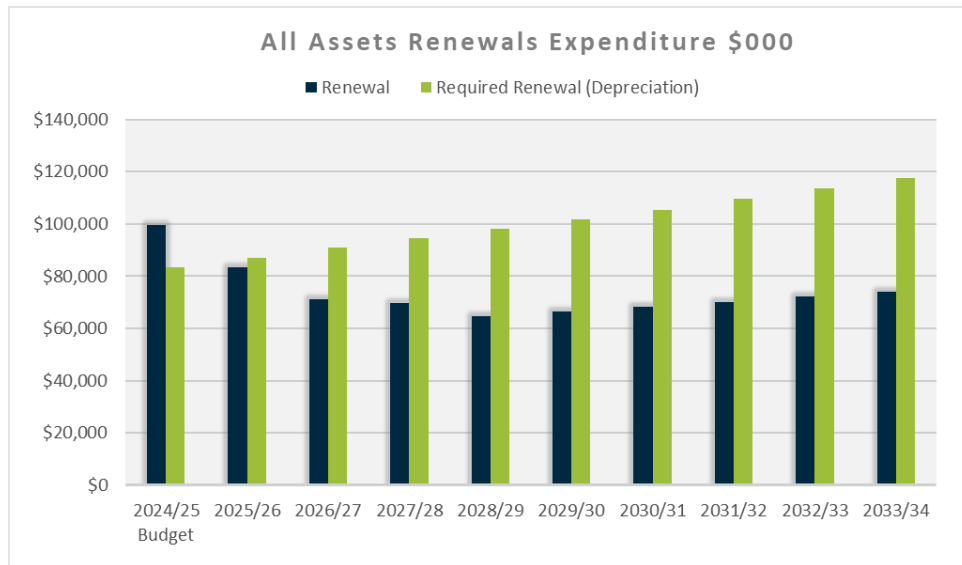


Figure ES1: Expenditure vs Budget for Asset Renewal, Operations & Maintenance

The shortfall in renewals and maintenance is projected to grow over the period of this AM Strategy. This means that our performance against the benchmarks for renewal and maintenance will decline over time.

The AM Strategy is underpinned by lifecycle management principles, considering planning, operation, maintenance, renewal, and disposal of assets. It promotes condition-based decision-making and a proactive inspection regime across all asset classes. Council uses a five-point asset condition scale to guide asset renewal priorities and funding allocations, with intervention thresholds generally set at Condition 3 (Fair) or below.

Community satisfaction plays a key role in shaping Levels of Service (LOS). Findings from the 2023 Micromex Community Satisfaction Survey show strong satisfaction with recreation and water services, while identifying roads and stormwater as priority areas for improvement. Feedback from both this Community Satisfaction Survey and an Asset Condition Community Survey undertaken in November 2024 were used to inform the Levels of Services and to prioritise asset renewals in the Long Term Financial Plan (LTFP).

The AM Strategy is supported by detailed financial modelling that draws from Note C1-7 of the Annual Financial Statements 2023/2024. This modelling uses asset register data and aligns with best-practice standards such as AASB 13 and AASB 116. Funding allocations across renewal, new assets, and operations and maintenance (O&M) are presented for each asset class. The strategy also includes performance forecasts and identifies potential options to address the funding shortfall, including Special Rate Variations (SRVs), targeted grant funding, service level reviews, and rationalisation of underutilised assets.

To ensure continual improvement, the Strategy is supported by an Asset Management Improvement Plan (AMIP), which includes targeted actions across people, processes, technology, and data. Progress will be monitored through the Delivery Program, Operational Plan, and annual reporting mechanisms. The strategy will be reviewed annually and fully updated every four years in conjunction with the Community Strategic Plan review.

In conclusion, this AM Strategy positions MidCoast Council to make evidence-based, community-aligned decisions that ensure the long-term sustainability and resilience of its public infrastructure. It is a key component of the Resourcing Strategy and underpins Council's financial, operational, and service planning for the decade ahead.

1. Introduction to our Strategy

MidCoast Council was formed on 12 May 2016 through the amalgamation of the former Gloucester, Great Lakes and Greater Taree City Councils, and the former water authority, MidCoast Water, on 1 July 2017.

Council now manages over \$5.80 billion¹ worth of infrastructure assets across the 10,000 square kilometre local government area. Asset management is a “whole of life” approach that includes planning, purchase, construction, operation, maintenance and renewal/disposal of assets. Asset management supports Council’s achievement of organisational objectives which include economic, environmental and social goals while meeting governance requirements and community expectations.

This is Council’s second AM Strategy and defines objectives that will improve our management practices and knowledge of all assets. It will provide a road map to support the achievement of the community’s vision of:

“Together we can make the MidCoast even better”

1.1 Purpose of the Strategy

This AM Strategy has been developed in accordance with the Integrated Planning and Reporting Framework Guidelines and provides the basis for consistent and effective asset management across all asset classes. The Integrated Planning and Reporting (IP&R) Framework encourages and supports the review of each of Council’s resourcing strategies aligned with the review of the Community Strategic Plan and at other times as required.

The AM Strategy is supported by an Asset Management Improvement Plan (currently under review), which details a program of tasks and nominated resources as part of our commitment to achieve a minimum maturity level of “Good” asset management practice (as defined by Integrated Planning and Reporting guidelines) across the organisation by 2028. It includes outcomes from Council’s service delivery practices, financial sustainability indicators, asset management maturity and the objectives and strategies identified in the *MidCoast 2035* Community Strategic Plan. The AM Strategy enables Council to show the link between the Community Strategic Plan and the day-to-day management of Council’s assets by:

- providing a basis for the management of building, recreation, transport, stormwater drainage, water & sewer assets
- identifying future assets that will be required to meet the needs of the community in future years
- providing strategic objectives to allow us to fulfil our Asset Management Policy
- identifying actions to achieve the objectives of the Improvement Plan.

Non-infrastructure asset classes involved in the delivery of services by Council, such as Fleet and IT, are outside the scope of this strategy. Those non-infrastructure asset classes have their own asset management plans which are consistent with and informed by this Asset Management Strategy.

1.2 MidCoast Council’s Asset Management Policy

This AM Strategy has been prepared to support the implementation of our Asset Management

¹ *MidCoast Council – Report on Infrastructure Assets as at 30 June 2024 Gross Replacement Cost*

Policy which was reviewed in April 2025. The purpose of the Asset Management Policy is:

“to demonstrate MidCoast Council’s commitment to the responsible and financially sustainable management of its infrastructure assets to meet the community needs as they change over time. The Policy sets out principles, requirements and responsibilities for implementing consistent and effective asset management practices across all classes of infrastructure assets under MidCoast Council’s control.”

This AM Strategy provides a high level and long-term (10-year) action plan for how we will manage assets to achieve the objectives of the Asset Management Policy. The Asset Management Policy and AM Strategy will be supplemented by detailed AM Plans for our infrastructure assets (community assets and buildings, roads and transport, bridges, stormwater, water, and sewer).

1.3 Objectives

This AM Strategy provides the framework for the establishment of consistent asset management processes throughout MidCoast Council. The AM Strategy establishes a framework to guide the planning, construction, maintenance and operation of infrastructure essential for Council to provide services to the community.

The intent of this AM Strategy is to achieve five core outcomes:

1. Provide a strong foundation/baseline for future decision making.
2. Integrate risk into operational, maintenance and capital investment decision making.
3. Establish key business functions to facilitate and support best-practice decisions.
4. Begin a shift from a reactive to an informed and accountable decision culture.
5. Improve overall business sustainability

1.4 Asset Management Governance

We have established an Asset Management Working Group (AMWG) to deliver a coordinated and consistent approach to asset management across the organisation. Membership of the AMWG comprises of the executive management team, asset managers and asset staff representing each asset class from across Council, as well as staff from Corporate Services, including Finance, Risk Management and IT Systems. The participation of each Director provides stewardship critical to the success of the AMWG. The role of the AMWG is to:

“...provide strategic direction and governance for asset management by contributing to the development and implementation of Council’s Asset Management Policy, Asset Management Strategy and Asset Management Plans as required by the Office of Local Government’s Integrated Planning & Reporting Framework.”

2. Integrated Planning and Report Framework (IP&R)

The Office of Local Government first introduced IP&R guidelines in 2010 to base council planning on a sound understanding of the community's expectations around priorities and service levels, while also ensuring alignment with regional and state priorities.

The *Local Government Act 1993* reinforces the pivotal role of the IP&R framework in guiding all council planning and decision-making. The IP&R framework allows councils to draw their various plans together to understand how they interact and inform each other, and to get the maximum benefit by planning holistically for the future. The main components of the framework are summarised below:

- **Community Strategic Plan** - is the highest level of strategic planning undertaken by Council, with a 10-year plus timeframe. All other plans must support achievement of the community's vision and community outcomes in the *MidCoast 2035* Community Strategic Plan objectives.
- **Resourcing Strategy** - shows how Council will resource its strategic priorities, identified through the IP&R plans. MidCoast Council's Resourcing Strategy includes 4 inter-related elements:
 - i) the Long Term Financial Plan (LTFP)
 - ii) the Asset Management Strategy, Policy and Plans
 - iii) the Workforce Management Strategy
 - iv) the Information & Communications Technology Strategy
- **Delivery Program** – is Council's commitment to the community about what it will deliver during its term in office to achieve the community outcomes outlined in the *MidCoast 2035* Community Strategic Plan.
- **Operational Plan** - shows the individual projects and activities Council will undertake in a specific year. It includes Council's annual budget and Statement of Revenue Policy.
- **Annual Report** – advises the community on the work undertaken by Council each year to deliver on the commitments of the Delivery Program via that year's Operational Plan. Council also reports on their financial and asset performance against its annual budget.

The Asset Management Strategy is a component of the Resourcing Strategy and has been developed over a 10-year period. Council is required to account 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 diagram below emphasises the importance that resource planning must play in delivering the Council's strategic objectives. While there is a direct link from the Community Strategic Plan to the Delivery Program and Operational Plan, this must be informed and supported by the financial, asset and workforce planning undertaken by Council as part of the Resourcing Strategy.

Asset Management Informs Policy Decisions

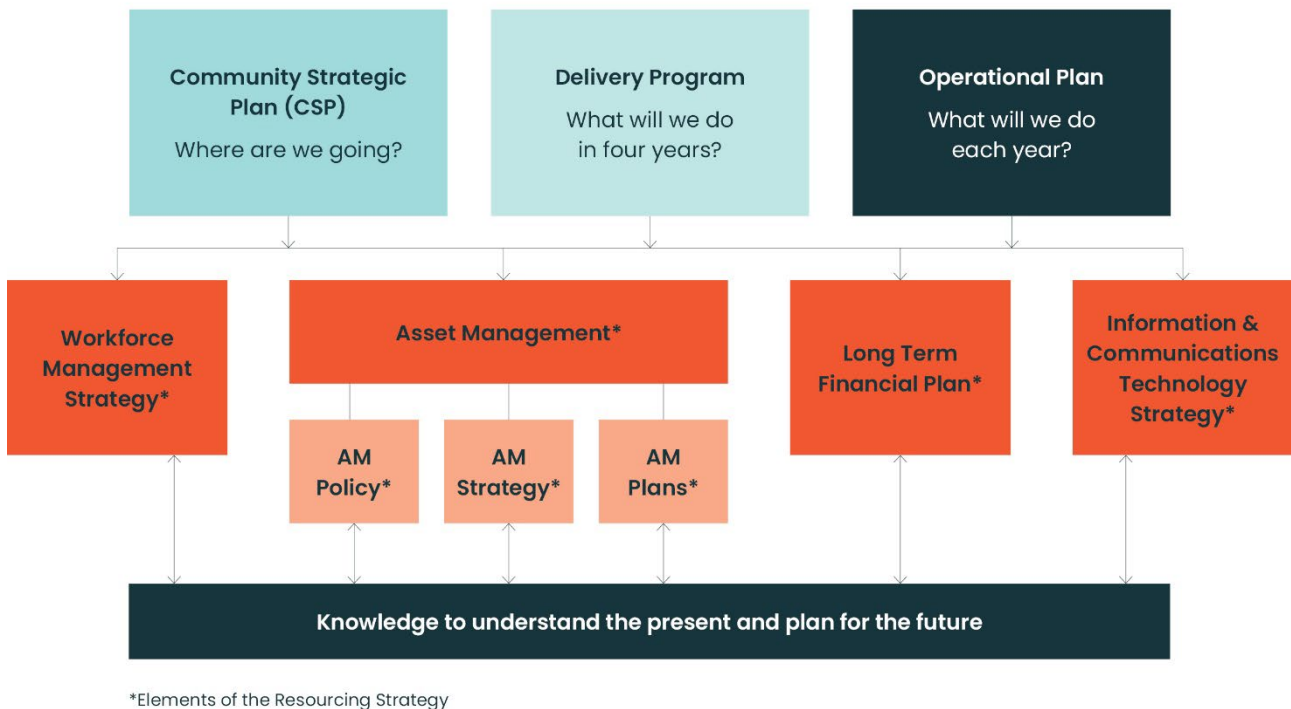


Figure 2.1: The Integrated Planning & Reporting Framework

- **Asset Management Policy:** A high-level statement of Council’s principles and approach to asset management.
- **Asset Management Strategy:** A high-level document developed to support the AM Policy and to show the current situation, the desired state and how the organisational objectives are to be converted into asset management objectives. Council’s AM Strategy includes a summary Asset Management Plan incorporating the asset portfolios with levels of service, demand forecasts and financial forecasts.
- **Asset Management Plan:** A detailed document for each of the asset classes developed to outline operations, maintenance levels, renewals, disposals, and financial forecasts (usually 10-20 years). The AM Plans also outline the asset activities and programs for each service area and resources required to provide a defined level of service in the most cost-effective way.

2.2 Asset Management Planning Process

Council’s infrastructure assets exist primarily to provide services to the community. The objective in managing assets is to meet the agreed level of service in the most cost-effective manner for the benefit of present and future members of the MidCoast community. To help achieve this, Council has developed infrastructure Asset Management Plans (AMPs) for each asset class. The key principles of each AMP include:

- Taking a life-cycle approach to managing assets
- Developing cost-effective management strategies
- Providing a defined level of service for assets
- Providing performance monitoring processes

- Understanding and meeting the demands of growth, legislative change, statutory requirements and infrastructure investment
- Managing risks associated with asset failures
- Providing long term financial projections for asset sustainability
- Continuously improving asset management processes and practices

The AMPs have been prepared in accordance with the relevant industry standards and guidance from the Community Strategic Plan (CSP), Council's vision, goals and objectives. Each AMP includes provision for capital works, operation and maintenance works, and the principles used to prioritise works across the whole asset life cycle. They provide a long-term planning framework, including expenditure forecasts, which will assist Council in making informed decisions on the Delivery Program, maintenance programs and capital projects. The AMPs include:

- Levels of service – defining the quality of the service to be delivered by the asset.
- Future demand – the impact on future service delivery and the resources required.
- Asset data status – what Council owns, what the network is valued at and its most recent assessed condition.
- Life cycle management – how Council will optimise the management of its existing and future assets to provide the required services.
- Prioritised capital and maintenance works.
- How risk is managed.
- Financial summary – what funds are required to provide the agreed service levels.

The data that informs the plans include:

- The asset register data on location, extent, size, age, value, condition and remaining life of the asset network
- The unit rates for categories of assets, materials and works
- Performance relative to adopted service levels
- Projections of factors affecting future demand for services
- Data on new assets developed or acquired by Council
- Data on assumed works programs and trends
- Lifecycle analysis data

3. Climate Change - extreme weather events & natural disasters

On 23 October 2019, MidCoast Council declared a climate emergency which recognised that we are in a state of climate crisis that requires urgent action by all levels of government, including local government.

The latest report from Intergovernmental Panel on Climate Change (IPCC)² confirms that human induced climate change is causing dangerous and widespread disruption in nature and affecting the lives of billions of people around the world, despite efforts to reduce the risks. The world faces unavoidable multiple climate hazards over the next two decades with global warming of 1.5°C (2.7°F). Even temporarily exceeding this warming level will result in additional severe impacts, some of which will be irreversible risks for society, including impacts to infrastructure and low-lying coastal settlements. Increased heatwaves, droughts and floods are already exceeding plants' and animals' tolerance thresholds, driving mass mortalities in species such as trees and corals. These weather extremes are occurring simultaneously, causing cascading impacts that are increasingly difficult to manage.

All levels of government, businesses, communities and individuals have a role to deal with our changing climate³. The Australian Government is responsible for providing national science, leadership on national reform, managing Commonwealth assets, and maintaining a strong, flexible economy and well-targeted social safety net. States, territory and local governments are responsible for their assets, programs and legislation, and are relied upon to provide localised and regional science and information and building capacity. Councils' action in climate change adaptation and mitigation is typically divided into two categories⁴:

- Council as an organisation ('Council'); and
- The community it serves ('Community').

Council as a member of the Hunter Joint Organisation (JO) is part of the '*Act now on Adaptation: Coastal Wise Communities*' project that has been established to deliver a proactive evidence-based coastal adaptation communication and engagement resource for the Hunter and Central Coast region, and to provide a pathway to embed Climate Change Resilience into the Integrated Planning and Reporting (IP&R) Framework of councils. Coastal communities are impacted by various coastal hazards; erosion, inundation, storms and sea level rise; the severity and frequency of which are increasing due to climate change. Managing these impacts consumes significant council and agency resources and is generally done on a site-by-site or council-by-council basis. This project has provided a number of resources to assist councils more consistently and collaboratively plan for and respond to these issues.

Council as an organisation is responsible for adapting its planning, asset management, and operations to risks posed to it, including risks from a changing climate. Part of building resilience also entails implementing mitigation measures to reduce its impact on the climate. Council has a duty of care to its community and an opportunity to influence behaviour change to create stronger resilience. The reliance of the community on Council assets and services is often emphasised during times of crisis, for example when critical infrastructure is damaged or disrupted by extreme weather events.

²IPCC Sixth Assessment Report Climate Change 2022: Impacts, Adaptations and Vulnerability

³ Department of Agriculture, Water and the Environment (Australian Government), 2021, "NATIONAL CLIMATE RESILIENCE AND ADAPTATION STRATEGY WORKSHOP A roadmap towards more climate resilient Australia", workshop presentation dated July 2021.

⁴ Department of Planning, Industry and Environment, 2020, "Net Zero Emissions Guidance for NSW Councils. Helping councils plan for a low emissions future" dated May 2020

Since amalgamation, Council and the community have faced droughts, water restrictions, bushfires and, in more recent times, floods. Climate change threatens our region and urbanising coast. We are challenged by weather-related disasters that damage our water, energy, transport, buildings and telecommunications infrastructure. Bushfires rage and heat stress, vector borne and other climate related diseases pose health risks. These impacts of a changing climate add to existing challenges such as urban sprawl, population growth, pollution and the loss of biodiversity.

In the absence of intervention, we know the frequency of many of these events and their impacts will continue to increase over coming decades, due to population increase, property development and climate change. This will impact the bottom line of government budgets at all levels. We know that preparing for extreme events better, through planning, engineering and awareness, can greatly reduce the social and economic costs of these events. Council's adopted Climate Change Strategy 2021 and climate mitigation and adaptation measures reflected in other strategies and plans, are used to inform Council's Resourcing Strategy, including future updates to technical Asset Management Plans, the Long Term Financial Plan, Workforce Management Strategy and ICT Strategy. Our Climate Change Strategy sets out how we reduce our emissions and adapt to the impacts of climate change. These actions include:

- investing in renewable energy
- becoming more energy efficient
- sequestering carbon
- transitioning to more sustainable transport options and
- reducing our waste to landfill

NOTE:

The MidCoast Local Government Area (LGA) experienced severe flooding after receiving over 50% of its annual average rainfall in four days from 20th of May 2025. The flood was marked as a 1 in 500-year event, with the Manning River recording 6.5 metres at Taree, which surpassed the 1929 record of 6.0 meters at the same location. The floods had a major impact on infrastructure, the economy, and society. At the time of finalising this AM Strategy, the full impact of the floods, especially on infrastructure assets, is still being evaluated and will be included in future revisions of the AM Strategy. As a result, this AM Strategy is presented in the context before the 2025 flood event, when it was placed on public exhibition.

4. Current Status of Asset Management

MidCoast Council's asset management journey as a unified organisation commenced in 2020 when the Asset Management Working Group (AMWG) was first formed. At the time when the Strategy was being developed, Council had a single consolidated asset register within the corporate asset management system. The information in the register was migrated from the former Councils' asset registers and databases. Verifying the accuracy and completeness of the data has been identified as a key future focus area to ensure sound asset management decisions are made.

The Asset Management Policy and this AM Strategy are crucial towards consolidating Council practices and processes from the former councils. The Asset Management Policy provides guiding principles for all asset management decisions. This Policy complies with the IP&R Guidelines for Local Governments in NSW and the Handbook for Local Councils in NSW.

The IP&R Guidelines and Handbook impose a "good", "better" and "best" standard on the key documents including asset management. It is a mandatory requirement for Councils to include actions in their AM Strategy to improve their capabilities. The 'good', 'better' and 'best' standards have been developed to support councils to they consider where they are currently at with AM Strategy and further develop their approach.

As an organisation we have prioritised the need for asset management improvement and have been on the asset management maturity journey since 2022. A review of Council's asset management maturity by Morrison Low in 2021 identified a **"Basic"** level of asset management maturity.

To assess Council's asset management maturity, a review of the relevant asset management and financial documents was undertaken, and online interviews were conducted with Council staff. The work was aligned with Council's standard methodology and moderated against other recent assessments, which allows for a ready comparison with other Councils.

Since then, Council's AMWG has been actively working through a Council-endorsed Asset Improvement Program to deliver on action items, reaching a **"Core"** maturity level as identified in a second maturity assessment undertaken by Morrison Low in June 2024.

As shown in Figure 4, Council has reached its desired levels of maturity in three of the six subject areas (where core maturity is a score between 6.0 and 7.49).

Mid-Coast Council	Current Score	Desired score (2024)	Priority (1-3)	1	2	3	4	5	6	7	8	9	10
Asset Knowledge / Data	6.8	7.0											
Asset Classification/ Hierarchy	8												
Attributes and Location	8												
Condition Data	9												
Lifecycle Cost Data	6												
Valuation, Depreciation and Age/Life Data	5												
Asset Knowledge Processes	7.0	7.0											
Asset Financial Reporting	8												
Asset Capitalisation processes	7												
Asset Accounting/ Valuation	6												
Strategic Asset Planning Processes	6.4	7.0											
Strategic Long Term Plan	7												
Asset Management Policy and strategy	9												
Levels of Service	7												
Risk Management	6												
Financial Planning and Capital Investment	4												
Asset Management Plans	7												
Operations and Maintenance Work Practices	5.5	7.0											
Operations / Maintenance Management	7												
Critical Assets	4												
Information Systems	8.0	7.0											
Asset Register	8												
Systems Integration	8												
Organisation Context	7.7	7.0											
Organisational Strategy	8												
Asset Management Review/Improvement	9												
AM Roles and Responsibilities	6												
Training/Awareness	6												

Figure 4: MidCoast Council Asset Maturity

As a result of these maturity assessments a number of improvements have either already been made or are currently work in progress (WIP) including:

- The establishment of a cross-organisational Asset Management Working Group (AMWG) in 2021 (refer section 1.4). The AMWG has developed a Council-endorsed Asset Improvement Plan that considers strategy, policy, financial, operational, systems, risk and audit objectives.
- The adoption of an organisational-wide Asset Management Policy and review of this AM Strategy, both now referencing Water & Sewer infrastructure.
- The development of an Asset Capitalisation Policy and Procedure in 2024, currently a WIP.
- The development of Asset Management Plans (AM Plans) across all of Council's asset classes. Each service area now annually reviews their asset management plans to support the delivery of the adopted programs and continue developing the asset management processes by consolidating and improving corporate systems and processes.

- The implementation of a corporate asset management register and work order system that details both technical and financial asset information which feeds into the program development for planned maintenance, renewals and upgrades of our infrastructure.
- The Business Transformation Program (BTP) has been developed to help us better meet the expectations of our community. It's designed to improve how our customers interact with us and streamline the way we respond to the needs of the community.
- Improving and auditing our asset data to ensure that decisions are based on the most current available information.
- Documenting our financial asset management processes to support end-of-year reporting and audit requirements.

Council continues to implement improvement actions to improve their asset management maturity and work towards “best” management practice.

4.1 Asset Financial Modelling and Assumptions

The financial information contained in the AM Strategy has been developed based on a review of asset data supporting our financial reporting. The overarching asset management financial model was developed using asset values from our current asset registers and then aligned with Note C1-7 Infrastructure, property, plant and equipment and Report on Infrastructure Assets (formerly Special Schedule 7) of the Annual Financial Statements 2023/2024. The model also considered the following assumptions:

- Capital Works Program based on LTFP Business-as-usual scenario.
- Capital Works Program in LTFP split into renewals and new assets
- Capital funding split on asset values.
- Where better information is available this has been used
- Works programs split into:
 - New assets
 - Renewal projects

Further benchmarking of depreciation and required maintenance based on Regional Town & City Classification (includes 26 NSW councils) and the Hunter Joint Organisation councils was incorporated into the model. The model consistently and accurately predicts future asset expenditure requirements and can be utilised as a reliable and realistic link for the LTFP. This ensures consistency across the organisation in relation to asset reporting and asset needs.

4.2 Assets

Asset cost, condition, and value

The cost, condition and value of assets are reported each year in the financial statements within the Annual Report. In 2023/24 the value and replacement cost of infrastructure assets were as shown in Table 4.2⁵:

⁵ *MidCoast Council Annual Report 2023/24 – Financial Statements - Report on Infrastructure Assets.*

Table 4.2: Asset Values

Asset Class	Gross Replacement Cost \$'000	Net Carrying Amount \$'000
Buildings (including other structures)	\$490,396	\$301,583
Recreation (open space & swimming pool assets)	\$76,369	\$44,500
Transport	\$2,878,642	\$2,130,266
Bridges	\$227,245	\$356,694
Stormwater Drainage	\$541,167	\$356,694
Water	\$882,455	\$602,625
Sewer	\$702,453	\$476,825

The value of Council's \$5.80 billion infrastructure portfolio is made up as shown in Figure 4.2:

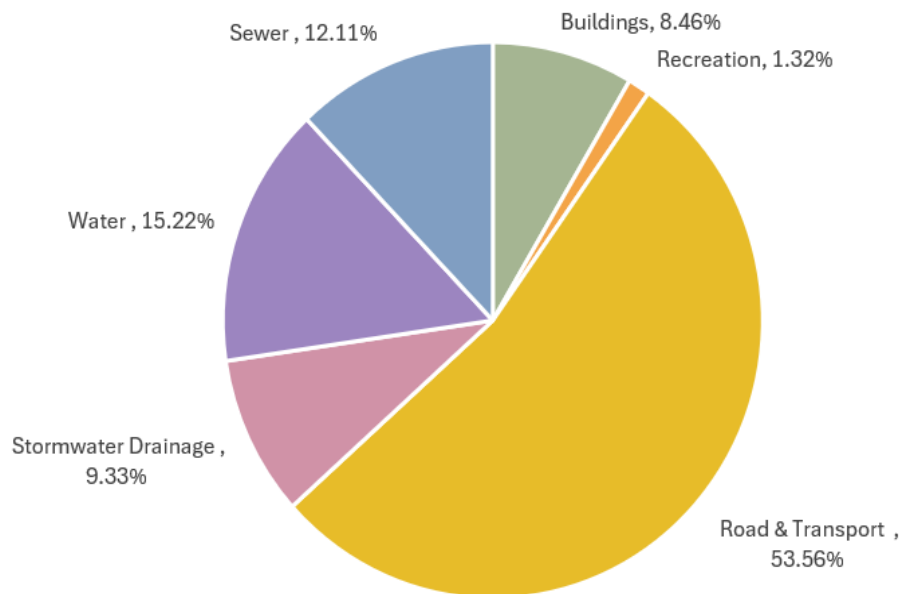


Figure 4.2: Infrastructure Portfolio by Asset Class

5. Infrastructure Asset Performance Indicators

The Office of Local Government (OLG) requires several prescribed performance indicators in relation to infrastructure asset management. These measures are designed to assess whether a council is maximising its return on resources and minimising unnecessary burden on the community and business. This includes consideration of whether council is meeting the agreed level and scope of infrastructure for communities as identified through the Integrated Planning and Reporting process. The infrastructure asset performance indicators that will be used are:

- Building and infrastructure **renewal** ratio - this ratio assesses the rate at which these assets are being renewed against the rate at which they are depreciating. It is an indicator of whether a council's infrastructure backlog is likely to increase. The benchmark is greater than 100%.
- Infrastructure **backlog** ratio - this ratio indicates what proportion the infrastructure backlog (cost to bring assets to a satisfactory condition) is against the written down value of the Council's infrastructure. Increasing backlogs may affect the Council's ability to provide services and remain sustainable. The benchmark is less than 2%.
- Asset **maintenance** ratio - This ratio compares actual versus required annual asset maintenance. It measures whether Council is spending enough on maintaining its assets to avoid increasing its infrastructure backlog. The benchmark is greater than 100%.

5.1 Renewal Expenditure

Renewal refers to the activities to refurbish or replace assets with assets of equivalent or sometimes greater service capacity. Usually this involves restoring assets to new condition. Renewal works are included in Council's Capital Works Program. Table 5.1 displays the asset renewal expenditure proposed for the next decade based on the model and the Long Term Financial Plan under the Business-as-Usual scenario.

Table 5.1: Proposed 10-year Asset Renewal Expenditure

Renewal \$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/24
Buildings	\$3,872	\$1,121	\$1,145	\$1,171	\$1,197	\$1,223	\$1,250	\$1,278	\$1,307	\$1,337
Recreation	\$10,088	\$1,442	\$959	\$977	\$996	\$1,027	\$1,060	\$1,093	\$1,128	\$953
Transport	\$43,332	\$33,088	\$33,911	\$36,515	\$34,240	\$35,107	\$36,000	\$36,919	\$37,865	\$38,838
Bridges	\$22,093	\$13,146	\$1,464	\$1,480	\$1,501	\$1,545	\$1,591	\$1,638	\$1,687	\$1,737
Stormwater	\$635	\$679	\$599	\$616	\$630	\$648	\$667	\$686	\$706	\$726
Water	\$7,465	\$14,122	\$14,546	\$15,071	\$15,495	\$15,895	\$16,372	\$16,863	\$17,369	\$17,890
Sewer	\$12,095	\$19,759	\$18,588	\$13,871	\$10,719	\$11,041	\$11,372	\$11,713	\$12,064	\$12,426
Total Renewal	\$99,580	\$83,357	\$71,212	\$69,700	\$64,777	\$66,487	\$68,312	\$70,192	\$72,126	\$73,907

5.2 Grant Funded Renewals

Council relies heavily on externally sourced grant funding to improve our infrastructure where we may otherwise not have access to sufficient funds. These grants allow for investment into capital improvements and renewals and assist in the strategic planning for optimising asset replacement. Roads and Transport cannot forecast its grant funded renewals programs for a 10-year period with a high level of confidence. The remainder of Council's asset classes project to financial year 2025/2026 with a high level of confidence.

As evidenced in the chart below, renewal expenditure decreases in 2026/27, which represents known grant funding availability. With the annual review of this AM Strategy, future grant funding allocations will be incorporated to align capital renewals into Council's 10-year renewal program.

5.3 Infrastructure Backlog

Figures 5.3.1 and 5.3.2 provide an overview of Council's required renewal funding (based on depreciation) and performance against each of these infrastructure indicators over the 10 years of the AM Strategy.

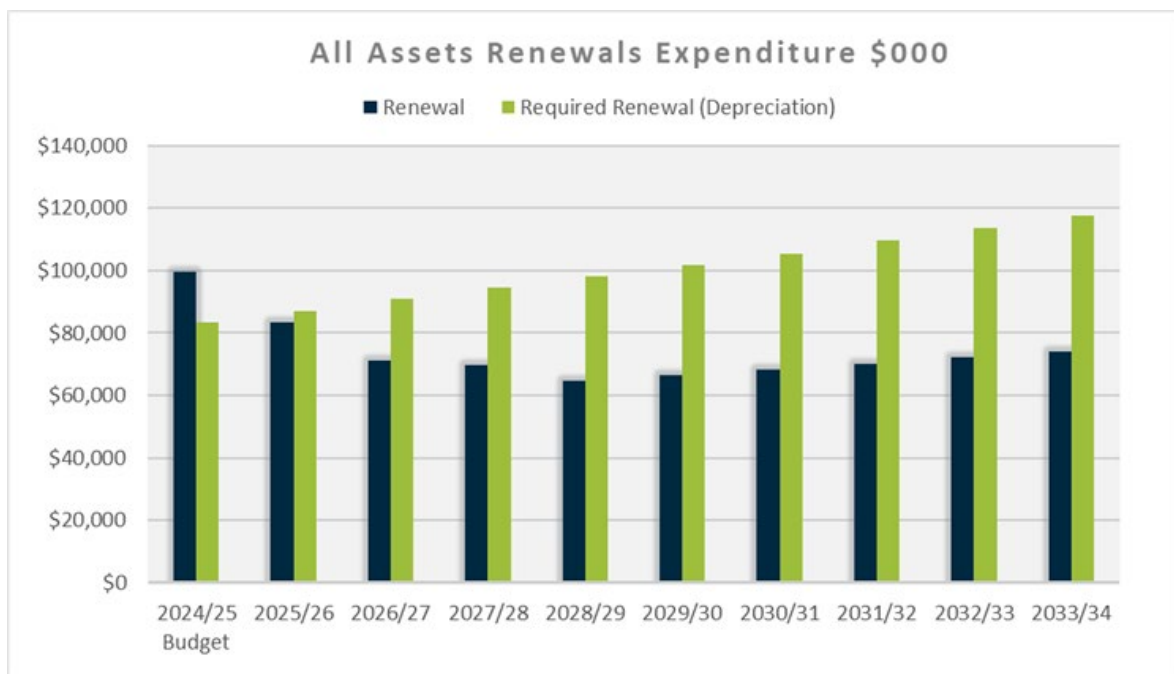


Figure 5.3.1: Required Asset Renewal Funding vs Expenditure

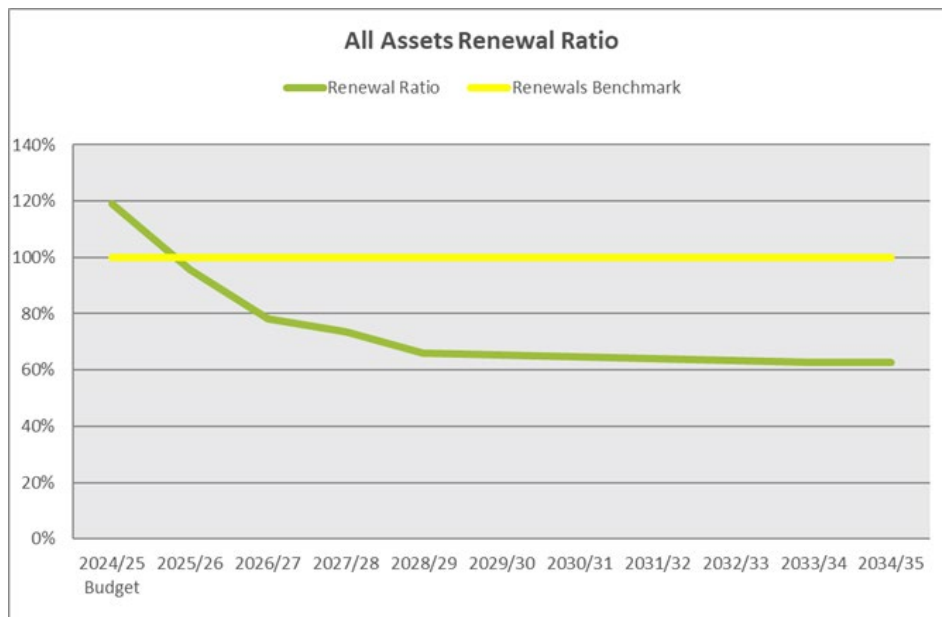


Figure 5.3.2: Asset Renewal Ratio

The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset that is currently not at the condition determined to be satisfactory by the community. MidCoast Council has defined its condition rating for satisfactory as Condition 3 (Fair).

A standardised 1–5 grading system is used to assess asset condition, as shown in Figure 5.3.1. This grading system enables effective decision-making; prioritisation of asset interventions (maintenance, renewal, and upgrades); offers a consistent method to communicate with stakeholders and report asset performance.

Table 5.3.1: Asset Condition Grading System

ASSET CONDITION			GENERAL ASSET INTERVENTION		
Rating	Grade	Asset Description	Planned Maintenance	Reactive Maintenance	Renewal/ Upgrade
1	Very Good	Defects free, only planned/routine maintenance required			
2	Good	Minor defects, minor planned maintenance required		Small amount	
3	Fair	Defects requiring regular and/or significant planned maintenance		Medium amount	Long-term
4	Poor	Significant defects, higher order cost intervention required		Large amount	Short/ Medium-term
5	Very Poor	Asset failed / beyond rehabilitation, urgent renewal /upgrading required			Immediate

Table 5.3.2: Asset Condition by Asset Class

Assets in each condition rating as % of gross replacement costs MidCoast Council Annual Financial Statements 2023/2024 – Report on Infrastructure Assets					
	Condition 1 Very Good	Condition 2 Good	Condition 3 Fair	Condition 4 Poor	Condition 5 Very Poor
Buildings	14.46%	20.83%	53.53%	11.16%	0.02%
Other Structures	46.00%	31.70%	8.80%	13.50%	0.0%
Recreation	21.97%	35.12%	26.34%	16.49%	0.08%
Transport	41.12%	25.98%	24.17%	7.54%	1.19%
Stormwater	23.70%	44.40%	27.90%	3.60%	0.40%
Water	35.90%	32.20%	15.00%	13.90%	3.00%
Sewer	29.00%	32.90%	24.30%	8.30%	5.50%
Total all assets	34.86%	29.22%	25.45%	8.67%	1.80%

5.4 Cost to Satisfactory (CTS)

Council's infrastructure backlog represents the cost to bring assets in a poor and failed condition up to a standard determined to be satisfactory by the Council. MidCoast Council has defined its condition rating for satisfactory as Condition 3 - Fair.

The reported CTS is based on the Net Carrying Amount or written down value of the asset class, and the percentage of those assets in unsatisfactory condition.

The infrastructure backlog by asset class is shown in Table 5.4.

Table 5.4: Infrastructure Backlog by Asset Class

Infrastructure Backlog - Cost to Bring to Satisfactory \$000	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Buildings	\$3,754	\$5,430	\$7,692	\$10,073	\$12,537	\$15,105	\$17,759	\$20,502	\$23,335	\$26,261	\$29,284
Recreation	\$2,082	\$837	\$1,146	\$1,557	\$1,983	\$2,424	\$2,879	\$3,348	\$3,831	\$4,329	\$4,880
Transport	\$49,476	\$47,451	\$47,391	\$47,364	\$47,062	\$47,346	\$47,669	\$48,035	\$48,443	\$48,896	\$49,396
Bridges	\$1,696	\$0	\$0	\$171	\$352	\$543	\$739	\$941	\$1,150	\$1,365	\$1,586
Stormwater	\$3,957	\$3,957	\$4,790	\$5,667	\$6,571	\$7,504	\$8,466	\$9,458	\$10,480	\$11,535	\$12,621
Water	\$14,625	\$16,166	\$16,651	\$17,173	\$17,744	\$18,403	\$19,124	\$19,886	\$20,731	\$21,682	\$22,712
Sewer	\$12,712	\$12,610	\$11,335	\$10,450	\$10,561	\$11,355	\$12,218	\$13,194	\$14,289	\$15,475	\$16,717
Total	\$88,302	\$86,452	\$89,006	\$92,455	\$96,811	\$102,681	\$108,855	\$115,364	\$122,260	\$129,543	\$137,196

Figure 5.4 demonstrates the projected backlog ratio based on the planned renewal funding over the 10 years of the AM Strategy based on condition 2 – Good. While this condition level is appropriate for some types of assets, for example the Administration building, aquatic centres, and other high-value critical assets, for most asset types a condition level 3 is acceptable.

The asset condition rating of 2 (Good) was the reference point to determine the asset backlog ratio as recommended by the Office of Local Government NSW. However, the community agreed to condition rating 3 (Fair) as the new acceptable threshold following community consultation about levels of services in December 2024. As a result, future reporting from 2024/25 will be based on the new reference.

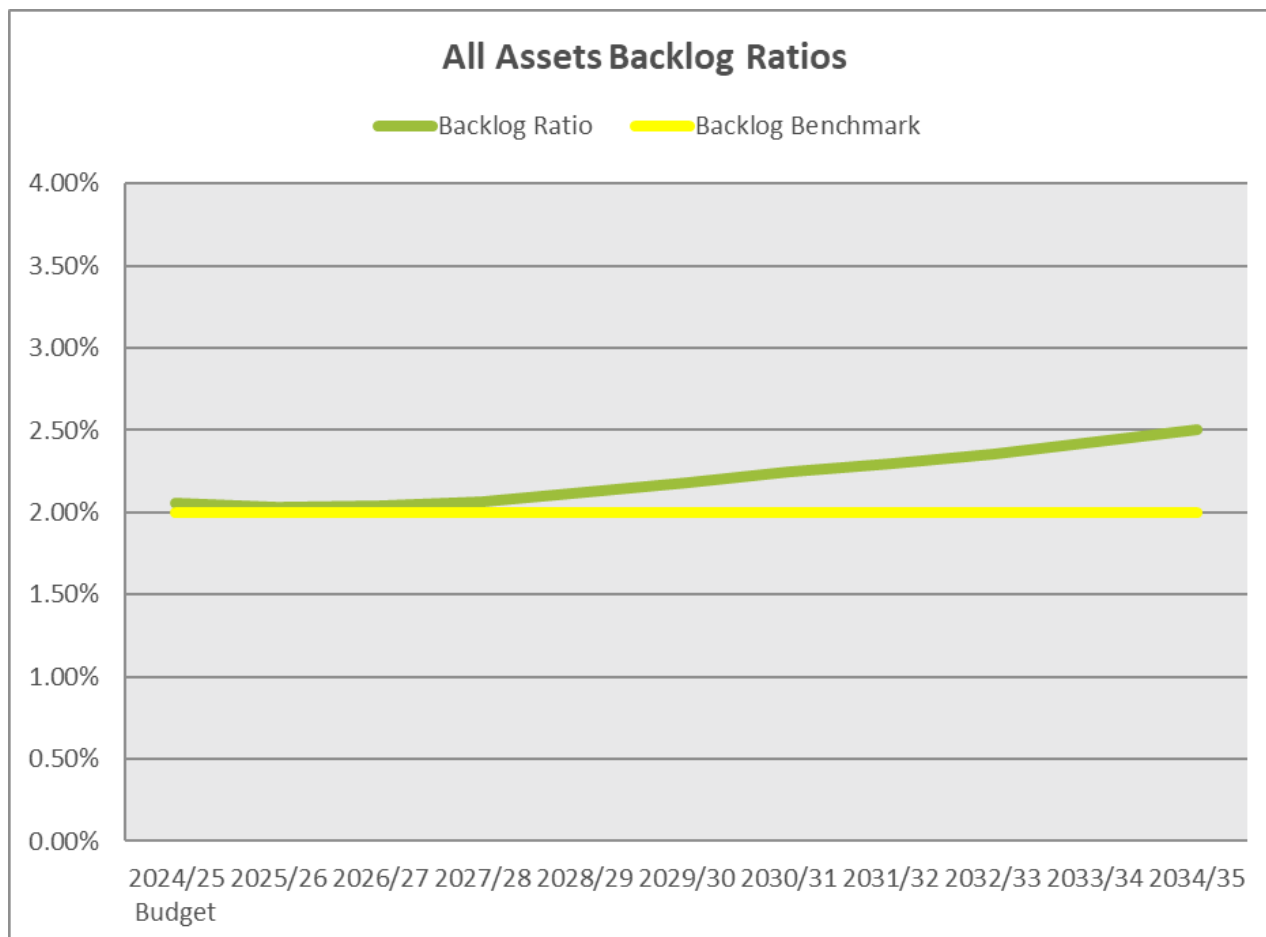


Figure 5.4: Projected Asset Backlog Ratio

5.5 Cost to Agreed level of Service (CTA)

In January 2017, the Office of Local Government (OLG) introduced an additional measure for reporting on the condition of Council's infrastructure assets being the estimated cost to bring assets to agreed level of service set by Council and the community. The agreed level of service with the community as at April 2025 is condition 3 - Fair.

CTA is calculated as the replacement value of assets condition 4 or 5. The ratio is the CTA divided by the gross replacement cost. In effect CTA is an indicator of the potential assets to be renewed. As at April 2025 Council's CTA has been calculated at \$606.8m, approximately 10.5% of the portfolio value. Note that in reality, assets in condition 4 may still have 10-20 years life remaining, and may not need immediate renewal.

This measure is reported in the Annual Financial Statements – Report on Infrastructure Assets, and there is no benchmark.

5.6 Maintenance expenditure

Maintenance is the activities required or undertaken by Council to preserve the service capacity or durability of the assets as they age. The required maintenance, which is stated annually in our Report on Infrastructure Assets, includes those costs identified in the asset management plans of routine activities that should be undertaken to sustain the asset in a functional state, ensuring the asset reaches the predicted useful life, excluding rehabilitation or renewal. This includes:

- routine inspection and maintenance activities and minor rehabilitation required to achieve the predicted useful life of the asset or asset component.
- operating expenses required to keep the asset or asset component in a functional state for community uses.
- the amount that Council should be spending on assets which is based on a percentage of the replacement cost.

Actual maintenance includes the actual expenditure incurred (for the reporting period) of routine activities undertaken to sustain the asset in a functional state and to ensure that the asset reaches the predicted useful life. This includes both maintenance and operational expenditure and provides the total cost to keep the asset in a functional state in service to the community.

Figures 5.6.1 and 5.6.2 provide an overview of Council's projected maintenance funding as opposed to the required funding, and performance against the infrastructure performance indicators over the 10 years of the AM Strategy.

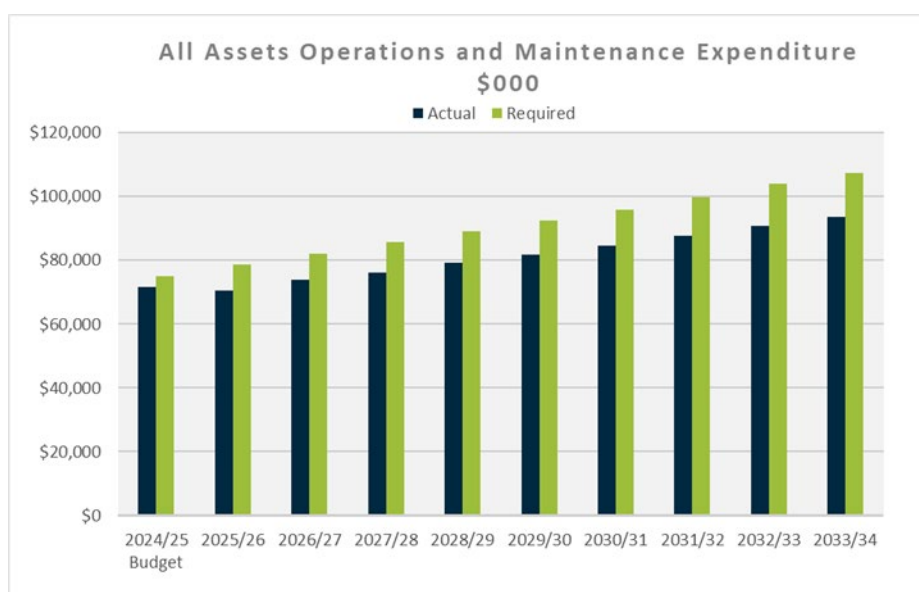


Figure 5.6.1: Projected Operations and Maintenance Expenditure

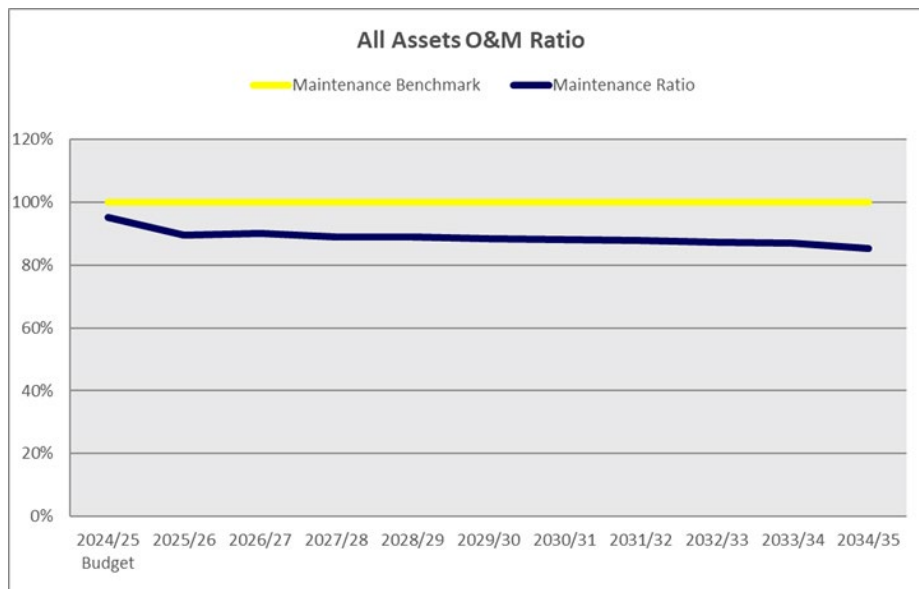


Figure 5.6.2: Projected Operations and Maintenance Ratio

5.7 Funding Required to Meet Benchmark Ratios

Table 5.7 shows the amount of funding budget (Budget) for all asset classes over the next 10 years and funding shortfall associated with maintenance and renewals. This shortfall is commonly known as the funding gap. To respond to the funding gap during the term of the AM Strategy, Council will focus on establishing community-agreed levels of service and prioritising funding towards those asset classes. The urgent need is to ensure that asset funding is based on risk, criticality and affordability.

Table 5.7: Projected Budgets and Finding Shortfalls by Asset Class

All Assets	\$000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget	Renewal	\$99,580	\$83,357	\$71,212	\$69,700	\$64,777	\$66,487	\$68,312	\$70,192	\$72,126	\$73,907
	New and Expanded Assets	\$54,874	\$67,329	\$57,009	\$61,557	\$46,260	\$30,490	\$43,398	\$56,333	\$52,364	\$28,121
	O&M	\$71,517	\$70,479	\$73,865	\$76,163	\$79,301	\$81,726	\$84,560	\$87,643	\$90,745	\$93,607
	Total Expenditure	\$225,971	\$221,165	\$202,087	\$207,420	\$190,337	\$178,703	\$196,269	\$214,168	\$215,235	\$195,636
Required	Required Renewal (Depreciation)	\$83,530	\$87,175	\$90,922	\$94,592	\$98,320	\$101,766	\$105,509	\$109,594	\$113,747	\$117,635
	New and Expanded Assets	\$54,874	\$67,329	\$57,009	\$61,557	\$46,260	\$30,490	\$43,398	\$56,333	\$52,364	\$28,121
	Required O&M	\$75,050	\$78,659	\$82,121	\$85,737	\$89,155	\$92,389	\$95,992	\$99,931	\$103,885	\$107,493
	Total	\$213,454	\$233,163	\$230,053	\$241,886	\$233,735	\$224,645	\$244,899	\$265,858	\$269,996	\$253,250
	Overall (GAP)	\$12,517	-\$11,998	-\$27,966	-\$34,466	-\$43,398	-\$45,942	-\$48,629	-\$51,690	-\$54,760	-\$57,615
	Maintenance Gap	-\$3,533	-\$8,181	-\$8,256	-\$9,575	-\$9,854	-\$10,663	-\$11,433	-\$12,288	-\$13,140	-\$13,887
	Renewals Gap	\$16,050	-\$3,817	-\$19,710	-\$24,891	-\$33,543	-\$35,279	-\$37,197	-\$39,402	-\$41,620	-\$43,728

6. Risk Management

Council recognises that risk management is an integral part of good management practice, and we are committed to establishing an organisational culture that ensures a consistent and systematic application to risk management, that is embedded in all of our activities and business processes. We are focused on identifying risks in order to make conscious decisions to accept, transfer or mitigate these risks in order to achieve our strategic goals and objectives.

In 2018, Council developed and implemented a Risk Management Framework, which meets the requirements of the International Risk Management Standard ISO31000. Key to this process was the identification of significant risks, which required action to reduce the level of risk presented to Council and the community. Asset management was one area that was identified as presenting a significant risk to Council. In particular, the risk presented by the age of assets, condition and available resources for asset maintenance and renewal.

This AM Strategy defines high level significant risks, which impact across asset management in general. Each asset overview has a summary of the key significant risks and risk controls for the asset class/group/type.

The AM Plans for each asset class have a detailed evaluation of the significant risks, risk treatments and risk monitoring activities that are carried out by asset custodians. Council's Risk and Insurance Coordinator provides ongoing assistance to the asset custodians, including training and technical assistance throughout the risk management process.

6.1 Role of Audit, Risk & Improvement Committee (ARIC) and the Audit Office (AO)

The Audit Office (AO) identified a number of asset management related improvements, including up-to-date and accurate valuations of assets, which enable Council to correctly account for the future economic benefits of our assets. Valuations also give asset and financial staff relevant and reliable information when deciding how to allocate resources, measuring performance and accounting for assets. A Program Plan has been developed and submitted to ARIC on recommendation identified by the AO which will be delivered through the AMWG. The matters identified include:

- institute regular communications and interactions in advance of, and during valuation exercises between key business units (engineering and finance)
- formalise its asset valuation methodology, assessing its compliance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment requirements and relevant directions prescribed by the Office of Local Government
- perform a timely, thorough and robust quality assurance review by appropriate level of management to ensure the completeness and accuracy of the valuations.

6.2 Critical Assets

Critical assets are those assets where the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation.

Council has established a corporate Business Continuity Plan to ensure business continuity in the event of a crisis or business disruption event that disrupts Council's day-to-day activities. It specifies the critical functions that Council provides and identifies the resources (including critical assets) needed to perform the functions. The following assets are essential for Council's

operations and outcomes and are considered critical assets and are identified in Council's Business Continuity Plan:

- Council's administration building located at 2 Biripi Way, Taree
- Council works depots located at Taree and Tuncurry
- Taree Airport
- Communication & SCADA assets (the network system of sensors and controllers) servicing water and sewer infrastructure

We manage our assets by using the corporate risk management procedure and the intent is to have the risk ranking or criticality embedded into the asset management system. The risks associated with these assets include public health and safety, business continuity and emergencies. The individual asset class management plans further identify and list critical assets and the required maintenance strategies necessary to run the asset.

7. Levels of Service

An aim of asset management planning is to align resource allocation for providing, operating and maintaining assets in line with the needs of the community in terms of reliability and safety considerations. This is termed 'level of service'.

MidCoast Council has drawn information from the former entities for existing levels of service until such time where each asset class can consult with the community on their expectations and requirements. In addition to the community expectations, Council has also considered technical levels of service in the development of this plan.

7.1 Technical Levels of Service

Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that Council undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance. Legislative requirements, infrastructure standards and industry gridlines combine to strongly influence technical levels of service.

7.2 Community Levels of Service

Community Levels of Service measure how the community receives the service and whether the organisation is providing the community value. The community will be asked to consider:

- Quality - How good is the service?
- Function - Does it meet users' needs?
- Utilisation - Is the service usage appropriate to capacity?

Council wants to understand from the community how we should prioritise expenditure on our different community asset types. We need a clear direction for future spending based on the community's views on what constitutes an acceptable level of asset conditions. It is essential that we keep our community assets in a safe working order, and that they meet community expectations.

In July 2023, Council's Community Satisfaction survey, conducted by Micromex Research, asked the community to respond on the importance and satisfaction over a range of services and assets. A core element of this community survey was the rating of 42 facilities/services in terms of Importance and Satisfaction. Table 7.2 identifies the ranking of the Service Delivery & Asset Management group.

Table 7.2: Community Ranking of Importance and Satisfaction by Service

Service / Facility	Importance T2 Box	Satisfaction T3 Box	Performance Gap (Importance – Satisfaction)
Maintaining local roads	98%	26%	72%
Overall condition of the local sealed road network	95%	37%	57%
Financial management	92%	54%	38%
Council decision-making reflecting community opinion	88%	52%	36%
Engaging the community in planning	89%	58%	31%
Provision of Council information to the community	90%	61%	29%
Long-term planning for the LGA	89%	61%	27%
Maintaining footpaths	85%	60%	25%
Youth activities	89%	64%	25%
Supporting local jobs and businesses	94%	69%	24%
Economic development	85%	61%	24%
Public amenities, such as toilets and parents rooms	88%	68%	20%
Opportunity to participate in Council decision-making	75%	55%	20%
Maintaining local bridges	93%	77%	16%
Availability of car parking (all day / timed)	85%	7%	14%
Public safety	93%	79%	14%
Road safety	93%	79%	13%
Residential development	77%	64%	13%
Provision of bike paths	64%	54%	11%
Stormwater drainage	81%	72%	10%
Emergency management	93%	84%	9%
Recreational areas	91%	83%	8%
Supporting community groups	86%	78%	8%
Water quality	91%	84%	8%
Renewable energy	70%	68%	3%
Water service	86%	84%	2%
Recycling / waste management / landfills	88%	88%	1%
Parks and playgrounds	78%	78%	0%

Service / Facility	Importance T2 Box	Satisfaction T3 Box	Performance Gap (Importance – Satisfaction)
Climate change	64%	68%	-3%
Tourism facilities and services	73%	77%	-4%
Swimming pools	68%	74%	-5%
Street lighting	77%	83%	-6%
Airports	56%	64%	-8%
Sewerage services	83%	91%	-8%
Street trees	65%	74%	-9%
Cemeteries	71%	83%	-12%
Ovals and sportsgrounds	68%	84%	-16%
Festival and events programs	65%	82%	-17%
Community buildings / halls	65%	83%	-18%
Heritage sites protected and maintained	59%	81%	-22%
Library services	68%	93%	-25%
Cultural opportunities and services, such as the Art Gallery and Entertainment Centre	60%	88%	-28%

8. Links to the Community Strategic Plan (CSP)

This AM Strategy is prepared to provide a road map to sustainable asset management and to ensure assets can deliver the community's desired service levels in priority areas in the most cost-efficient manner. This is considered necessary if we are to achieve the aspirations and long-term objectives of our community as identified in the ***Community Strategic Plan's Vision***.

Community Outcomes: These are the community's long-term priorities that define what the community's long-term vision will look like once it is achieved.

CSP Strategies: The approach by which the community outcomes and vision detailed in the Community Strategic Plan will be met.

Asset Class Integration: MidCoast Council has a responsibility to pursue their community's vision and community outcomes by providing civic leadership and delivering key services. There are services that all councils must provide, and some which councils can choose to make available. The alignment between the CSP and the AM Strategy and those assets required to support the CSP's strategies is demonstrated below. Assets can contribute to multiple community outcomes, alignment with the most relevant community outcomes and strategies are highlighted in blue in Table 8.

Table 8: Alignment of Assets with the MidCoast Community Strategic Plan

Community Outcomes	CSP Strategies	Asset Class
Our Wellbeing <ul style="list-style-type: none"> We are a community where everyone is safe and can live a healthy, active life. We support each other, and feel we belong. We respect and celebrate our Aboriginal heritage, diverse cultures and histories, and value creativity in all its forms 	W-1 - Improve public safety and the community's ability to prepare and respond to emergencies.	Community Assets & Buildings Stormwater Transport
	W-2 - Support the physical and mental health, and wellbeing of our community	Community Assets & Buildings Transport
	W-3 - Help everyone connect and take part in community life, particularly those who face challenges with social isolation	Community Assets & Buildings Transport
	W-4 - Acknowledge, respect and learn from our Aboriginal community to build trust and move forward together.	Community Assets & Buildings
	W-5 - Foster opportunities for artistic, cultural and creative expression, participation and celebration.	Community Assets & Buildings
Our Natural Environment <ul style="list-style-type: none"> Our natural environment is healthy and safeguarded for future generations. We enjoy the lifestyle that our natural surroundings provide us. We minimise our impact on the environment, and we can adapt to a changing climate 	NE-1 - Protect our native flora, fauna and local ecosystems.	Stormwater Transport Water & Sewer
	NE-2 - Protect and improve the health of our coastlines, waterways, wetlands and water catchments.	Community Assets & Buildings Transport Water Sewer Stormwater
	NE-3 - Reduce waste to landfill through education, reduction, re-use, recycling, repurposing and the use of new technologies.	Community Assets & Buildings Transport
	NE-4 - Conserve our natural resources and reduce our greenhouse gas emissions.	Community Assets & Buildings Transport Water Sewer

Community Outcomes	CSP Strategies	Asset Class
	NE-5 - Manage risks to our environment and communities from climate change and natural disasters	Community Assets & Buildings Transport Water Sewer Stormwater
Our Places & Infrastructure <ul style="list-style-type: none"> Our towns and villages are attractive and engaging places to live. We all have a safe place to call home, and we can grow without losing what we love about living here. We have clean, reliable water and can travel safely and easily around the MidCoast 	PI-1 - Provide safe, accessible and well-maintained community facilities, and vibrant streetscapes and public open spaces. PI-2 - Improve the variety of housing options including social, affordable and accessible housing. PI-3 - Respect the unique character, history and cultural heritage of our towns and villages, significant places and the natural environment. PI-4 - Provide safe, secure and affordable water and sewerage services. PI-5 - Provide a safe, reliable and well-maintained road and broader transport network with options for active and shared travel	Community Assets & Buildings Stormwater Transport Community Assets & Buildings Stormwater Transport Water Sewer Community Assets & Buildings Transport Water Sewer Stormwater Community Assets & Buildings Transport
Our Economic Prosperity <ul style="list-style-type: none"> The MidCoast is an ideal place to work, live, visit, and invest. We all benefit from a diverse and resilient local economy that provides the businesses and services we need. There are employment opportunities for people of all ages and abilities. Our young people can build a vibrant career right here. Our workforce is ready for today's and tomorrow's employers 	EP-1 - Support and develop local businesses across a range of industries. EP-2 - Develop and promote the MidCoast as a top destination for visitors, conferences and events. EP-3 - Develop, attract and retain a skilled and diverse workforce.	Community Assets & Buildings Transport Community Assets & Buildings Transport Community Assets & Buildings Transport

Community Outcomes	CSP Strategies	Asset Class
Our Leadership <ul style="list-style-type: none"> We are engaged in our future and collaborate to make positive change for the MidCoast. We have confidence and trust in our elected representatives and community leaders. Decisions are evidence-based and informed by our input. Decisions also balance the interests of current and future generations. Together, all levels of government can deliver the facilities and services we need. Our Council is financially sustainable 	L-1 - Inform, engage and involve the community in projects and decision-making.	Community Assets & Buildings Transport Water Sewer Stormwater
	L-2 - Build our ability to deliver community outcomes through capacity building, growing partnerships, and advocating for funding and enabling infrastructure.	Community Assets & Buildings Stormwater Transport Water Sewer Stormwater
	L-3 - Provide open and transparent leadership with a focus on clear decision-making processes and ongoing communication with the community.	Community Assets & Buildings Transport Water Sewer Stormwater
	L-4 - Deliver services to the community with a focus on customer service, efficiency, continuous improvement and long-term financial health	Community Assets & Buildings Transport Water Sewer Stormwater

9. Life Cycle Management

Life Cycle Management considers the activities and associated costs of the characteristic stages of the asset's life cycle, including:

- **Planning:** The design, configuration, and specification of the asset to ensure it satisfies its defined purpose
- **Procurement:** Sourcing the asset, whether by purchase, construction/manufacture or other, including its commission
- **Operation:** The active process of utilising an asset which will consume resources such as manpower, energy, chemicals and materials.
- **Maintenance:** All actions necessary for retaining an asset as near as practicable to its original serviceable condition and to achieve its expected life
- **Renewal:** Works to replace existing assets with assets of equivalent capacity or performance capability, with a new expected life
- **Replacement:** The complete replacement of an asset that has reached the end of its life, so as to provide a similar, or agreed alternative, level of service, with a new expected life
- **Disposal:** Actions necessary to decommission and dispose of assets that are no longer required.

Competent and cost-efficient life cycle management for infrastructure assets commences with developing an accurate understanding of the actual condition of each asset. This requires a regular cycle of assessment of the physical condition of assets, for which funds are required for staff and training. However, this regular process results in more accurate and often lower estimates of real asset renewal costs.

This AM Strategy is based on data acquired through physical assessments and other estimates where physical data are either not yet available or are not possible to obtain for various reasons. All estimates are being continually refined to produce the best possible accurate assessment of asset condition and funding priorities.

Throughout this AM Strategy, Council is using a 5-point asset condition rating scale to steer decisions regarding priorities and funding requirements. This scale is consistent with best practice for asset condition assessment and reporting, as described in Table 9.1 below.

Table 9.1: Asset Condition Grading System

ASSET CONDITION			ASSET REMAINING LIFE	
Rating	Grade	Asset Description	Range	Midpoint
1	Very Good	Defects free, only planned/routine maintenance	>80%	90%
2	Good	Minor defects, minor planned maintenance required	60-79%	70%
3	Fair	Defects requiring regular and/or significant planned maintenance	40-59%	50%
4	Poor	Significant defects, higher order cost intervention required	10-39%	25%
5	Very Poor	Asset failed / beyond rehabilitation, urgent renewal /upgrading required	0-9%	5%

10. Building Assets⁶

Council's building asset class is comprised of the following:

- Community Buildings – including public halls/ community centres, courthouses, storage sheds, Men's Sheds, showground buildings, open space & swimming pool buildings, public amenities/toilets, surf lifesaving club buildings, and libraries
- Commercial Buildings – preschools/childcare centres commercial, residential and retail properties, caravan parks, and airport buildings
- Corporate Buildings – administration buildings, visitor information centres, the Manning Art Gallery, the Manning Entertainment Centre, water and sewer buildings, work depot buildings and waste and emergency services buildings

10.1 Available financial data

The building data reported in Note C1-7 of Council's Financial Statements 2023/24 is based on the previous revaluations completed in June 2022 by a registered valuer and indexed accordingly the following year. Buildings over \$1,000,000 were valued at a component level.

Council's revalued building assets were imported into the corporate asset system 1 July 2019 in line with revaluation requirements. Councils' asset accountant manages the finance book for building assets.

10.2 Infrastructure Backlog and Future funding allocation

Table 10.2 shows the proposed, capital and maintenance expenditure for buildings and other structure assets over the next 10 year and the future years funding shortfalls specifically for maintenance and renewals.

⁶ Council's Building Assets and Recreation Assets (see next section) currently have a single AM Plan – the Community Assets and Buildings Asset Management Plan.

Table 10.2: Proposed Capital and Maintenance Expenditure for Buildings and Structural Assets

Buildings & Other Structures		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget	Renewal	\$3,872	\$1,121	\$1,145	\$1,171	\$1,197	\$1,223	\$1,250	\$1,278	\$1,307	\$1,337
\$000	New and Expanded Assets	\$7,479	\$10,440	\$2,454	\$6,216	\$1,482	\$1,496	\$1,511	\$1,327	\$1,542	\$1,459
	O&M	\$8,343	\$9,022	\$9,207	\$9,507	\$9,800	\$10,068	\$10,343	\$10,627	\$10,920	\$11,222
	Total Expenditure	\$19,694	\$20,582	\$12,806	\$16,894	\$12,479	\$12,787	\$13,104	\$13,232	\$13,769	\$14,017
Required	Required Renewal (Depreciation)	\$13,448	\$14,050	\$14,746	\$15,252	\$15,874	\$16,389	\$16,921	\$17,468	\$18,028	\$18,609
	<i>Required Renewal - AMP</i>	<i>\$4,820</i>	<i>\$4,965</i>	<i>\$5,114</i>	<i>\$5,267</i>	<i>\$5,425</i>	<i>\$5,588</i>	<i>\$5,755</i>	<i>\$5,928</i>	<i>\$6,106</i>	<i>\$6,289</i>
\$000	New and Expanded Assets	\$7,479	\$10,440	\$2,454	\$6,216	\$1,482	\$1,496	\$1,511	\$1,327	\$1,542	\$1,459
	Required O&M (Benchmark)	\$8,073	\$8,480	\$8,773	\$9,134	\$9,431	\$9,737	\$10,053	\$10,376	\$10,711	\$11,056
	Total	\$29,000	\$32,970	\$25,972	\$30,602	\$26,787	\$27,623	\$28,485	\$29,171	\$30,281	\$31,124
	Overall (GAP)	-\$9,306	-\$12,388	-\$13,166	-\$13,708	-\$14,308	-\$14,836	-\$15,381	-\$15,939	-\$16,512	-\$17,107
	Maintenance Gap	\$270	\$542	\$434	\$373	\$369	\$330	\$289	\$251	\$208	\$166
	Renewals Gap	-\$9,576	-\$12,930	-\$13,600	-\$14,081	-\$14,677	-\$15,166	-\$15,670	-\$16,190	-\$16,720	-\$17,273

The charts shown in Figure 10.2 below demonstrate the projected performance trend of this asset class against the infrastructure benchmark ratio during the term of this AM Strategy

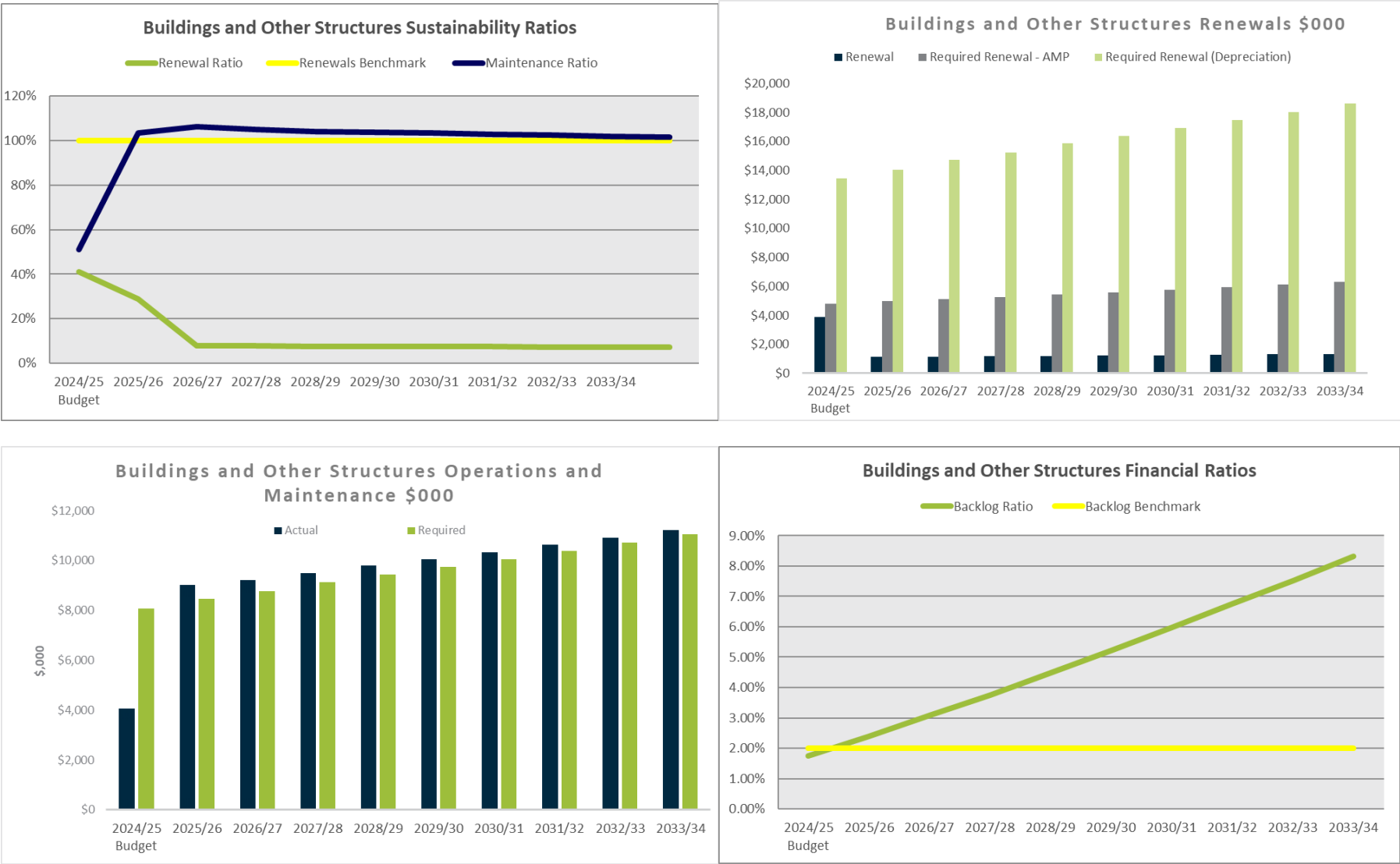


Figure 10.2: Performance of the Buildings Asset Class

10.3 Condition

The condition of all buildings is systematically inspected to ensure that conditions which may lead to structural damage are identified so any remedial action may be undertaken. Asset inspections are a key factor of asset management and are designed to identify defects that have the potential to create a risk of damage or inconvenience to the public and may impact on overall asset life.

Overall, 35.29% of building assets are either in a Very Good or Good condition and 11.18% scoring in the poor to very poor range.

Table 10.3 provides a summary of the building condition results over a period of 7 years.

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Table 10.3: Condition of Building Assets

Change in Condition of Building Assets 2017/2018 to 2023/2024							
	Condition 1 Very Good	Condition 2 Good	Condition 3 Fair	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating ⁷	% not meeting required condition rating
2023/24	14.46%	20.83%	53.53%	11.16%	0.02%	35.29%	64.71%
2022/23	11.39%	27.07%	34.08%	26.93%	0.50%	38.46%	61.54%
2021/22	21.2%	20.0%	36.2%	22.0%	0.6%	41.20%	58.80%
2020/21	22.7%	22.5%	32.0%	20.2%	2.6%	45.20%	54.80%
2019/20	13.3%	48.7%	32.7%	5.1%	0.2%	62.00%	38.00%
2018/19	13.4%	48.7%	32.7%	5.0%	0.2%	62.10%	37.90%
2017/18	29.8%	39.1%	28.3%	2.6%	0.2%	68.90%	31.10%

⁷ Prior to 2024/25, MidCoast Council adopted the OLG's IP & R Guidelines which deems Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio. In late 2024, MidCoast Council defined its condition rating for satisfactory in consultation with the community as Condition 3 – Fair. This will apply to future updates of this Strategy.

10.4 Service level expectations

Levels of Service measure how the community receives the service and whether the organisation is providing community value. In July 2023 Micromex Research was engaged to undertake a Community Satisfaction Survey. During this consultation, the community made it clear that they were happy with the current levels of service with Building Assets scoring consistently at the LGA benchmark.

The community's expectation influences the investment in capital and operational funding, which in turn drives Council's financial plan. Council and the community worked together to find a balance between the community expectations of the services provided versus their willingness to pay. Setting appropriate Levels of Service is one of the critical decisions in the development of an effective total asset management strategy for open space assets.

Council agrees to continue the provision of building assets to the MidCoast Local Government Area at the highest level acceptable by the community and in compliance with relevant standards, specifications and legislations. To achieve this result, Council's intervention level for building assets is when the condition of an asset scores worse than a condition rating of 3.

Table 10.4 below is a summary of the specific Building Asset survey results for satisfaction and importance under Council's service and facilities group.

Table 10.4: Community Satisfaction and Importance for Building Assets

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark ⁸	MidCoast Council	LGA Benchmark ⁸
Community buildings/halls	83%	88%	65%	68%
Public amenities, such as toilets and parents' rooms	68%	72%	88%	82%
Heritage sites protected and maintained	81%	85%	59%	73%
Cultural opportunities and services, such as the Art Gallery and Entertainment Centre	88%	91%	60%	59%

10.5 Current situation

Council continues to improve on building asset maturity with data integrity continually being refined in Council's corporate asset register. Data stored against each asset includes technical, operational and financial information which is used in asset management decision making.

Asset inspections are a key factor of asset management and are designed to identify defects that have the potential to create a risk of damage, deterioration and availability of the asset to the public and may impact on overall asset life. In addition, regular inspections assist in maintaining and monitoring the integrity of asset data.

⁸ Micromex has developed Community Satisfaction Benchmarks using normative data from over 60 unique councils, more than 120 surveys and over 68,000 interviews since 2012

Building asset owners are responsible to undertake building inspections. The Community Assets team has committed to having all 360 community buildings inspected by June 2025 and an inspection frequency set and scheduled.

Factors to be considered when determining the frequency of asset inspections include:

- the classification of the building
- legislation
- facility visitation rate (FVR)
- condition of building
- location and surrounding environment

10.6 Future directions

Council will continue to review operational and capital expenditure and where necessary, reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced. Council will also continue to monitor asset condition utilising cost-effective measures where possible and review asset data to ensure that the asset register is updated on a regular basis.

11. Recreation Assets⁹

Recreation assets including Open Space & Swimming Pools are essential for the health and wellbeing of the community by delivering personal and social benefits on which healthy, happy communities thrive. Recreational open space stimulates commercial growth and economic prosperity by providing cultural & tourism opportunities as well as supporting outdoor recreation. Our Open Space assets are broken up into 3 categories, being Passive, Active or Natural Areas and include the following classes:

- Passive Recreation Assets - furniture, BBQ's, signage, lookouts, boardwalks, footbridges, monuments, lighting, and landscaping.
- Active Recreation Assets – Sporting including fields, courts and lighting, swimming pools and pumps, playgrounds, fitness stations, skateparks and boating facilities including wharfs, jetties, and boat ramps.
- Natural Areas – Asset protection zones, beaches and accessways.

These assets are maintained by the Public Spaces Department within the Liveable Communities Directorate and are currently included in the Community Assets & Building AM Plan.

11.1 Available financial data

The recreation data reported in Note C1-7 of Council's Financial Statements 2023/2024 is based on the revaluation completed in June 2022.

Council has commenced replacing approximately \$4M worth of flood damaged recreation assets with works expected to be completed by June 2025. Funds were made available through State grant funding.

Council's recreation and pool assets were imported into the corporate asset system 1 July 2019 in line with revaluation requirements. Council's asset accountant manages the finance book for these assets.

11.2 Future infrastructure backlog and future funding allocations

Table 11.2 shows the proposed, capital and maintenance expenditure for recreation assets over the next 10 years and the future years' funding shortfalls, specifically for renewals.

⁹ Council's Recreation Assets are included in the *Community Assets and Buildings Asset Management Plan*.

Table 11.2: Proposed Capital and Maintenance Expenditure for Recreation Assets

Recreation	\$000										
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget	Renewal	\$10,088	\$1,442	\$959	\$977	\$996	\$1,027	\$1,060	\$1,093	\$1,128	\$953
	New and Expanded Assets	\$3,860	\$3,921	\$99	\$102	\$105	\$108	\$111	\$114	\$118	\$121
	O&M	\$9,247	\$8,926	\$9,171	\$9,379	\$9,593	\$9,818	\$10,049	\$10,286	\$10,530	\$10,781
	Total Expenditure	\$23,196	\$14,289	\$10,229	\$10,458	\$10,693	\$10,953	\$11,219	\$11,494	\$11,775	\$11,855
Required	Required Renewal (Depreciation)	\$2,977	\$3,208	\$3,307	\$3,410	\$3,516	\$3,626	\$3,739	\$3,855	\$3,975	\$4,098
	<i>Required Renewal (AMP)</i>	<i>2,060</i>	<i>2,122</i>	<i>2,185</i>	<i>2,251</i>	<i>2,319</i>	<i>2,388</i>	<i>2,460</i>	<i>2,534</i>	<i>2,610</i>	<i>2,688</i>
	New and Expanded Assets	\$3,860	\$3,921	\$99	\$102	\$105	\$108	\$111	\$114	\$118	\$121
	Required O&M	\$4,373	\$4,712	\$4,858	\$5,009	\$5,165	\$5,326	\$5,492	\$5,662	\$5,839	\$6,020
	Total	\$11,210	\$11,840	\$8,265	\$8,522	\$8,787	\$9,060	\$9,341	\$9,632	\$9,931	\$10,240
	Overall (GAP)	\$11,986	\$2,449	\$1,965	\$1,936	\$1,907	\$1,893	\$1,878	\$1,862	\$1,844	\$1,615
	Maintenance Gap	\$4,875	\$4,215	\$4,313	\$4,370	\$4,428	\$4,492	\$4,557	\$4,623	\$4,691	\$4,760
	Renewals Gap	\$7,111	-\$1,766	-\$2,348	-\$2,433	-\$2,521	-\$2,599	-\$2,679	-\$2,762	-\$2,847	-\$3,146

The charts shown in Figure 11.2 below demonstrate the projected performance trend of this asset class against the infrastructure benchmark ratio during the term of this AM Strategy.

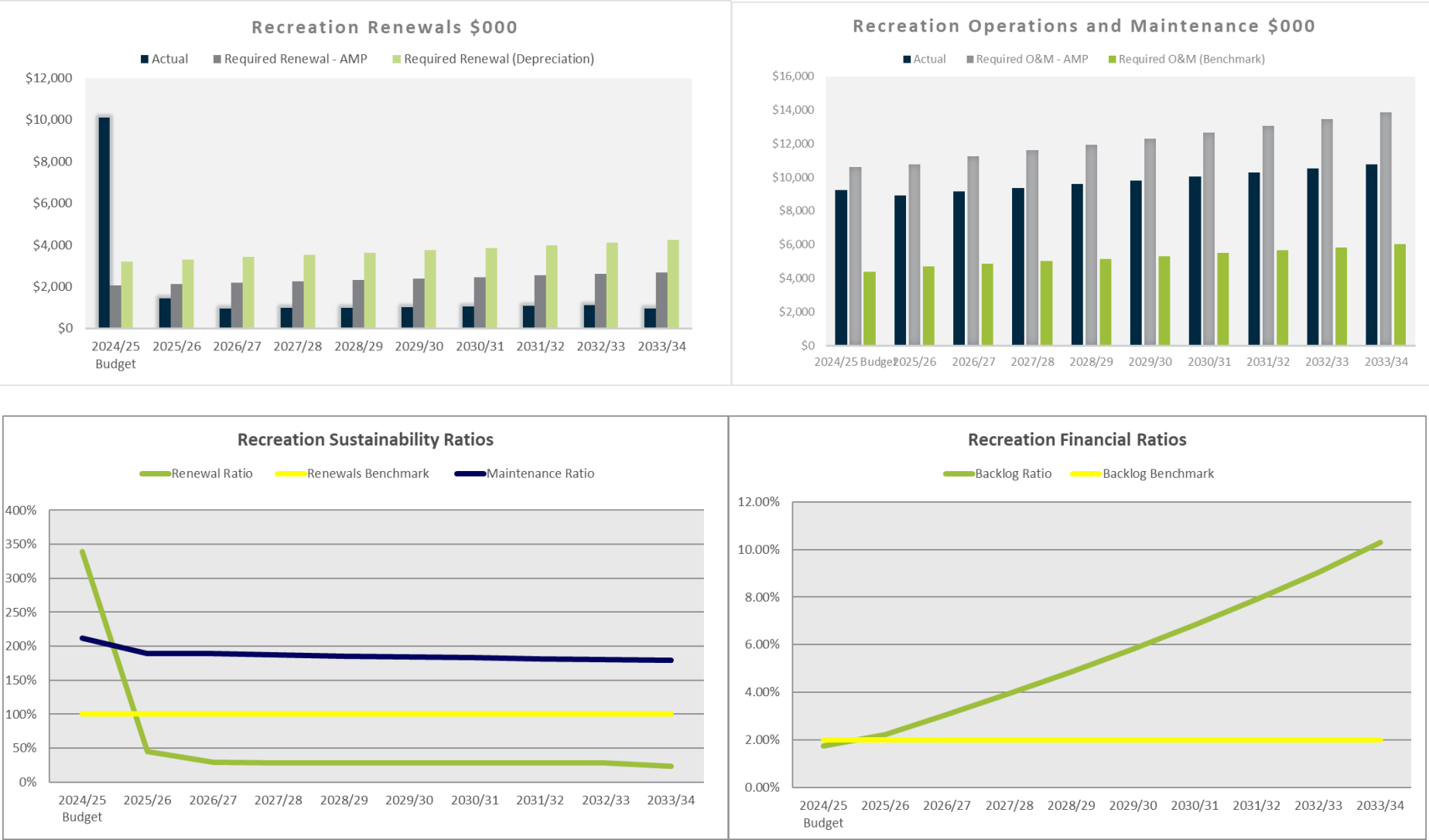


Figure 11.2: Performance of the Recreation Asset Class

11.3 Condition

The condition of all recreation facilities is systematically inspected to ensure that conditions which may lead to structure damage are identified so any remedial action may be undertaken. Asset inspections are a key factor of asset management and are designed to identify defects that have the potential to create a risk of damage or inconvenience to the public and may impact on overall asset life.

Overall, 57.09% of recreation assets are either in a Very Good or Good condition and 16.57% scoring in the poor to very poor range.

Table 11.3 provides a summary of the recreation asset condition results over a period of 7 years.

Table 11.3: Condition of Recreation Assets

Change in Condition of Recreation Assets 2017/2018 to 2023/2024							
	Condition 1 Very Good	Condition 2 Good	Condition 3 Fair	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating ¹⁰	% not meeting required condition rating
2023/24	21.97%	35.12%	26.34%	16.49%	0.08%	57.09%	42.91%
2022/23	9.25%	42.11%	29.38%	15.08%	4.20%	51.36%	48.64%
2021/22	14.30%	41.00%	27.70%	16.20%	0.80%	55.30%	44.70%
2020/21	36.97%	45.80% * ¹¹	13.22% *	3.40%	0.61%	82.77%	17.23%
2019/20	28.01%	67.33%	3.79%	0.80%	0.06%	95.34%	4.66%
2018/19	45.29%	35.86%	16.49%	1.60%	0.75%	81.15%	18.85%
2017/18	44.13%	38.44%	14.83%	1.74%	0.86%	82.57%	17.43%

¹⁰ Prior to 2024/25, MidCoast Council adopted the OLG's IP & R Guidelines which deems Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio. In late 2024, MidCoast Council defined its condition rating for satisfactory in consultation with the community as Condition 3 – Fair. This will apply to future updates of this AM Strategy

¹¹ Data was impacted due to the flood event in March 2021.

11.4 Service level expectations

Community Levels of Service measure how the community receives the service and whether the organisation is providing community value. In July 2023 Micromex Research was engaged to undertake a Community Satisfaction Survey. During this consultation, the community made it clear that they were happy with the current levels of service with Recreation Assets consistently at the LGA benchmark.

The community's expectation influences the investment in capital and operational funding, which in turn drives Council's financial plan. Council and the community worked together to find a balance between the community expectations of the services provided versus their willingness to pay. Setting appropriate Levels of Service is one of the critical decisions in the development of an effective total asset management strategy for recreation assets.

Council agrees to continue the provision of parks and sporting grounds to the MidCoast Local Government Area at the highest level acceptable by the community and in compliance with relevant standards, specifications, and legislations. To achieve this result, Council's intervention level for recreation assets is when the condition of an asset scores below condition rating of 3.

Table 11.4 provides a summary of the specific open space survey results for satisfaction and importance under Council's service and facilities group.

Table 11.4 Community Satisfaction and Importance for Recreation Assets

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark *	MidCoast Council	LGA Benchmark *
Parks and Playground	78%	86%	78%	83%
Ovals and Sportsgrounds	84%	90%	68%	76%
Recreational Areas	83%	68%	91%	82%
Swimming Pools	74%	85%	68%	71%

* Micromex has developed Community Satisfaction Benchmarks using normative data from over 60 unique councils, more than 120 surveys and over 68,000 interviews since 2012.

11.5 Current situation

Council has been on a journey to recreation asset maturity over the last 5 years, with all park assets identified in the corporate asset register. Data stored against each asset includes technical, operational, and financial information which is used in asset management decision making.

Asset inspections are a key factor of asset management and are designed to identify defects that have the potential to create a risk of damage or inconvenience to the public and may impact on overall asset life. In addition, regular inspections assist in maintaining the integrity of asset data.

For recreation assets, Council has committed to a proactive inspection regime, with inspections being undertaken on an annual, biennial, triennial or quadrennial frequency. Factors to be taken into account on determining the frequency of when an asset is inspected include:

- the classification of the hierarchy of the reserve.
- manufactures' recommendations
- legislation
- facility visitation rate (FVR)

- condition of equipment
- location and surrounding environment

11.6 Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced. Council will also continue to monitor asset condition utilising cost-effective measures where possible and review asset data to ensure that the asset register is updated on a regular basis.

12. Transport Assets

Council's transport asset class includes:

- Regional Roads, which allow travel from any town or region to another, within the Local Government Area and beyond
- The Rural Roads, which provide access to and from our towns, villages and countryside
- The Urban Roads that provide access to our homes and in and around our urban centres
- Car parks that support our retail, commercial, recreational and tourist destinations

Any road is typically comprised of:

- the road reserve – the land formally set aside (gazetted) for the purpose of movement of people and goods, with Council as the Road Authority
- the road carriageway – a formed pavement and often a wearing course (a seal)
- the bulk earthworks that allow roads to cut through the hills and valleys
- the bridges that connect the roads across our waterways, gullies and railway lines¹²
- the footpaths and cycleways that facilitate active transport and recreation
- the shoulder and table drain or kerb and gutter that protects the road edge and carries stormwater away for safety and convenience and to protect the pavement
- road furniture, devices, signage, and structures that improve the trip for drivers, riders, passengers and pedestrians.

These assets are maintained by Council's Infrastructure & Engineering Services Department. All asset information pertaining to each group is contained within Council's asset register.

12.1 Available financial data and funding

The roads data reported in Note C1-7 of Council's Financial Statements 2023/2024 is based on a revaluation of Council's Transport Assets completed in May 2023 and reviewed and adjusted in 2024, using methodologies based on the AASB requirements and fair-value approach.

12.2 Infrastructure Backlog and Future funding allocation

Table 12.2 shows the proposed capital and maintenance expenditure for transport assets over the next 10 years and the future years' funding shortfalls, in particular for maintenance which continues to increase across the 10-year period.

¹² Bridge assets are considered in a standalone AM Plan.

Table 12.2: Proposed Capital and Maintenance Expenditure for Transport Assets

Transport	\$000										
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget	Renewal	\$43,332	\$33,088	\$33,911	\$36,515	\$34,240	\$35,107	\$36,000	\$36,919	\$37,865	\$38,838
	New and Expanded Assets	\$2,600	\$3,104	\$2,107	\$2,109	\$2,113	\$2,116	\$2,119	\$2,123	\$2,127	\$2,130
	O&M	\$19,790	\$16,508	\$17,455	\$17,391	\$18,268	\$18,598	\$19,083	\$19,581	\$20,093	\$20,618
	Total Expenditure	\$65,722	\$52,699	\$53,473	\$56,015	\$54,620	\$55,821	\$57,203	\$58,624	\$60,084	\$61,586
Required	Required Renewal (Depreciation)	\$31,761	\$32,742	\$33,757	\$34,792	\$35,859	\$36,957	\$38,089	\$39,254	\$40,454	\$41,691
	<i>Required Renewal (AMP)</i>	<i>\$51,050</i>	<i>\$53,858</i>	<i>\$56,820</i>	<i>\$59,945</i>	<i>\$63,242</i>	<i>\$66,720</i>	<i>\$70,390</i>	<i>\$74,261</i>	<i>\$78,346</i>	<i>\$82,655</i>
	New and Expanded Assets	\$2,600	\$3,104	\$2,107	\$2,109	\$2,113	\$2,116	\$2,119	\$2,123	\$2,127	\$2,130
	Required O&M	\$27,239	\$28,085	\$28,946	\$29,834	\$30,749	\$31,691	\$32,661	\$33,660	\$34,689	\$35,750
	Total	\$61,600	\$63,930	\$64,810	\$66,736	\$68,720	\$70,764	\$72,869	\$75,037	\$77,270	\$79,571
	Overall (GAP)	\$4,122	-\$11,231	-\$11,337	-\$10,721	-\$14,100	-\$14,943	-\$15,666	-\$16,413	-\$17,186	-\$17,985
	Maintenance Gap	-\$7,449	-\$11,577	-\$11,491	-\$12,443	-\$12,481	-\$13,093	-\$13,577	-\$14,079	-\$14,596	-\$15,132
	Renewals Gap	\$11,571	\$346	\$154	\$1,722	-\$1,619	-\$1,850	-\$2,088	-\$2,335	-\$2,589	-\$2,853

The charts shown in Figure 12.2 demonstrate the projected performance trend of this asset class against the infrastructure benchmark ratio during the term of this AM Strategy.

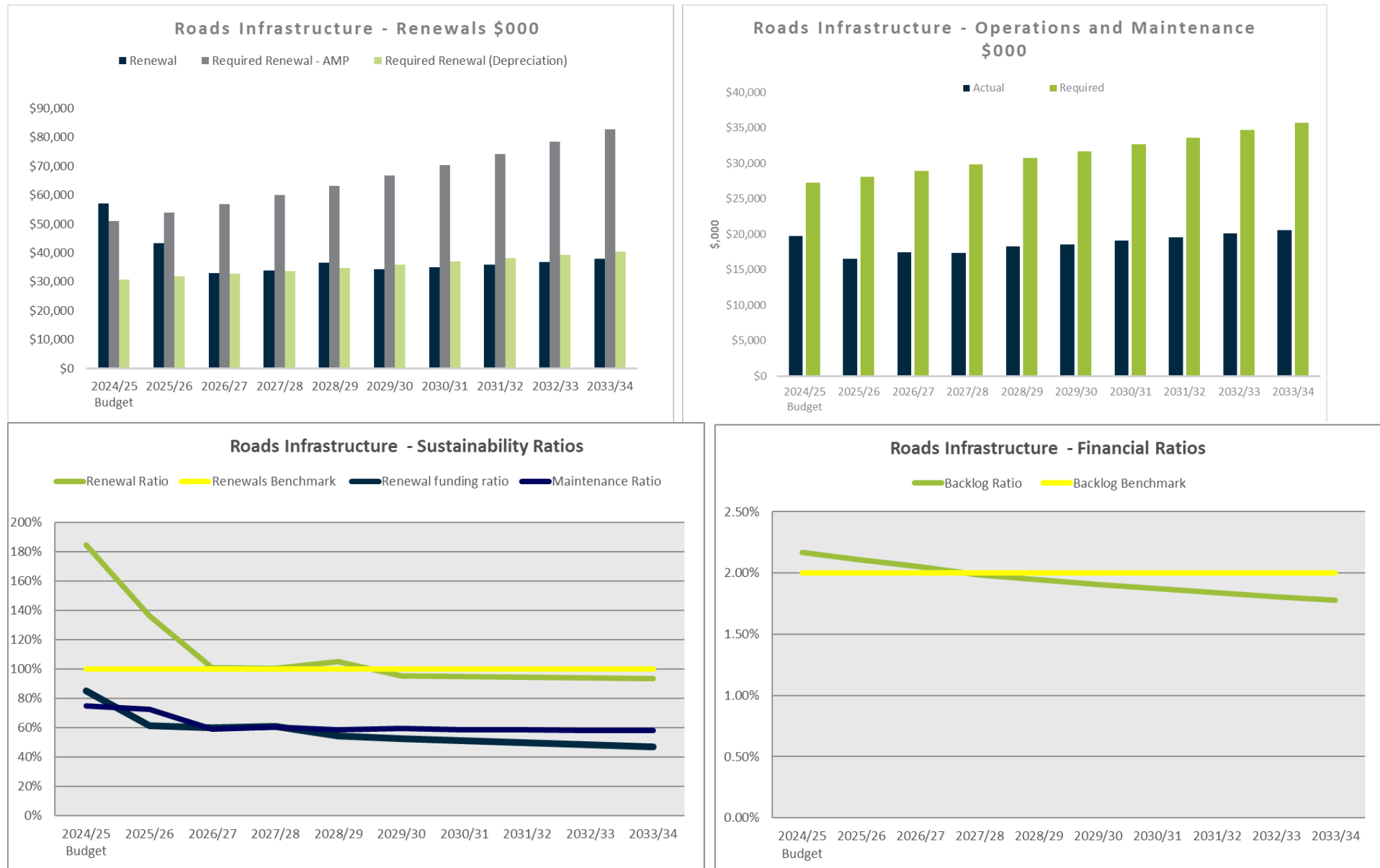


Figure 12.2: Performance of the Transport Assets Class

12.3 Condition

Transport assets are inspected and assessed on an ongoing basis to ensure that conditions which may lead to structural damage are identified so remedial action may be undertaken. Asset inspections are a key factor of asset management and are designed to identify defects that have the potential to create a risk of damage or inconvenience to the public and may impact on overall asset life.

Table 12.3 provides a summary of the transport asset condition results over a period of 7 years.

Table 12.3: Condition of Transport Assets

Change in Condition of Roads Assets 2017/2018 to 2023/2024							
	Condition 1 Very Good	Condition 2 Good	Condition 3 Fair	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating ¹³	% not meeting required condition rating
2023/24	41.12%	25.98%	24.17%	7.54%	1.19%	67.10%	32.90%%
2022/23	37.99%	26.94%	25.14%	8.13%	1.90%	64.93%	35.07%
2021/22	47.60%	27.00%	18.10%	5.40%	1.90%	74.60%	25.40%
2020/21	16.0%	42.40%	26.60%	10.80%	4.20%	58.40%	41.60%
2019/20	9.10%	36.60%	44.10%	6.90%	3.50%	45.70%	54.30%
2018/19	9.20%	40.80%	24.00%	21.60%	4.30%	50.00%	50.00%
2017/18	27.00%	38.50%	23.00%	11.00%	0.50%	65.50%	34.50%

¹³ Prior to 2024/25, MidCoast Council adopted the OLG's IP & R Guidelines which deems Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio. In late 2024, MidCoast Council defined its condition rating for satisfactory in consultation with the community as Condition 3 – Fair. This will apply to future updates of this AM Strategy

12.4 Service level expectations

Community Levels of Service measure how the community receives the service and whether the organisation is providing community value. In July 2023 Micromex Research was engaged to undertake a Community Satisfaction Survey. During this consultation, the community made it clear that they were happy with the current levels of service with Roads scoring at or just below the LGA benchmark for satisfaction and above the LGA benchmark for importance.

The community satisfaction survey identified our roads as a high priority and residents' support for reducing any funding gaps to improve the condition of our roads. The community's high expectation of our roads influences our investment in renewal funding, subject to available budget, including any Special Rate Variation (SRV) that the community may support.

Table 12.4 below provides a summary of the Transport-specific Building Asset survey results for satisfaction and importance under Council's service and facilities group.

Table 12.4: Community Satisfaction and Importance for Transport Assets

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark ¹⁴	MidCoast Council	LGA Benchmark ¹³
Maintaining Local Roads	25%	26%	98%	98%
Overall condition of the local sealed road network	37%	37%	95%	95%
Maintaining Local Bridges	76%	77%	93%	93%
Streetlighting	83%	83%	77%	77%

12.5 Current situation

The amalgamation brought together three road networks that have each evolved out of differing construction and maintenance methodologies, funding levels and community expectations. The equitable management of maintenance and renewal priorities and the development of new construction and maintenance methodologies is a particular challenge, anticipated to be addressed through improved asset management.

As the Infrastructure Backlog and Future funding allocation table above shows, the funding for capital and renewal works is expected to reduce from previous years from 2025-26 as grant funding arrangements are completed. Further grant funding may be expected but the amounts and timing are unknown.

12.6 Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced. Council will also continue to monitor asset condition utilising cost-effective measures where possible and review asset data to ensure that the asset register is updated on a regular basis.

Council continues to review operational and capital expenditure and allocates funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced.

¹⁴ Micromex has developed Community Satisfaction Benchmarks using normative data from over 60 unique councils, more than 120 surveys and over 68,000 interviews since 2012

Significant extra funding was received to address damage caused by the 2021 flood event and further funding is likely to be needed due to the impacts of likely future climate-change related weather events.

Council has had a condition assessment carried out upon its entire road network (comprising sealed and gravel roads) and, apart from the snapshot of the overall condition of the asset, Council is analysing the data to better inform the allocation of renewal funds and effort. Meanwhile a Road Strategy has been compiled to “outline what would be required to improve our road network’s condition and meet the community’s expectations [and] identify the current state of our roads, future desired states, challenges, and improvement opportunities” to inform Councillors and staff.

13. Bridges

13.1 Available financial data and funding

The bridges data reported in Note C1-7 of Council's Financial Statements 2022/2023 is based on the revaluation of Council's Transport Assets, which includes bridges, was completed in May 2023, using methodologies based on the AASB requirements and fair-value approach.

13.2 Infrastructure Backlog and Future funding allocation

Table 13.2 shows the proposed capital and maintenance expenditure and the backlog figures for bridges over the next 10 years.

Table 13.2: Proposed Capital and Maintenance Expenditure for Bridge Assets

Bridges	\$000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget	Renewal	\$22,093	\$13,146	\$1,464	\$1,480	\$1,501	\$1,545	\$1,591	\$1,638	\$1,687	\$1,737
	New and Expanded Assets	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	O&M	\$899	\$900	\$927	\$950	\$969	\$994	\$1,019	\$1,045	\$1,071	\$1,099
	Total Expenditure	\$22,992	\$14,046	\$2,391	\$2,430	\$2,470	\$2,539	\$2,610	\$2,683	\$2,758	\$2,836
Required	Required Renewal (Depreciation)	\$2,301	\$2,370	\$2,441	\$2,514	\$2,590	\$2,668	\$2,748	\$2,830	\$2,915	\$3,002
	New and Expanded Assets	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	Required O&M	\$960	\$988	\$1,018	\$1,049	\$1,080	\$1,113	\$1,146	\$1,180	\$1,216	\$1,252
	Total	\$3,261	\$3,358	\$3,459	\$3,563	\$3,670	\$3,780	\$3,893	\$4,010	\$4,131	\$4,254
	Overall (GAP)	\$19,731	\$10,688	\$(1,069)	\$(1,133)	\$(1,200)	\$(1,241)	\$(1,283)	\$(1,327)	\$(1,372)	\$(1,419)
	Maintenance Gap	\$(61)	\$(88)	\$(91)	\$(98)	\$(111)	\$(119)	\$(127)	\$(135)	\$(144)	\$(154)
	Renewals Gap	\$19,792	\$10,776	\$(977)	\$(1,034)	\$(1,089)	\$(1,122)	\$(1,156)	\$(1,192)	\$(1,228)	\$(1,265)

The charts shown in Figure 13.3 demonstrate the projected performance trend of bridge assets against the infrastructure benchmark ratio during the term of this AM Strategy.

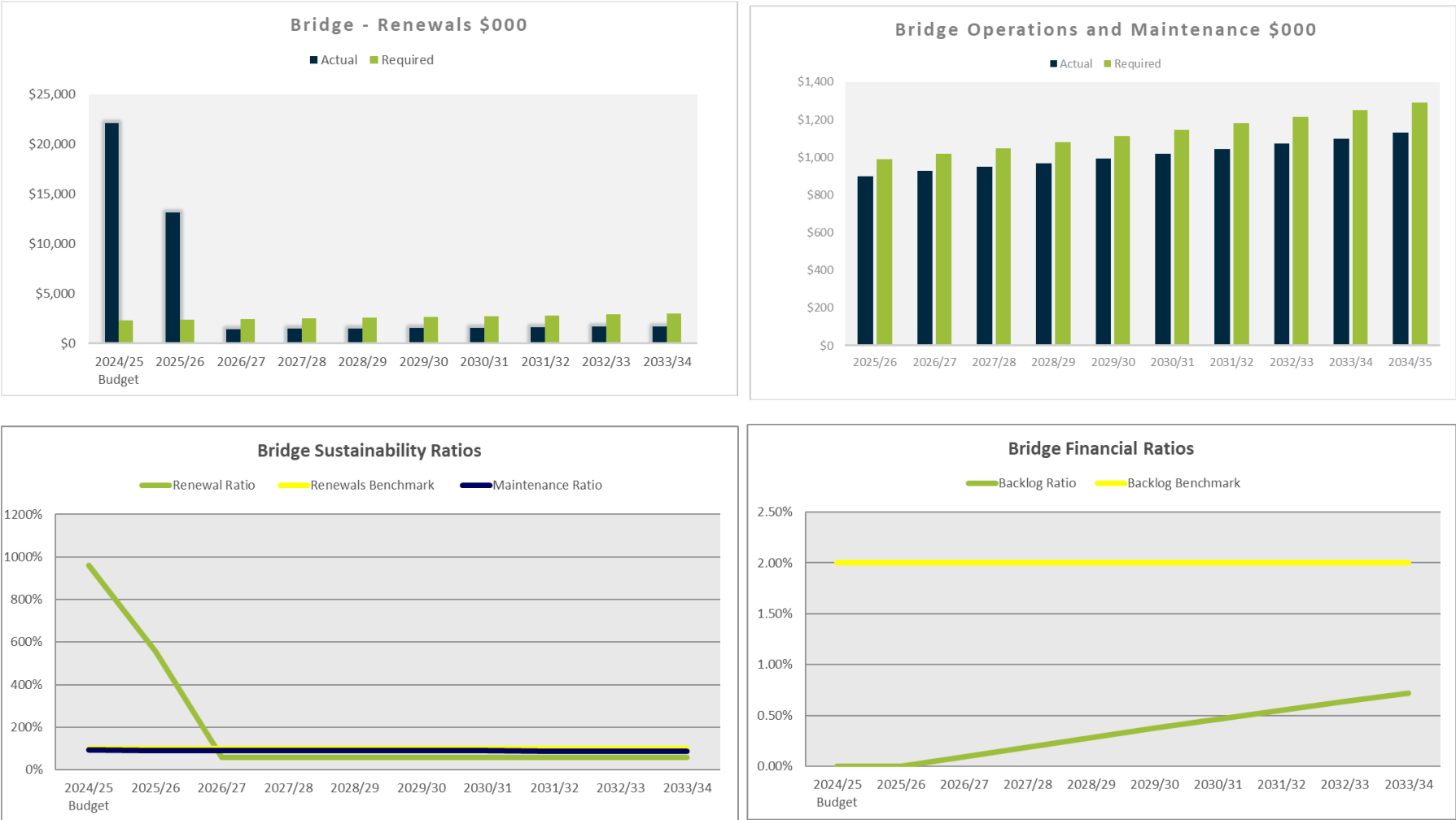


Figure 13.2: Performance of the Bridges Asset Class

13.3 Condition

Bridge assets are inspected systematically to ensure that conditions which may lead to structural damage are identified so remedial action may be undertaken. Asset inspections are a key factor of asset management and are designed to identify defects that have the potential to create a risk of damage or inconvenience to the public and may impact on overall asset life.

Table 13.3 provides a summary of the building condition results over a period of 7 years.

Table 13.3: Condition of Bridge Assets

Change in Condition of Bridges Assets 2017/2018 to 2023/2024						
	Condition 1 Very Good	Condition 2 Good	Condition 3 Fair	Condition 4 Poor	Condition 5 Very Poor	% m required ra
2023/24	24.30%	56.40%	15.10%	4.10%	0.10%	80.
2022/23	20.00%	59.00%	16.00%	4.00%	1.00%	79
2021/22	16.60%	59.70%	19.60%	3.90%	0.20%	76
2020/21	18.00%	60.50%	18.00%	3.30%	0.20%	78
2019/20	16.50%	62.20%	16.70%	4.40%	0.20%	78
2018/19	12.70%	33.20%	34.20%	8.30%	11.60%	45
2017/18	25.00%	47.00%	21.00%	7.00%	0.00%	72

13.4 Service level expectations

Community Levels of Service measure how the community receives the service and whether the organisation is providing community value. In July 2023 Micromex Research was engaged to undertake a Community Satisfaction Survey. During this consultation, the community made it clear that they were happy with the current levels of service with local bridges scoring at or just below the LGA benchmark for satisfaction and above the LGA benchmark for importance.

The community satisfaction survey identified our bridges as a high priority. The community's expectation of our bridges influences our investment in renewal funding. Of course, the condition of our bridges must be considered in conjunction with the condition of our roads. As a result, a bridge with a load limit may not satisfy demand for the trafficability of the route the bridge is on. Further, bridge design standards have changed over time with new technologies and learnings. Renewal, upgrade and replacement of bridges is carried out in line with the current standards.

Table 13.4 below provides a summary of the Bridge-specific survey results for satisfaction and importance under Council's service and facilities group.

¹⁵ Prior to 2024/25, MidCoast Council adopted the OLG's IP & R Guidelines which deems Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio. In late 2024, MidCoast Council defined its condition rating for satisfactory in consultation with the community as Condition 3 – Fair. This will apply to future updates of this AM Strategy

Table 13.4: Community Satisfaction and Importance for Bridge Assets

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark ¹⁶	MidCoast Council	LGA Benchmark ¹⁵
Maintaining local bridges	76%	77%	93%	93%

13.5 Current situation

Council's 669 bridges include 155 aging timber bridges which are being replaced with concrete structures for longer life, less maintenance, improved flood resilience, and greater carrying capacity. The upgrade of these timber bridges will secure the capacity to support growing regional communities, businesses, and freight movements into the future. This is being achieved at an accelerated pace due to State Government's 'Fixing Country Bridges' program and the Federal Government's "Safer Local Roads and Infrastructure Program". As per the current situation with roads funding, the continuation of such funding for renewing bridges is not assured.

13.6 Future directions

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced. Council will also continue to monitor asset condition utilising cost-effective measures where possible and review asset data to ensure that the asset register is updated on a regular basis.

¹⁶ Micromex has developed Community Satisfaction Benchmarks using normative data from over 60 unique councils, more than 120 surveys and over 68,000 interviews since 2012

14. Stormwater Assets

Council's stormwater network includes underground assets such as pits and pipes and surface drainage assets including detention basins and open channels. These assets are maintained by Council's Infrastructure & Engineering Services Directorate.

Council levies a stormwater management levy, and this funding source is used to improve and maintain the drainage systems in urban areas. Improvements and maintenance of Council's drainage systems in rural areas is funded from the General fund and usually completed in association with road rehabilitation works to minimise disruption to transport needs.

14.1 Available financial data

Council's stormwater data reported in Note C1-7 of Council's Financial Statements 2023/2024 is based on the previous revaluation completed in March 2023 and imported into the corporate asset system 31 March 2023 in line with revaluation requirements. Values have been indexed for the 2023/2024 financial year.

14.2 Infrastructure Backlog and Future Funding Allocation

Table 14.2 shows the proposed capital and maintenance expenditure for this asset class over the next ten years and the future years' funding shortfalls for both maintenance and renewals. Most of Council's stormwater assets are relatively young due to the long useful life of stormwater assets (typically 100 years), meaning asset renewal is largely not required at this time as the assets are in a serviceable condition. Additionally, the stormwater renewal budget is aligned with the road rehabilitation capital works budget as drainage works are rarely undertaken in isolation of associated road works. This is to improve construction efficiency, so the road is not disturbed twice, once to undertake drainage work and secondly to rehabilitate the road.

Table 14.2: Proposed Capital and Maintenance Expenditure for Stormwater Assets

Stormwater \$000		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget	Renewal	\$635	\$679	\$599	\$616	\$630	\$648	\$667	\$686	\$706	\$726
	New and Expanded Assets	\$635	\$2,620	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
	O&M	\$1,836	\$2,112	\$2,369	\$2,428	\$2,499	\$2,570	\$2,644	\$2,720	\$2,798	\$2,878
	Total Expenditure	\$3,106	\$5,411	\$3,468	\$3,544	\$3,628	\$3,718	\$3,811	\$3,906	\$4,004	\$4,105
Required	Required Renewal (Depreciation)	\$5,258	\$5,441	\$5,609	\$5,783	\$5,961	\$6,145	\$6,334	\$6,529	\$6,729	\$6,936
	New and Expanded Assets	\$635	\$2,620	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
	Required O&M	\$3,005	\$3,109	\$3,205	\$3,304	\$3,406	\$3,511	\$3,619	\$3,730	\$3,845	\$3,963
	Total	\$8,898	\$11,170	\$9,315	\$9,587	\$9,867	\$10,156	\$10,453	\$10,759	\$11,075	\$11,399
	Overall (GAP)	-\$5,791	-\$5,759	-\$5,846	-\$6,043	-\$6,239	-\$6,437	-\$6,642	-\$6,853	-\$7,071	-\$7,295
	Maintenance Gap	-\$1,168	-\$997	-\$836	-\$876	-\$908	-\$941	-\$975	-\$1,011	-\$1,047	-\$1,085
	Renewals Gap	-\$4,623	-\$4,762	-\$5,011	-\$5,167	-\$5,331	-\$5,497	-\$5,667	-\$5,843	-\$6,023	-\$6,210

The charts shown in Figure 14.2 demonstrate the projected performance trend of this asset class against the infrastructure benchmark ratio during the term of this AM Strategy.

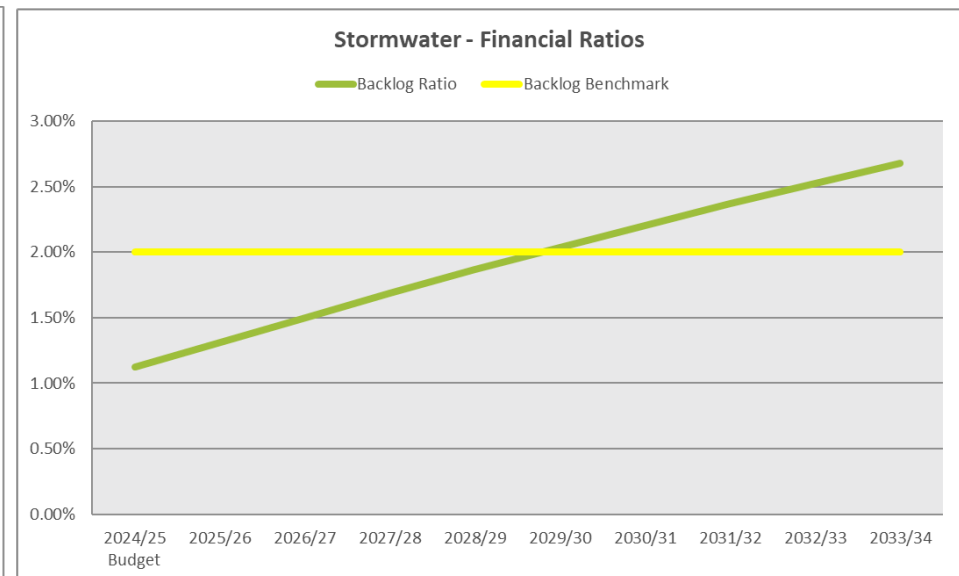
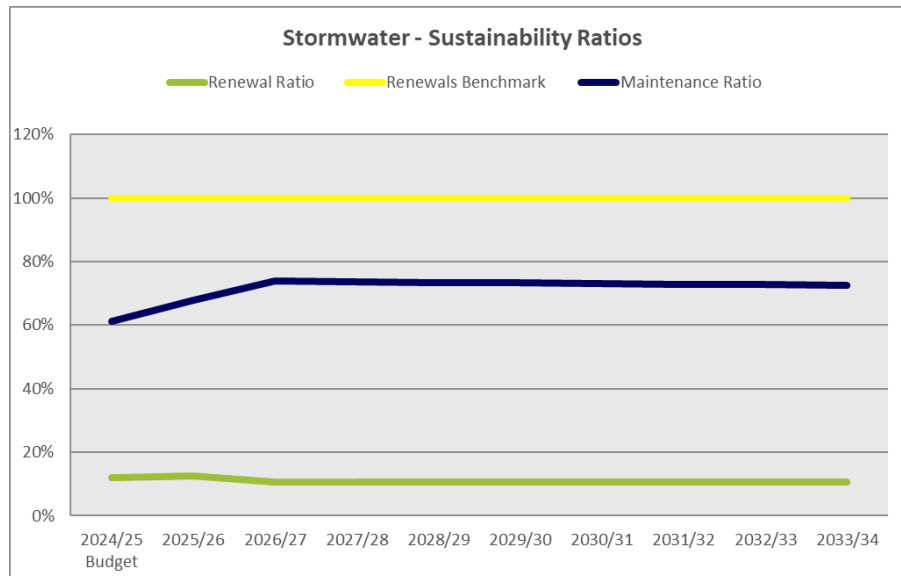
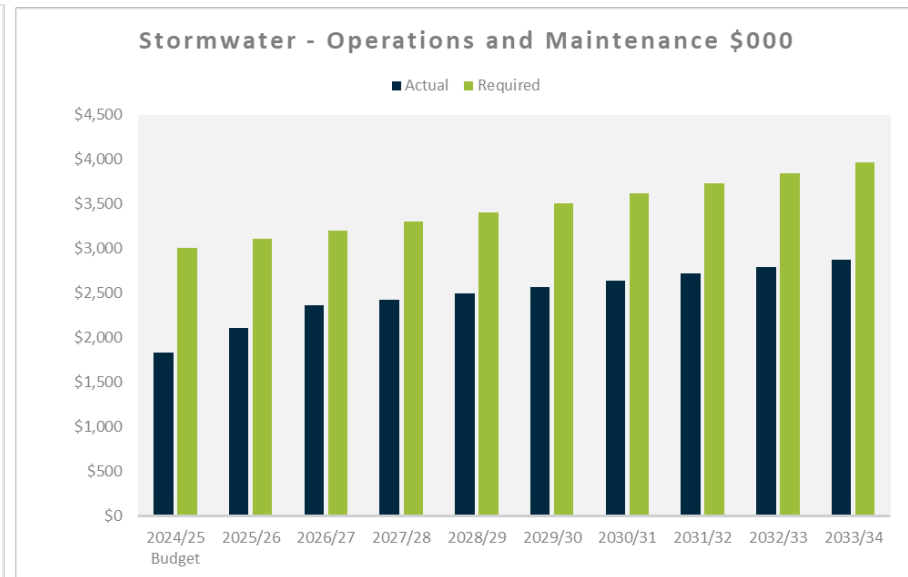
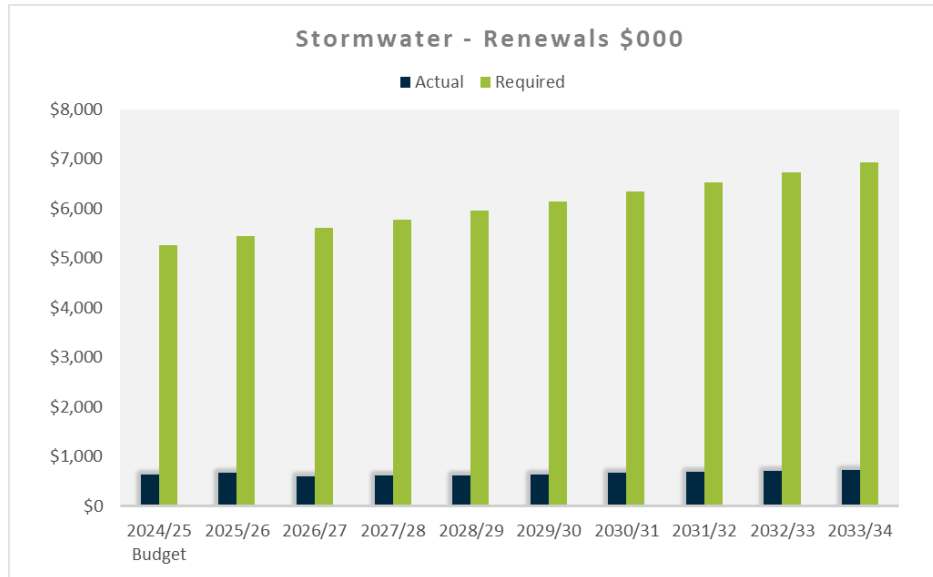


Figure 14.2: Performance of the Stormwater Assets Class

14.3 Condition

Stormwater assets are given a condition rating based on age due to the difficulty of assessing the condition of underground assets. Condition 4 and 5 assets are assessed by either visual inspection via a pole camera or by the use of CCTV survey via a remotely controlled vehicle to validate the nominal age-based condition with the actual physical condition.

Table 14.3 provides a summary of the building condition results over a period of 7 years.

Table 14.3: Condition of Stormwater Assets

Change in Condition of Stormwater Assets 2017/2018 to 2023/2024					
	Condition 1 Very Good	Condition 2 Good	Condition 3 Fair	Condition 4 Poor	Condition 5 Very Poor
2023/24	23.70%	44.40%	27.90%	3.60%	0.40%
2022/23	20.00%	45.00%	30.00%	4.00%	1.00%
2021/22	19.40%	45.10%	30.50%	4.70%	0.30%
2020/21	18.10%	45.80%	31.00%	4.70%	0.40%
2019/20	14.00%	47.00%	33.90%	4.70%	0.40%
2018/19	15.50%	47.10%	29.30%	7.80%	0.30%
2017/18	16.00%	47.00%	30.00%	7.00%	0.00%

14.4 Service level expectations

Community Levels of Service measure how the community receives the service and whether the organisation is providing community value. In July 2023 Micromex Research was engaged to undertake a Community Satisfaction Survey. During this consultation, the community made it clear that they were happy with the current levels of service with stormwater scoring at or just below the LGA benchmark for satisfaction and above the LGA benchmark for importance.

The community satisfaction survey identified our stormwater assets as a priority and supported reducing funding gaps to improve the condition of these assets. The community's high expectation of our stormwater influences the investment in capital and operational funding.

Table 14.4 below provides a summary of the Stormwater-specific survey results for satisfaction and importance under Council's service and facilities group.

¹⁷ Prior to 2024/25, MidCoast Council adopted the OLG's IP & R Guidelines which deems Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio. In late 2024, MidCoast Council defined its condition rating for satisfactory in consultation with the community as Condition 3 – Fair. This will apply to future updates of this AM Strategy

Table 14.4: Community Satisfaction and Importance for Stormwater Assets

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark ¹⁸	MidCoast Council	LGA Benchmark ¹⁷
Stormwater Drainage	71%	72%	81%	81%

14.5 Current situation

The majority of current expenditure on stormwater improvements are as a result of issues identified in stormwater management plans (SMP) or from documented stormwater hotspots. Council is currently completing a stormwater management plan concurrently with the review of the floodplain risk management study and plan for Bulahdelah.

The prolonged wet weather has resulted in a series of capital works projects to augment existing drainage infrastructure for reduced local flooding magnitude and frequency in Manning Point, Pindimar and Tuncurry. Current activities are underway in Forster Keys for the relining of several pipes through private property that have been determined to have failed before the useful life has been reached. Two Environmental Impact Statements are being prepared for serious drainage issues in Manning Point and Tuncurry that require works to be undertaken in coastal wetland mapped areas. The significant expenditure on road renewals in the Taree, Wingham and Gloucester areas has included assessments of drainage and in many cases stormwater assets have also been renewed and/or augmented to improve infrastructure performance and longevity. A water quality improvement capital project for a wetland in the Dunns Creek catchment at south Forster will provide improved water quality for Wallis Lake. This project is joint funded through the NSW State Government Coast and Estuary Program and the Environmental Rate component of Council Ordinary Rates.

14.6 Future directions

Beginning in 2024, Council committed to review the Taree Stormwater Management Plan (SMP) one catchment at a time. The Taree SMP, which was last updated nearly two decades ago, will be the focus of prioritised future renewals and augmentation works.

After Gloucester had many premature infrastructure failures, a critical stormwater catchment is also undergoing asset condition assessments using CCTV to identify potential future asset renewals.

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced. Council will also continue to monitor asset condition utilising cost-effective measures where possible and review asset data to ensure that the asset register is updated on a regular basis.

¹⁸ Micromex has developed Community Satisfaction Benchmarks using normative data from over 60 unique councils, more than 120 surveys and over 68,000 interviews since 2012

15. Water & Sewer Assets¹⁹

The provision of water supply and sewerage services is continuing to undergo significant change and reform. Customers, the wider community, and Government are demanding increased accountability, better service, and increased efficiency from their water utilities. Regulators are imposing more stringent environmental protection and health regulations. In many cases, ageing assets and infrastructure are approaching the time for replacement. Coupled with climatic uncertainty and economic challenges, the demands faced by local water utilities are increasing. Provision of water supply and sewerage services to the community is a 24 hour/day, 7 day/week, 365 day/year business. Council's water & sewer asset class is grouped into water, sewer & reuse assets and comprises of:

- Treatment Plants
- Pump Stations
- Dams & Reservoirs
- Bores & Aquifers
- Network Mains

These assets are constructed, maintained, and operated by Council's Water Planning & Assets, Water Operations, Water Management & Treatment and Water Project Delivery departments within the Infrastructure & Engineering Services Directorate.

15.1 Available financial data

The water & sewer data reported in Note C1-7 of Council's Financial Statements 2023/24 is based on the previous revaluation completed in March 2023.

15.2 Infrastructure Backlog and Future funding allocation

Table 15.2 shows the proposed capital and maintenance expenditure for water & sewer assets over the next 10 years and the future years' funding shortfalls specifically for renewals.

¹⁹ Currently, Council has separate Asset Management Plans for Water and Sewer

Table 15.2: Proposed Capital and Maintenance Expenditure for Water & Sewer Assets

Water	\$000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget	Renewal	\$7,465	\$14,122	\$14,546	\$15,071	\$15,495	\$15,895	\$16,372	\$16,863	\$17,369	\$17,890
	New and Expanded Assets	\$18,440	\$7,299	\$7,562	\$16,004	\$21,505	\$9,790	\$6,600	\$19,389	\$26,306	\$16,298
	O&M	\$16,184	\$16,762	\$17,361	\$18,085	\$18,901	\$19,592	\$20,264	\$21,118	\$22,086	\$22,955
	Total Expenditure	\$42,089	\$38,184	\$39,469	\$49,160	\$55,900	\$45,277	\$43,235	\$57,370	\$65,760	\$57,143
Required	Required Renewal (Depreciation)	\$16,273	\$16,889	\$17,529	\$18,335	\$19,263	\$20,013	\$20,729	\$21,691	\$22,803	\$23,773
	New and Expanded Assets	\$18,440	\$7,299	\$7,562	\$16,004	\$21,505	\$9,790	\$6,600	\$19,389	\$26,306	\$16,298
	Required O&M	\$16,184	\$16,797	\$17,433	\$18,235	\$19,157	\$19,903	\$20,615	\$21,572	\$22,678	\$23,643
	Total	\$50,897	\$40,986	\$42,523	\$52,574	\$59,925	\$49,705	\$47,944	\$62,652	\$71,787	\$63,714
	Overall (GAP)	-\$8,808	-\$2,802	-\$3,054	-\$3,415	-\$4,025	-\$4,428	-\$4,708	-\$5,282	-\$6,027	-\$6,571
	Maintenance Gap	\$0	-\$35	-\$72	-\$150	-\$257	-\$311	-\$351	-\$454	-\$593	-\$688
	Renewals Gap	-\$8,808	-\$2,767	-\$2,983	-\$3,265	-\$3,768	-\$4,118	-\$4,357	-\$4,828	-\$5,434	-\$5,883
Sewer	\$000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget	Renewal	\$12,095	\$19,759	\$18,588	\$13,871	\$10,719	\$11,041	\$11,372	\$11,713	\$12,064	\$12,426
	New and Expanded Assets	\$21,860	\$39,945	\$44,289	\$36,626	\$20,556	\$16,480	\$32,556	\$32,880	\$21,771	\$7,613
	O&M	\$15,217	\$16,249	\$17,374	\$18,423	\$19,271	\$20,087	\$21,158	\$22,266	\$23,248	\$24,055
	Total Expenditure	\$49,172	\$75,952	\$80,251	\$68,920	\$50,546	\$47,608	\$65,086	\$66,860	\$57,084	\$44,095
Required	Required Renewal (Depreciation)	\$11,512	\$12,474	\$13,533	\$14,504	\$15,257	\$15,969	\$16,951	\$17,967	\$18,843	\$19,525
	New and Expanded Assets	\$21,860	\$39,945	\$44,289	\$36,626	\$20,556	\$16,480	\$32,556	\$32,880	\$21,771	\$7,613
	Required O&M	\$15,217	\$16,489	\$17,888	\$19,172	\$20,167	\$21,108	\$22,406	\$23,750	\$24,907	\$25,809
	Total	\$48,589	\$68,908	\$75,709	\$70,303	\$55,979	\$53,558	\$71,913	\$74,597	\$65,521	\$52,948
	Overall (GAP)	\$583	\$7,044	\$4,542	-\$1,383	-\$5,434	-\$5,950	-\$6,827	-\$7,738	-\$8,437	-\$8,854
	Maintenance Gap	\$0	-\$240	-\$514	-\$750	-\$896	-\$1,022	-\$1,248	-\$1,483	-\$1,659	-\$1,754
	Renewals Gap	\$583	\$7,285	\$5,056	-\$633	-\$4,538	-\$4,928	-\$5,579	-\$6,254	-\$6,778	-\$7,099

The charts shown in Figure 15.2.1 and 15.2.2 demonstrate the projected performance trend of this asset class against the infrastructure benchmark ratio during the term of this AM Strategy. The ongoing addition of assets to improve levels of service or enhance systems will increase the required renewal (depreciation). Depreciation may also increase or decrease in the future following asset revaluation. The planned renewals program should be reviewed and refined in the asset management planning process particularly following revaluation.

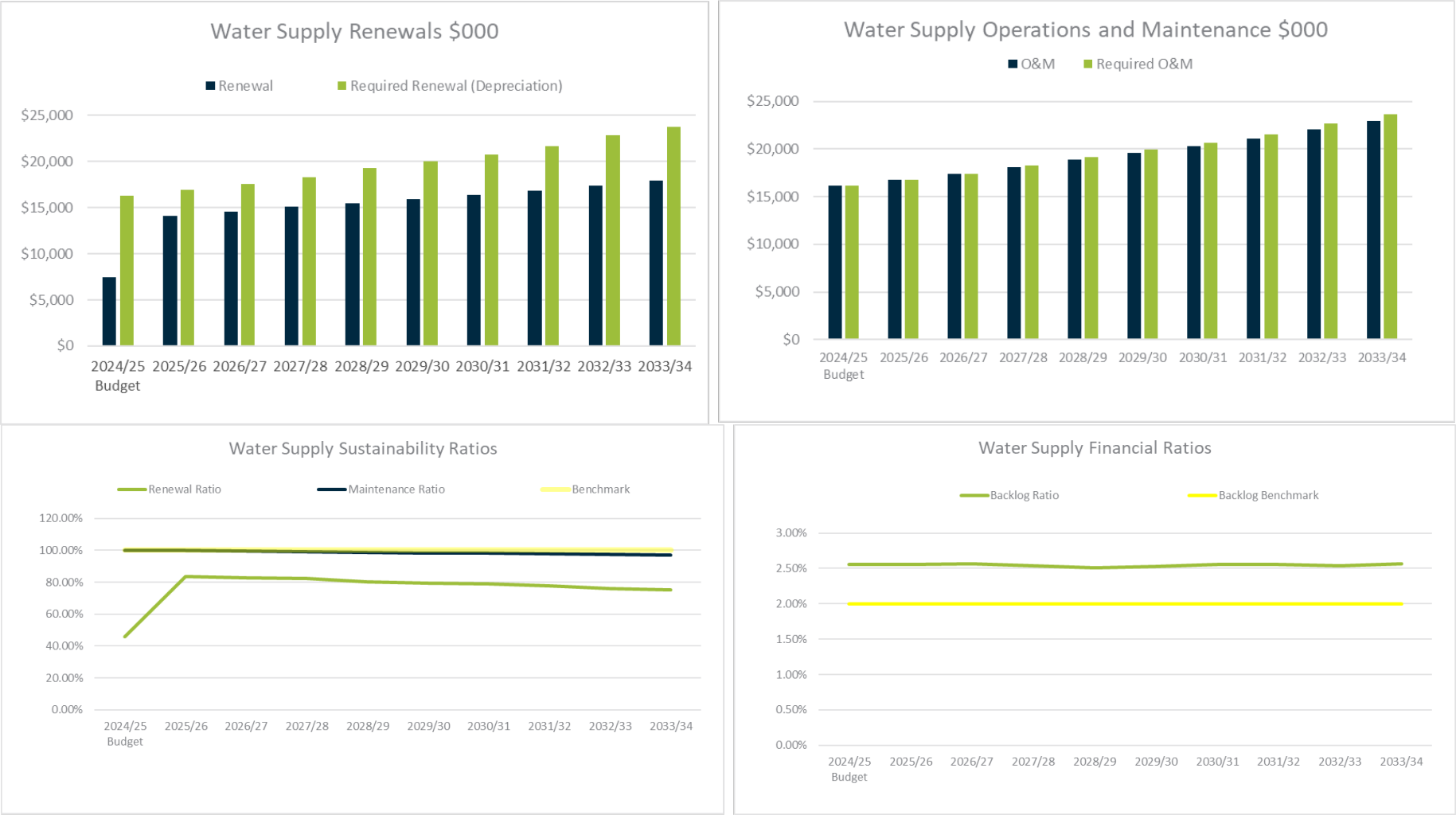


Figure 15.2.1: Performance of the Water Asset Class

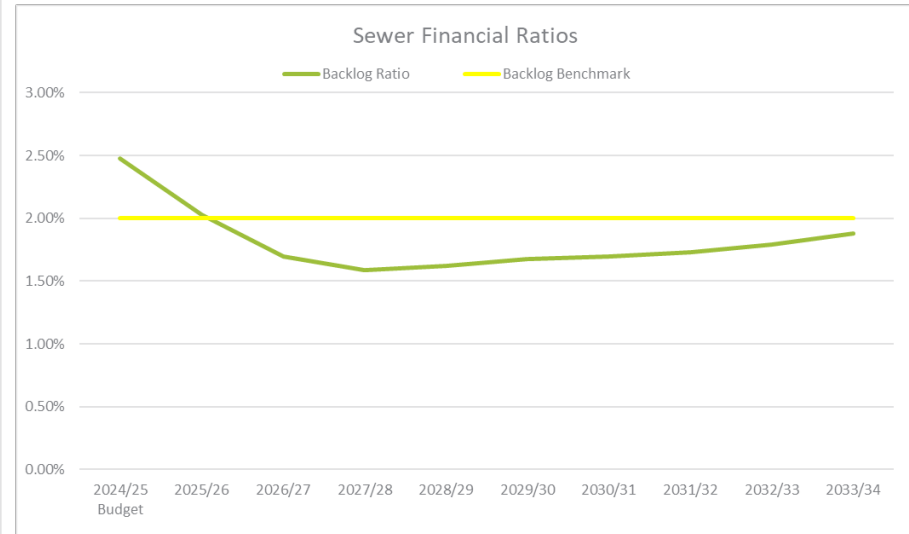
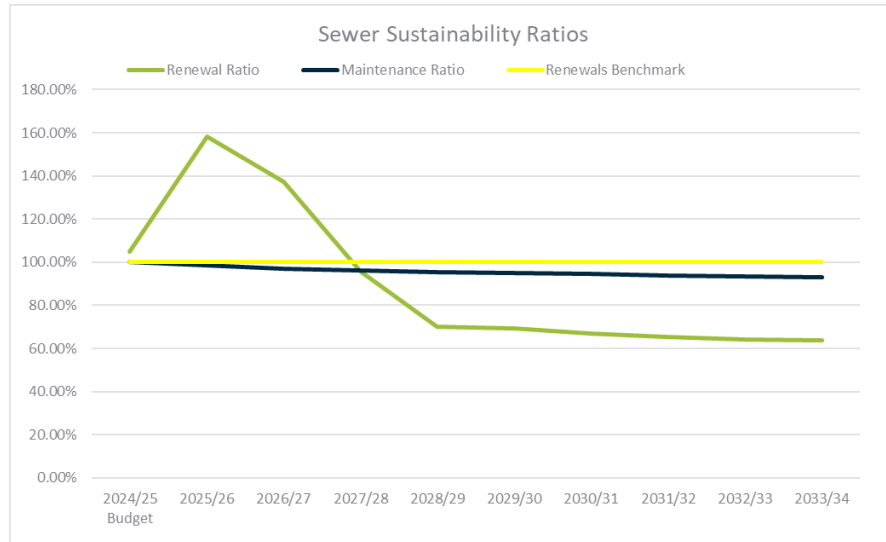


Figure 15.2.2: Performance of the Sewer Asset Class

15.3 Condition

Transport assets are inspected and assessed on an ongoing basis to ensure that conditions which may lead to structural damage are identified so remedial action may be undertaken. Asset inspections are a key factor of asset management and are designed to identify defects that have the potential to create a risk of damage or inconvenience to the public and may impact on overall asset life.

Tables 15.3.1 and 15.3.2 provide a summary of the water and sewer asset condition results over a period of 7 years.

Table 15.3.1: Condition of Water Assets

Change in Condition of Water Assets 2017/2018 to 2023/2024							
	Condition 1 Very Good	Condition 2 Good	Condition 3 Fair	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating ²⁰	% not meeting required condition rating
2023/24	35.90%	32.20%	15.00%	13.90%	3.00%	68.10%	31.90%%
2022/23	36.00%	35.00%	16.00%	9.00%	4.00%	71.00%	29.00%
2021/22	6.90%	38.00%	30.77%	14.00%	10.40%	44.90%	55.10%
2020/21	7.50%	37.30%	31.20%	13.30%	10.70%	44.80%	55.20%
2019/20	39.80%	19.30%	15.80%	20.20%	4.90%	59.10%	49.10%
2018/19	46.00%	29.00%	14.00%	9.00%	2.00%	75.00%	25.00%
2017/18	41.00%	31.00%	14.00%	10.00%	4.00%	72.00%	28.00%

²⁰ Prior to 2024/25, MidCoast Council adopted the OLG's IP & R Guidelines which deems Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio. In late 2024, MidCoast Council defined its condition rating for satisfactory in consultation with the community as Condition 3 – Fair. This will apply to future updates of this AM Strategy

Table 15.3.2: Condition of Sewer Assets

Change in Condition of Sewer Assets 2017/2018 to 2023/2024							
	Condition 1 Very Good	Condition 2 Good	Condition 3 Fair	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating ²¹	% not meeting required condition rating
2023/24	29.00%	32.90%	24.30%	8.30%	5.50%	61.90%	38.10%%
2022/23	36.00%	27.00%	24.00%	9.00%	4.00%	63.00%	37.00%
2021/22	33.00%	11.90%	36.00%	18.70%	0.40%	44.90%	55.10%
2020/21	37.20%	9.30%	39.50%	13.80%	0.20%	46.50%	53.50%
2019/20	41.80%	25.70%	14.80%	12.40%	5.30%	67.50%	32.50%
2018/19	49.00%	32.00%	12.00%	5.00%	2.00%	81.00%	19.00%
2017/18	41.00%	32.00%	12.00%	8.00%	7.00%	73.00%	27.00%

²¹ Prior to 2024/25, MidCoast Council adopted the OLG's IP & R Guidelines which deems Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio. In late 2024, MidCoast Council defined its condition rating for satisfactory in consultation with the community as Condition 3 – Fair. This will apply to future updates of this AM Strategy

15.4 Levels of Service

The term Levels of Service (LOS) is used to define explicitly the standards required from water supply and sewerage systems from the perspective of the individual customer. Levels of Service are the primary driving force for a water supply and/or sewerage utility. The four main objectives of Council's water and sewer services are to:

1. Protect public health
2. Protect the environment
3. Maintain service availability
4. Operate in a financially sustainable manner

Our current LOS were negotiated most recently with our community during the development of the Integrated Water Cycle Management (IWCM) Strategy²² where we worked together to find a balance between the community expectations of the services provided versus their willingness to pay. During this consultation, the community made it clear that they were happy with the current levels of service. The IWCM Strategy set a price path for water and sewer services which will see water prices increase by 3% (not including inflation) until 2031 and sewer prices decrease by 3% (not including inflation) until 2028. Beyond these years, there are currently no planned increases besides inflation.

LOS will largely shape the objectives and requirements for operation, maintenance, and provision of capital works in Council's 30-year capital works plan for water and sewer. These, in turn, drive the Workforce Management Strategy and Plan and the Long Term Financial Plan. Setting appropriate LOS is one of the critical decisions in the development of an effective total asset management strategy for water supply and sewerage systems.

Community satisfaction with our LOS is gauged through ongoing Customer Surveys. The most recent Community Survey, completed in July 2023, indicated that most customers are satisfied with sewerage services, water quality and water service. The community satisfaction survey confirmed that both sewer and water services are of high importance with water quality rated as one of the most important services provided by Council.

Table 15.4 below provides a summary of the water- and sewer-specific survey results for importance and satisfaction under Council's services & facilities group.

Table 12.4: Community Satisfaction and Importance for Water & Sewer Services

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Regional Benchmark ²³	MidCoast Council	LGA Regional Benchmark ²²
Water Service	90%	91%	91%	91%
Water Quality	84%	84%	86%	86%
Sewerage Services	83%	84%	83%	83%

The community's expectation for these services and the assets required to deliver them influences our investment in infrastructure funding which is delivered through rates, fees and charges and strengthened by dedicated Section 68 funding.

²² Our Water Our Future 2050, Integrated Water Cycle Management Strategy, MidCoast Council

²³ Micromex has developed Community Satisfaction Benchmarks using normative data from over 60 unique councils, more than 120 surveys and over 68,000 interviews since 2012

15.5 Current situation

Asset management is a 'whole of business' function with every staff member playing their part to ensure our water and sewer assets deliver essential services to the community.

Improving living asset management over the life of this AM Strategy, is supported by several other initiatives:

- The **Targeted Asset Renewal** initiative will reduce unplanned, reactive work allowing time for more planned maintenance and a more resilient network.
- The **Planned Project Delivery** initiative will address increased population and service demand, ageing infrastructure and respond to severe weather events and other climate change related impacts.
- **Collaboration and Engagement** with our operational and technical teams to improve asset management processes, ensure that decisions are based on current asset information, and that our people understand why we need to improve, and are motivated to make the shift.
- **Facilitate** information sessions with managers and key operational stakeholders to improve asset management processes and procedures.

15.6 Future directions

MidCoast Council, having responsibility for water supply and sewerage infrastructure, needs to comply with the NSW Strategic Assurance Framework which outlines 12 strategic planning outcomes to guide local water utilities in their strategic planning efforts. These outcomes are designed to ensure effective, evidence-based strategic planning that meets a reasonable standard. These outcomes are:

1. Understanding service needs
2. Understanding water security
3. Understanding water quality
4. Understanding environmental impacts
5. Understanding system capacity, capability, and efficiency
6. Understanding other key risks and challenges
7. Understanding solutions to deliver services
8. Understanding resourcing needs
9. Understanding revenue sources
10. Making and implementing sound strategic decisions
11. Implementing sound pricing and prudent financial management
12. Promoting integrated water cycle management

This AM Strategy is supported by the AM Plans, where assets are grouped by water and sewer. These AMPs describe the various asset types and provide details of such things as condition, replacement value, expected remaining useful life, maintenance strategies, and condition monitoring methodology.

Developing our asset management maturity will allow us to improve strategic asset management capabilities and decision making. This will involve:

- Changing our asset management culture to ensure that our people understand why we need to improve and are motivated to make the shift.
- Improving our capital works planning and finalisation processes, including policy development, along with education to enhance the use of systems to support project managers, asset managers and accountants.

- Developing, monitoring, and improving our medium to long term planned capital new, renewal and upgrade programs to address increased population and service demand, ageing infrastructure and responding to severe weather events and other climate change related impacts.
- Moving towards being a digital utility by introducing mobile technology that allows operational staff to record, review and update asset information out in the field.

16. How will we get there?

Council will continue to review operational and capital expenditure and where necessary reallocate funding to ensure these assets are maintained to community expectations and the infrastructure backlog is reduced. Council will also continue to monitor asset condition utilising cost-effective measures where possible and review asset data to ensure that the asset register is updated on a regular basis. The AM Strategy proposes the activities outlined in Table 16.1 below to contribute to the community outcomes of the *MidCoast 2035 Community Strategic Plan* to be achieved

Table 16.1: Asset Management Activities to Contribute to the CSP

Activities	Desired Outcome
Long Term Financial Planning.	The long-term implications of Council services are considered in annual budget deliberations.
Annually review AM Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
Update Long Term Financial Plan to incorporate AM Strategy expenditure projections.	Funding model to provide Council services.
Review and update AM Plans and Long Term Financial Plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability, and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Service delivery is matched to available resources and operational capabilities.
Implement an Improvement Plan to achieve as a minimum 'Good' maturity for the financial and asset management competencies within 4 years.	Improved financial and asset management capacity within Council.
Report to Council on development and implementation of AM Strategy, AM Plans and Long Term Financial Plans	Oversight of resource allocation and performance.

16.1 Asset Management Improvement Plan

To ensure the AM Strategy is implemented effectively and efficiently, Council's Asset Management Improvement Plan will be reviewed in future revisions of this AM Strategy.

The Asset Management Improvement Plan will prioritise specific capability areas to be identified through a gap analysis process. The actions required to undertake improvement of Council's asset management capabilities are impacted by both internal and external influences and require resources or enablers such as people, processes, technology, information and data.

The actions will be integrated into Council's Delivery Program and Operational Plans to ensure ongoing resourcing, implementation, and performance.

16.2 Measuring our performance

As the AM Strategy is a 'living' document that includes benchmarks and milestones aimed at improving Council's asset management processes and procedures, it must be monitored regularly and updated to reflect progression in its implementation. It also needs to reflect any major changes in Council's asset portfolio. These changes may reflect asset investments or disposals that have resulted from, or are reflected in, the Delivery Program or Operational Plans.

The development of performance measures relating to the delivery of infrastructure asset programs are contained in the Delivery Program and annual Operational Plan, and subsequent reporting is conducted bi-annually and annually to ensure progress and/or achievements are measured and reported. Reporting on these indicators is the responsibility of all asset managers who are custodians and have control of specific asset classes.

Regular periodic surveys with the community are conducted, gauging perceptions between satisfaction of built asset classes and Council services.

17. Conclusion

Whilst significant work has been undertaken in integrating four individual organisations' asset data to provide more consistent asset management planning, continued diligence is required to facilitate ongoing improvements for all infrastructure assets under the Council's control and management. During the term of this AM Strategy the key issues to be tackled are:

- Managing infrastructure risks for service delivery within resource availability, acknowledging the long-term decline in the current LTFP.
- Addressing ongoing renewals funding shortfall for all asset classes, acknowledging that if we do not there will be a greater escalation of risk, community dissatisfaction and workplace stress.
- Ensuring maintenance costs are being captured correctly and determining whether maintenance expenditure can be redirected into renewal expenditure.
- Improving efficiency and effectiveness in delivery of services and works. We need to be the best version of ourselves.
- Continuing service levels discussions with our community to better align community expectations to what can be achieved or develop a better understanding of the willingness to pay for higher levels of service.
- Withdrawing/restricting access to assets where the risk becomes unacceptable ie removal of street furniture, apply load limits on bridges, potential closure of some assets etc.
- Addressing the significant underfunding of building and stormwater assets.
- Investigating grant funding opportunities to support new and renewed building & recreation asset services.
- Leveraging our existing investment in data. Verifying the accuracy and completeness of the data to ensure sound asset management decisions are made.
- Continuing to improve our internal processes and procedures to provide transparency and formalising our financial infrastructure reporting, asset valuations, and engage the appropriate level of management to ensure the completeness and accuracy of our information.

This AM Strategy, together with asset managers, custodians, staff and the community will allow a continued progression toward service excellence. Management techniques drawing on the financial, risk, environmental and social drivers will assist in providing an improved asset management performance by enabling Council to work with the community to ensure operations are better understood.

Although adopted as a 10-year AM Strategy, annual revisions will be conducted to ensure relevance in responding to any legislative requirements and our community's needs. Specifically, with the review of the Community Strategic Plan, the development of each new Delivery Program and Resourcing Strategy every four years we will complete a comprehensive review of the AM Strategy to ensure that it aligns with community objectives and priorities, and that the community understands the implications of these directions.

