



Attachment 3 to Item 4.2.2.

Draft 2024-2034 Asset Management Strategy

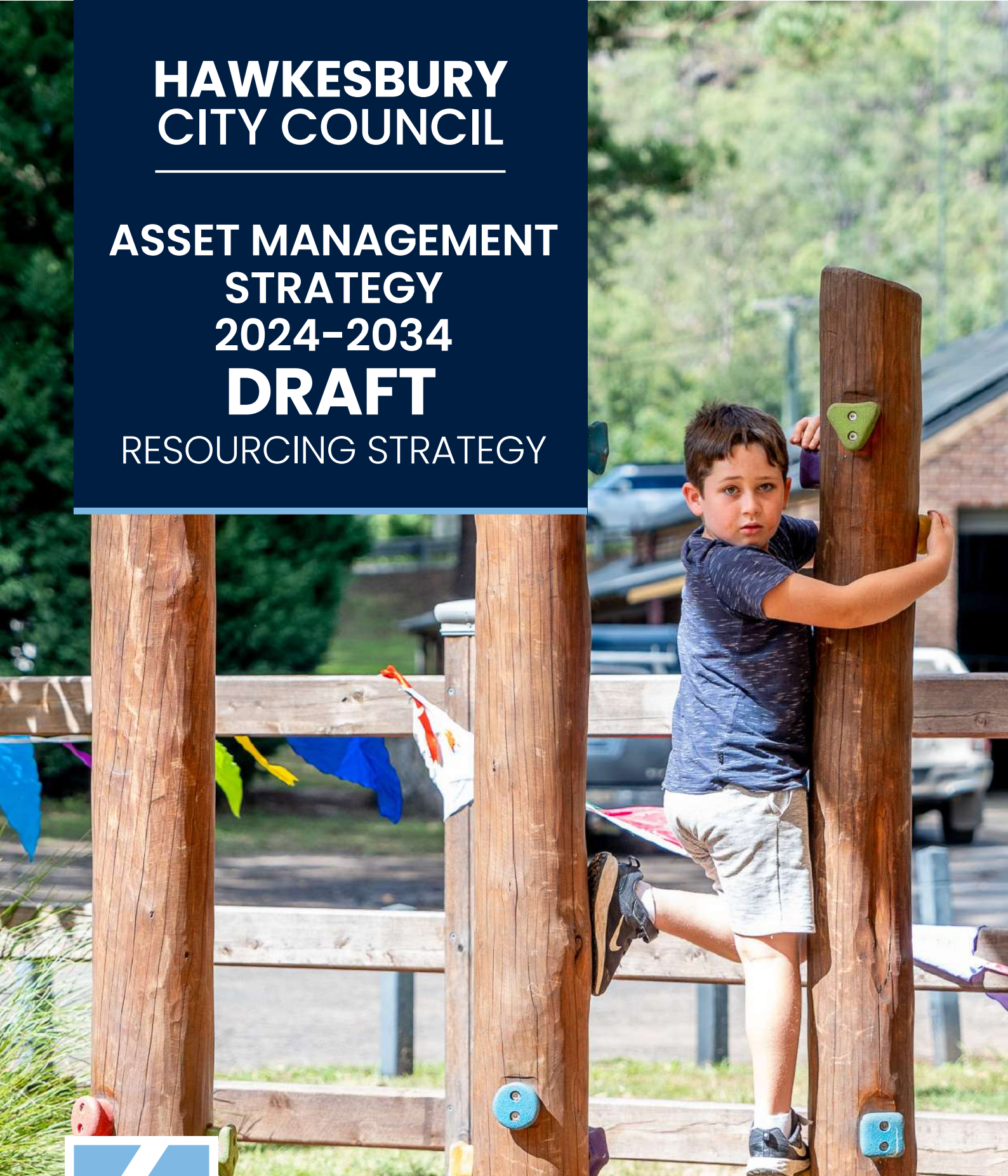
Date of meeting: 9 April 2024

Location: Council Chambers

Time: 6:30pm

HAWKESBURY CITY COUNCIL

ASSET MANAGEMENT STRATEGY 2024-2034 **DRAFT** RESOURCING STRATEGY



www.hawkesbury.nsw.gov.au



STATEMENT OF COMMITMENT TO FIRST NATIONS PEOPLES

Council acknowledges the Darug and Darkinjung peoples as the Traditional Custodians of the land throughout the Hawkesbury.

Council recognises the continuing connection of First Nations people to their Country and respects the cultures and histories of Aboriginal and Torres Strait Islander peoples as the first peoples of this land.

OUR COMMUNITY'S VISION

We see the Hawkesbury as a vibrant and collaborative community living in harmony with our history and environment, whilst valuing our diversity, striving for innovation, a strong economy and retaining our lifestyle and identity.

Community Strategic Plan - The Hawkesbury 2042





CONTENTS

Introduction	6
Integrated Planning and Reporting	7
Background	8
The Hawkesbury	9
Community Engagement and Consultation	10
Asset Portfolio, Key Concepts and Summary	11
Buildings	12
Stormwater	13
Roads	14
Parks	15
Current State of Assets	16
All Assets	18
Roads	19
Parks	20
Stormwater Drainage	21
Buildings and Other Structures	22
Challenges of Asset Management	23
Goals and Strategies	25
Financial Strategy and Scenarios	26
Scenario Comparisons	28
Action Plan	29
Asset Management Planning and Reporting	30
Integrated Asset Management	30
Capital Works Planning and Delivery	31
Asset Management Data and Systems Development	31
Improving Organisational Capabilities	32
Asset Management Financial Modelling and Planning	33
Appendix 1 - Definitions	34

INTRODUCTION

The Community Strategic Plan – The Hawkesbury 2042 (CSP) details the long-term community vision and aspirations for the Hawkesbury region. To achieve these goals, we need to ensure that Council has adequate resources (money, assets and people) to fulfill its role and deliver on its actions and objectives.

The **Resourcing Strategy** explains to our community how we intend to perform all our functions and lead the delivery of strategies set out in the CSP. The Resourcing Strategy details how Council will allocate and manage resources to deliver the objectives and projects under its responsibility into the future.

The Resourcing Strategy consists of three components:

- Long-Term Financial Plan
- Asset Management Strategy (this document) and Plans
- Workforce Management Strategy

Council is the custodian of an infrastructure asset portfolio valued at approximately \$1.45 Billion. These assets include roads, stormwater, drains, bridges, footpaths, buildings, recreational facilities, parks and gardens across the Local Government Area.

The **Asset Management Strategy (AMS)** provides accurate data and a robust planning process to ensure that these assets are managed and accounted for in an efficient and sustainable way on behalf of the local community. The key objective of asset management planning is to provide the required level of service for the community in accordance with the CSP and in the most cost-effective manner. The required level of service ensures safe, amenable and sustainable assets across the Hawkesbury. The Asset Management Plans then apply and implement this strategy to each asset category.

This strategy aims to address the two most pressing issues faced by Local Government: to develop funding and resourcing strategies required to address the growing asset renewal gap and to clear existing unfunded (backlog) renewal requirements within a reasonable time-frame. This will enable the optimisation of renewal and maintenance to minimise overall costs and impacts to the community.

Based on the infrastructure assets life-cycle models, scenarios have been modeled, detailing the funds required to negate the existing renewal gap (current funding v required funding) and resolve most of the unfunded renewals. The Strategy also details the ongoing challenges that exist and the actions required to achieve an effectively managed asset portfolio.

Hawkesbury's asset portfolio has been significantly impacted by natural disasters in recent years, with floods being of particular concern. Additionally, construction costs have increased due to material scarcity and a lack of suitable contractors available to deliver projects. These factors along with the limited renewal budget have reduced the renewal rate of assets, consequently lowering the level of service delivered to the community.

Similar to other areas in NSW, the Roads Infrastructure has been the asset group most vulnerable to these impacts, with an estimated unfunded renewal of \$90 million, due to historical under-investment in asset renewal and preventive maintenance, then compounded by natural disasters. In both 2021 and 2023, infrastructure and road maintenance were identified as key areas of importance and drivers of overall resident satisfaction in Council's community surveys.

Asset lifecycle models have been developed for various asset groups to estimate the funds required for asset renewal and clearing the backlog over a 10-year period. These models have predicted an approximate \$16 million annual renewal gap and \$100 million in total unfunded renewal over the 10 year strategy. Consequently, Council will need to seek additional funding for the renewal of its asset portfolio, or continue to see a decline in the condition of its assets, with a permanent lowering of service levels.

INTEGRATED PLANNING AND REPORTING

All councils in NSW are required to operate within an Integrated Planning and Reporting (IP&R) Framework.

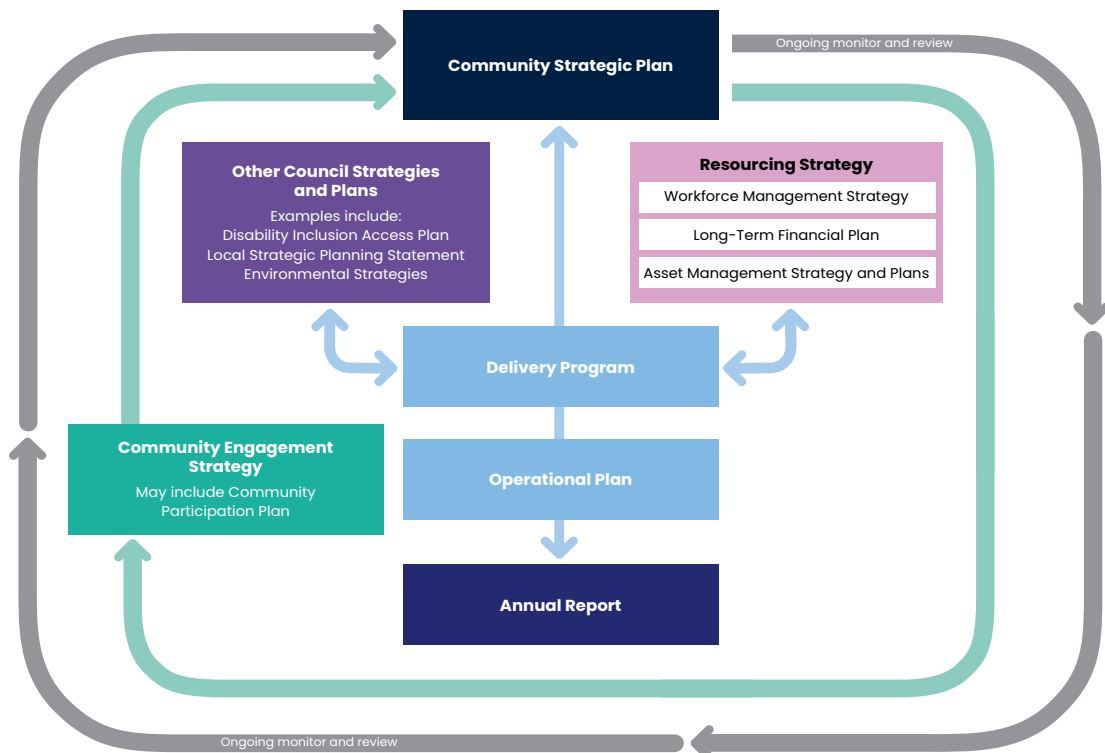
The IP&R framework guides how each Council develops, documents, and reports on their strategic plans under the Local Government Act 1993. The IP&R Framework requires each council to develop and implement a Resourcing Strategy, which shows how the council will leverage its available resources to implement the Delivery Program and Operational Plan.

The Resourcing Strategy has 3 major components:

- Long-Term Financial Plan – The approach to financial management ensuring sufficient funding to deliver commitments into the future
- Workforce Management Strategy – The approach to workforce planning to ensure the right people, skills and culture exist to deliver commitment into the future
- Asset Management Strategy (this document) and Plans – The approach to asset management, renewal and planning to ensure well maintained and sustainable infrastructure into the future

The Resourcing Strategy is a key driver in delivering the strategies and plans developed by Council under the IP&R framework:

- The Community Strategic Plan (CSP) is the highest-level plan that a council will prepare. The purpose of the Plan is to identify the community’s main priorities and aspirations for the future and to plan strategies for achieving these goals.
- The Delivery Program outlines a Council’s direct response to the CSP. It details the specific activities (projects and programs) that will be undertaken during its elected term to address the CSP.
- The Operational Plan is a sub-plan of the Delivery Program. The Operational Plan outlines the annual activities that will be undertaken as part of the Delivery Program, alongside the annual budget.



Office of Local Government – Integrated Planning and Reporting Framework 2021

BACKGROUND

Hawkesbury City Council is the custodian of an extensive portfolio of infrastructure, community and operational assets that assist Council in delivering services to the community. These assets include roads, footpaths, drainage and water quality devices, parks, sporting facilities and playgrounds, libraries, amenities, community buildings as well as Council's administration facilities, depots and other operational assets. If they were to be replaced today, the overall cost would be more than \$1.4 billion.

Asset management is recognised by all levels of government as one of the most significant sustainability issues facing local governments throughout Australia today. This Asset Management Strategy and accompanying Policy is the foundation of Council's approach to Strategic Asset Management (SAM). The purpose of this Strategy is the development, implementation and administration of service centric, community focused and sustainable asset management.

The principles and strategies outlined in this document will help shape the decisions made by Council for its short, medium and long term planning, to ensure sustainable service delivery for both current and future generations across The Hawkesbury.

This Strategy requires a continuous focus and regular updating. It will undergo regular reviews and updates annually to ensure alignment with Council's IP&R Framework, service delivery practices, financial sustainability indicators, asset management maturity and annual Operational Plan actions. It will also require revisions as Council experiences changing economic, social and environmental factors.

The Hawkesbury community has faced several natural disasters in recent years, including floods, bushfires, and the COVID-19 pandemic. In March and July 2022, floods hit the area again, causing widespread damage. These floods were the most significant to impact upon the Hawkesbury in 44 years and compounded the effects on our community, environment and infrastructure of the previous flooding events in 2020 and 2021.

These natural disasters have had a significant impact on Council's asset base, resulting in the complete destruction of some roads, bridges, riverbanks and open spaces and accelerating the decline of many others. These impacts will continue to be a major factor in Council's ongoing strategy. A key focus is delivering more resilient assets as they are repaired and reconstructed, minimising the ongoing costs of maintenance and renewal.



THE HAWKESBURY

HISTORY AND SENSE OF PLACE – A VIBRANT CITY WITH A RURAL FEEL

The Hawkesbury is a unique area located in the Hawkesbury River Valley. It is the largest Local Government Area in the Sydney Metropolitan Region, covering approximately 2,776km². Our population is relatively small with 68,000 people calling the Hawkesbury home.

The Hawkesbury and its townships, rural villages and landscapes share a rich and enduring indigenous and European cultural heritage. The area has significant geographical range and diversity.

Prior to European settlement the area was inhabited by the Darug and Darkinjung peoples for over 40,000 years. The Hawkesbury River (known as Dyarubbin by the Darug people) was a focus for those people. Its tributaries and floodplains provided abundant natural resources and were places of strong social and spiritual significance for the First Australians. It has been estimated that there were up to 3,000 Aboriginal people living in the Hawkesbury area in 1788.

European explorers first arrived in the Hawkesbury in 1789. It is the third oldest European settlement in Australia. Windsor (originally Green Hills) which was established in 1794, is one of five 'Macquarie Towns', four of which are located within the Hawkesbury. Governor Macquarie had a profound influence on the development and landscapes of the Hawkesbury, which included naming the townships of Windsor, Richmond, Wilberforce and Pitt Town and the layout of their streets, cemeteries and town squares.

The Hawkesbury Local Government Area straddles the divide between the urban metropolitan councils to its east and the rural councils to its west. While it is classified as part of Metropolitan Sydney, its unique blend of urban and rural settlements is uncharacteristic of the metropolitan area.

The Hawkesbury is therefore classed as a metropolitan-rural area by virtue of its location and its natural assets, including its natural beauty, its five rivers and their tributaries, its mountains, national parks and wilderness areas. The heritage towns of Windsor, Richmond, Pitt Town, Wilberforce and Ebenezer are all located within the Hawkesbury.

The agricultural lands that surround the Hawkesbury's towns and villages represent the oldest rural land holdings under continuous cultivation within Australia. The Hawkesbury also contains the oldest church, hotel and public square. Thompson Square, located in Windsor, was named and established by the then Governor Lachlan Macquarie in 1811 as recognition of the emancipist Andrew Thompson. Thompson Square and its immediate surrounds is also recognised as the oldest surviving public square in Australia.

These historical and cultural assets are actively being used to support cultural expression, tourism and economic activity. They remain integral to the future identity and prosperity of the Hawkesbury.



COMMUNITY ENGAGEMENT AND CONSULTATION

Council is committed to engaging the community on its future plans and strategies. It is important that Council continues to develop and discuss options with its community on the future funding of asset renewal and maintenance and the key areas of priority.

What Matters to Our Community

Council is consistently engaging the community through surveys, public exhibitions, social media campaigns, Your Hawkesbury Your Say, face-to-face meetings and discussions. This helps us understand what matters to our community and the key issues across the Hawkesbury.

In recent years, particularly following the floods, infrastructure maintenance and renewal has been an ongoing and regular theme. The upkeep and repair of roads and the communication of these projects to our community has been consistently highlighted as a significant area of focus for Council.

Council has developed the Online Renewing Hawkesbury's Roads Portal to help communicate the key projects across the Hawkesbury and attracted significant funding from State and Federal recovery programs to accelerate these repairs. Continually improving the engagement and communication of these vital projects is a key action for Council.

Community Satisfaction Surveys

Council conducts Community Satisfaction Surveys to assess the movement of several success indicators under the Community Strategic Plan: Hawkesbury 2042 (CSP). These indicators relate to Council's overall service delivery and the way the community currently perceives the local area from a range of perspectives. The results also feed into future planning by informing service reviews, initiatives, resourcing and focus areas for future Operational Plans and Delivery Programs.

In both 2021 and 2023 Infrastructure and road maintenance are stated as key areas of importance and key drivers of overall satisfaction of residents. The satisfaction with infrastructure demonstrates a need to significantly invest and engage with our community in this area.

“The majority of respondents believe that road maintenance and the development of supporting infrastructure, such as access roads, bypasses, and evacuation routes, are the highest priority issues (59%). This indicates a strong concern for the safety and accessibility of the local road network.”

Hawkesbury Community Satisfaction Survey 2023



ASSET PORTFOLIO, KEY CONCEPTS AND SUMMARY

Council's extensive portfolio of infrastructure assets is broken down into four key categories:

- **Buildings** - Including community facilities, aquatic centres, libraries, emergency services buildings, operational buildings, boat ramps, grandstands and the museum and gallery.
- **Stormwater** - Including pipes, drains, culverts, gross pollutant traps, levies, pits, channels and gauges.
- **Roads** - Including carparks, gravel and sealed roads, kerb and gutter, road signs, bridges, crossings, roundabouts, guard rails and speed humps.
- **Parks/Open Space and Recreation** - Including sportsfields, gardens, lighting, fencing, wickets, courts, BMX tracks and natural bushland areas.

These assets are wide ranging and extend across the entire land area of the Hawkesbury. This Strategy details actions for the management of the assets in the four major infrastructure Asset Categories only. Plant and Equipment, Sewer, Other Assets and Land are not considered further in this version of the AMS.

A summary of each of the Asset Categories and their included items is shown in the following pages. The supporting Asset Management Plans detail the specific actions for the management of each category.

Renewals, Upgrades and New Assets

Assets can be built or repaired in a number of ways as their condition indicates the need for remediation:

- **Asset Renewal and Maintenance** - Renewal refers to replacing the existing asset like for like and returning the asset or its worn out components to as new condition. Maintenance involves stopping assets from deteriorating by completing remediation work.
- **Asset Upgrades** - Refers to the process of improving or enhancing an asset's capacity, functionality, or quality. Examples include road widening and sealing.
- **New Assets** - A new asset refers to any newly acquired or constructed asset to enhance the services delivered to the community.

As assets deteriorate, the routine renewal and maintenance needs to increase (e.g. more pothole patching, pipe repairs and crack sealing). If the required maintenance is not completed in a timely way, then the rate of deterioration of the network will increase. Although providing new and upgraded infrastructure and facilities might be necessary to meet the growing community demand, it is crucial to upkeep the existing infrastructure to remain sustainable.

Budgeting Operational and Capital Expenditure

Council's annual budget is spent across its key services and projects to be delivered throughout the year. Spending is divided into Operational and Capital Expenditure:

- **Operational Expenditure** - Includes the expenses to maintain the day-to-day operations of Council. This includes every day services like waste collection, compliance, community safety, sullage and communications as well as the ongoing costs of operating Council.
- **Capital Expenditure** - Includes the expenses to renew, upgrade and create new tangible assets that will be used over an extended period. This includes repairing and building roads, footpaths, parks and buildings across the region.

Due to the need to continue ongoing operations and service delivery across the Hawkesbury, only a portion of the available funds can be spent on asset renewal Capital Expenditure each year.

BUILDINGS

STORMWATER

ROADS

PARKS

COMMUNITY FACILITIES



46 different facilities including community, children's and other essential services

AQUATIC CENTRES



2 facilities constructed around the Hawkesbury

LIBRARIES



2 different libraries located in central locations around the Hawkesbury

RFS/SES BUILDINGS



28 facilities constructed around the Hawkesbury

MUSEUM & ART GALLERY



3 facilities constructed around the Hawkesbury

BUS SHELTERS



38 shelters constructed around the Hawkesbury

OPERATIONAL BUILDINGS



13 different buildings for administration, operation and support services

PARK BUILDINGS AND FACILITIES



86 unique park buildings which include amenities, club houses, gardener's sheds and more

TENANTED PROPERTIES



35 different tenanted properties that are used for investment purposes

OTHER MAJOR STRUCTURES



3 Grandstands

3 Viewing Platforms

2 Outdoor Pools

3 Skate Parks

1 Wharf

3 Boat Ramps

3 Pontoons

2 Kayak Facilities

1 Timber Jetty

BUILDINGS

STORMWATER

ROADS

PARKS

DRAINAGE CONDUITS



Over **192km** of conduits constructed including RCP Pipes, Open Drains etc.

WATER QUALITY DEVICES



33 Devices installed around the Hawkesbury. These include:

- Underground Proprietary Devices
- Gross Pollutant Traps

DRAINAGE DEVICES



Over **8054** pits constructed including:

- Surface Pits
- Buried Pits
- Combined Kerb Inlet Pits
- 1923 Head Walls

FLOOD MITIGATION



Over **227** assets across 9 different types constructed at critical areas within the Hawkesbury including:

- 10 Levy Banks
- 40 Flood Gauges
- 36 Flood Gates
- 1 Detention Basin
- 37 Channels
- 35 Water Level Gauges

BUILDINGS

STORMWATER

ROADS

PARKS

GROUND LEVEL CARPARKS



110 Ground Level Carparks

KERB AND GUTTER



Over **384km** of Kerbs built within the Hawkesbury

FOOTPATHS



Over **170km** of Footpaths built within the Hawkesbury

ROAD SIGNS



Over **8121** individual warning and regulatory signs

BRIDGES



14 Pedestrian Bridges
67 Vehicular Bridges
1 Ferry

ROADS



777km of sealed road
285km of unsealed road

TRAFFIC MANAGEMENT DEVICES



Over **516** individual units including:

- 33 Roundabouts
- 367 Median Islands
- 91 Pedestrian Crossings
- 4 Pedestrian Fencings
- 4 Wombat Crossings
- 22km of Guard Rails & Safety Barriers
- 17 Speed Humps

BUILDINGS

STORMWATER

ROADS

PARKS

PARKS AND SPORT FIELDS



229 parks including 63 sport fields

GENERAL COMMUNITY



102 Hectares of area designated for Community use

IRRIGATION



58 Fields & Gardens with irrigation services

LIGHTING



649 permanent light poles installed in parks and sport fields

NATURAL SPACES



Open Space across our city comprises of:

- **108** Hectares of Sportsgrounds
- **156** Hectares of Parkland
- **1614** Hectares of Natural Bushland

PARK FURNITURE



Individual units including:

- **556** Seats
- **326** Table Settings
- **575** Bins
- **51** Cricket Wickets
- **25** Drinking Fountains

PLAYGROUNDS



- **53** Playgrounds
- **28** Tennis Courts
- **7** Multi Use Courts
- **26** Netball Courts
- **1** Basketball Court
- **2** BMX Tracks

CURRENT STATE OF ASSETS

Understanding the state of assets is essential for effective asset management and planning. It requires keeping track of various factors such as the condition, function, capacity, value, depreciation, and maintenance or usage of assets over their lifecycle.

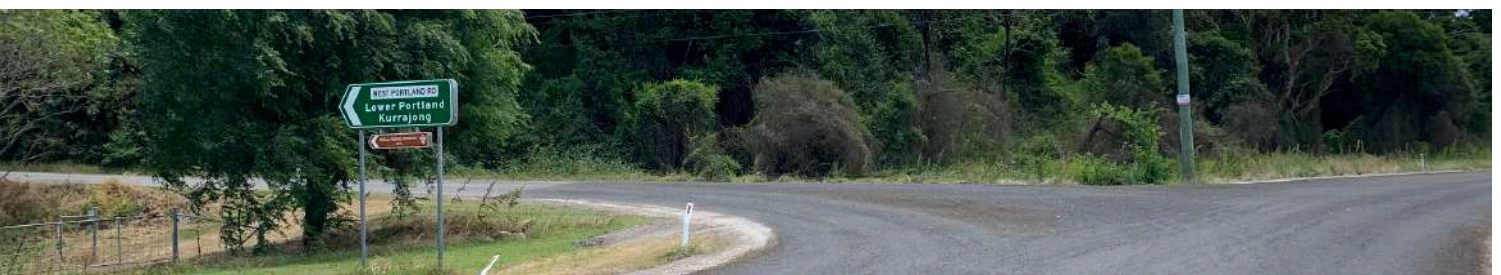
Asset Condition Ratings

Maintenance and replacement of infrastructure assets depend on their service potential, which is primarily determined by their condition. The cost associated with maintaining, renewing, and replacing infrastructure assets consumes a substantial portion of the Council's spending each year. Consequently, the Council's fundamental operating result and overall financial strategy is principally driven by the cost of maintaining, renewing, and replacing the infrastructure assets.

The below table describes each asset condition and the attributes which are used to place each asset into the correct rating. Council is consistently assessing and inspecting its assets on a rolling basis to document and update these ratings.

Rating Scale	Condition Description	Rating Description
1	New asset or an asset recently rehabilitated back to new condition. Little to no wear and fully functional.	1 - Excellent
2	Only minor deterioration or defects are evident. Serviceability may be slightly impaired and minor maintenance may be required.	2 - Good
3	Moderate deterioration or defects are evident. Function is affected. Minor repairs may be required.	3 - Fair
4	Serious deterioration or defects are evident. Function may be significantly affected. Repairs or replacements required.	4 - Poor
5	Asset (subsystem or components) has failed or is likely to fail in the near future. Requires immediate attention.	5 - Near Failure or Failed

There is currently an approximately \$100M unfunded renewal gap across the 10-year life of the Strategy. On a year by year basis, there is currently a \$16M shortfall in funding to eliminate the unfunded renewal. The most significant costs are seen in the roads and stormwater categories.



State of Assets Reports

A visual summary of the 'State of the Asset' Reports detailing the Required vs Actual Budget, Unfunded Renewal, Renewal Gap, Condition Distribution and the Proposed Budget Allocation for each major infrastructure asset group is presented on the following pages.

The figures have been calculated by making estimates for the required replacement and maintenance costs to ensure that assets can reach their complete potential service life. These estimates have been tailored to the requirements of each asset category and have been cost weighted where asset categories have varying effective useful lives.

How to Read the Reports

The below definitions describe each section of the reports:

- **Current Replacement Cost** - The amount it would cost at the revaluation date to acquire or construct brand-new substitute assets with comparable utility and no obsolescence. This represents the overall estimated cost of constructing the assets if they were built today
- **Current Average Annual Budget** - The average annual budget accessible or allocated for replacing assets that are due or past due for renewal over the next 10 years.
- **Required Average Annual Budget** - The estimated annual budget required for replacing assets that are due for renewal and clearing the current unfunded renewals over the next 10 years.
- **Annual Renewal Gap (10 years)** - The gap between the average required and available annual budgets over the next 10 years.
- **Unfunded Renewal** - The total cost of the asset treatments due or past due at the time of the review.
- **Annual Depreciation** - The amount of which the asset's value decreases each year due to wear and tear, obsolescence, and other factors.



State of Assets Infrastructure Portfolio

All Infrastructure Assets

Current Replacement Cost

\$1,450,404,000

Current Average Annual Budget

\$13,860,003

Required Average Annual Budget

\$30,011,925

Annual Renewal Gap (10 Years)

\$16,151,922

Unfunded Renewal

\$99,139,130

Annual Depreciation

\$18,126,829.36

Roads

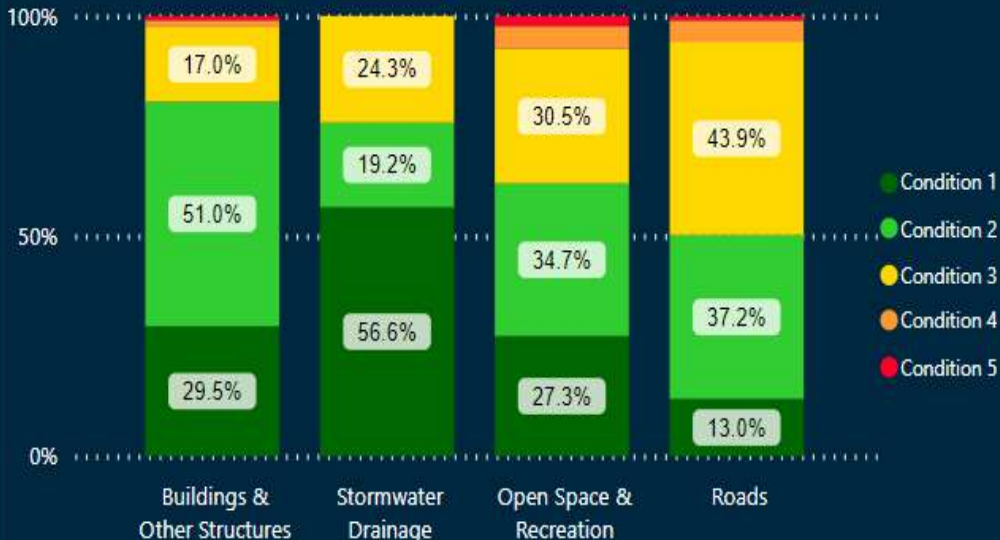
Parks

Stormwater Drainage

Buildings and Other Structures

Asset Management Group	Current Replacement Cost	Annual Depreciation	Unfunded Renewal	Required Average Annual Budget (10 year)	Current Average Annual Budget (10 year)
Roads	\$968,959,000	\$10,453,860	\$89,836,500	\$20,080,000	\$10,960,002
Buildings & Other Structures	\$220,532,000	\$3,933,979	\$6,873,721	\$4,410,639	\$1,000,001
Stormwater Drainage	\$225,659,000	\$2,198,110	\$1,600,000	\$3,384,885	\$900,001
Open Space & Recreation	\$35,254,000	\$1,540,880	\$828,909	\$2,136,401	\$999,999

Condition Distribution



Optimum Budget Breakdown (Average 10 Years)



State of Assets Infrastructure Portfolio

All Infrastructure Assets

Roads

Parks

Stormwater Drainage

Buildings and Other Structures

Current Replacement Cost

\$968,959,000

Current Average Annual Budget

\$10,960,002

Required Average Annual Budget

\$20,080,000

Annual Renewal Gap (10 Years)

\$9,119,998

Unfunded Renewal

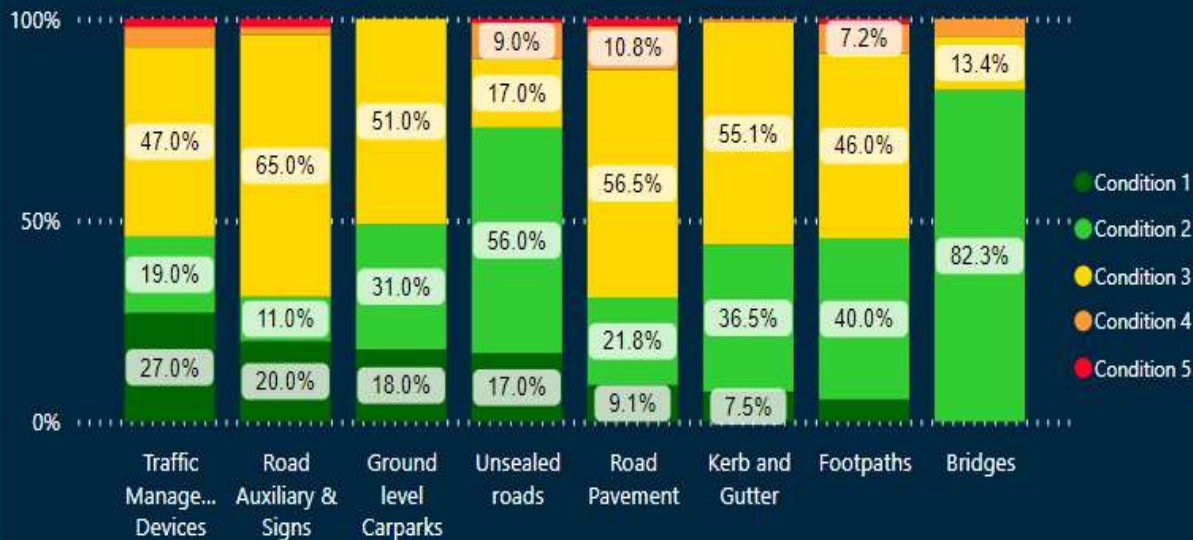
\$89,836,500

Annual Depreciation

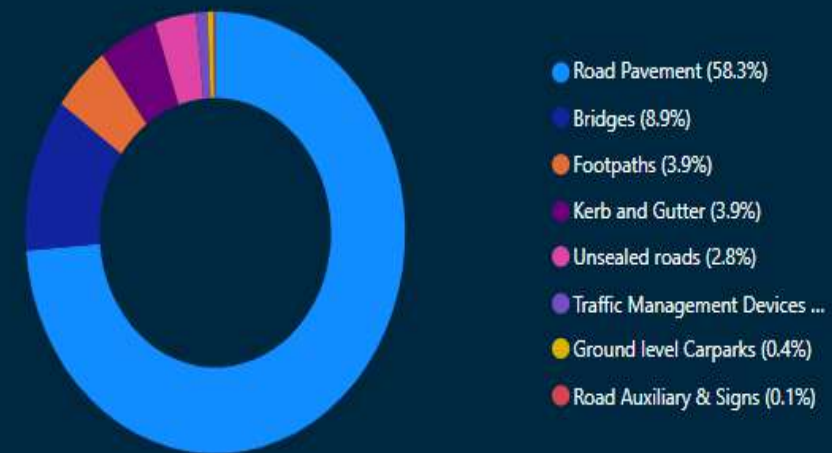
\$10,453,860

Asset Category	Current Replacement Cost	Annual Depreciation	Unfunded Renewal	Required Average Annual Budget (10 year)	Current Average Annual Budget (10 year)
Road Pavement	\$722,153,000	\$7,473,210	\$82,000,000	\$14,800,000	\$8,078,088
Bridges	\$50,902,000	\$220,000	\$1,325,000	\$2,250,000	\$1,228,088
Footpaths	\$25,173,000	\$377,480	\$2,200,000	\$1,000,000	\$545,817
Kerb and Gutter	\$65,698,000	\$591,020	\$487,500	\$1,000,000	\$545,817
Unsealed roads	\$68,260,000	\$1,277,050	\$3,082,000	\$700,000	\$382,072
Traffic Management Devices	\$7,540,000	\$21,420	\$611,000	\$200,000	\$109,163
Ground level Carparks	\$22,276,000	\$236,590	\$67,000	\$100,000	\$54,582
Road Auxiliary & Signs	\$6,957,000	\$257,090	\$64,000	\$30,000	\$16,375

Condition Distribution



Optimum Budget Breakdown (Average 10 Years)



State of Assets Infrastructure Portfolio

All Infrastructure Assets

Roads

Parks

Stormwater Drainage

Buildings and Other Structures

Current Replacement Cost

\$35,254,000

Current Average Annual Budget

\$999,999

Required Average Annual Budget

\$2,136,401

Annual Renewal Gap (10 Years)

\$1,136,402

Unfunded Renewal

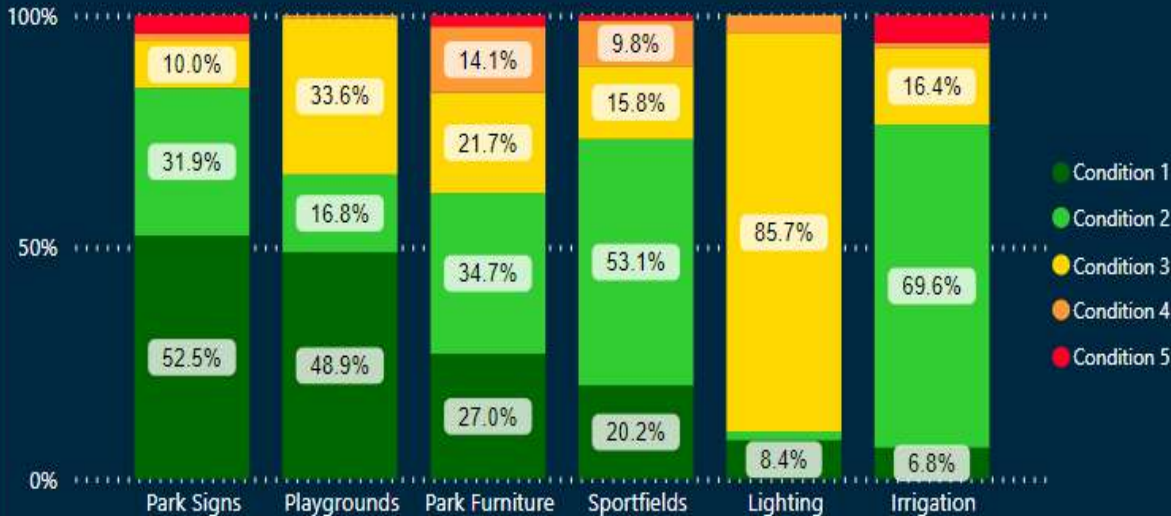
\$828,909

Annual Depreciation

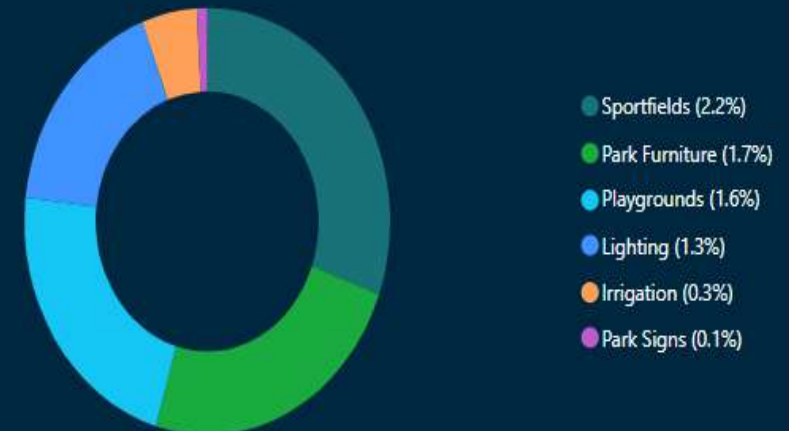
\$1,540,880

Asset Category	Current Replacement Cost	Annual Depreciation	Unfunded Renewal	Required Average Annual Budget (10 year)	Current Average Annual Budget (10 year)
Sportfields	\$11,166,000	\$678,390	\$486,559	\$446,640	\$305,625
Park Furniture	\$11,688,000	\$325,630	\$212,281	\$350,641	\$239,934
Playgrounds	\$6,047,000	\$339,200	\$15,082	\$1,000,000	\$222,389
Lighting	\$4,250,000	\$169,480	\$87,050	\$255,000	\$174,490
Irrigation	\$1,769,000	\$13,570	\$4,737	\$70,760	\$48,419
Park Signs	\$334,000	\$14,610	\$23,200	\$13,360	\$9,142

Condition Distribution



Optimum Budget Breakdown (Average 10 Years)



State of Assets Infrastructure Portfolio

All Infrastructure Assets

Roads

Parks

Stormwater Drainage

Buildings and Other Structures

Current Replacement Cost

\$225,659,000

Current Average Annual Budget

\$900,001

Required Average Annual Budget

\$3,384,885

Annual Renewal Gap (10 Years)

\$2,484,884

Unfunded Renewal

\$1,600,000

Annual Depreciation

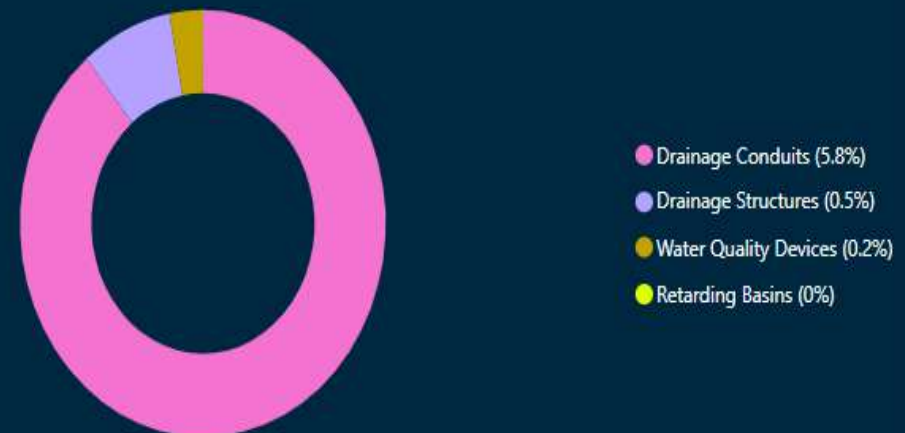
\$2,198,110

Asset Category	Current Replacement Cost	Written Down Value	Annual Depreciation	Unfunded Renewal	Required Average Annual Budget (10 year)	Current Average Annual Budget (10 year)
Drainage Conduits	\$200,953,000	\$149,293,000	\$1,921,210	\$1,000,000	\$3,014,295	\$801,465
Drainage Structures	\$18,092,000	\$14,614,000	\$172,560	\$500,000	\$271,380	\$72,157
Water Quality Devices	\$6,442,000	\$4,419,000	\$2,010	\$0	\$96,630	\$25,693
Retarding Basins	\$172,000	\$147,000	\$102,330	\$100,000	\$2,580	\$686

Condition Distribution



Budget Breakdown (Average 10 Years)



State of Assets Infrastructure Portfolio

All Infrastructure Assets

Roads

Parks

Stormwater Drainage

Buildings and Other Structures

Current Replacement Cost
\$220,532,000

Current Average Annual Budget
\$1,000,001

Required Average Annual Budget
\$4,410,639

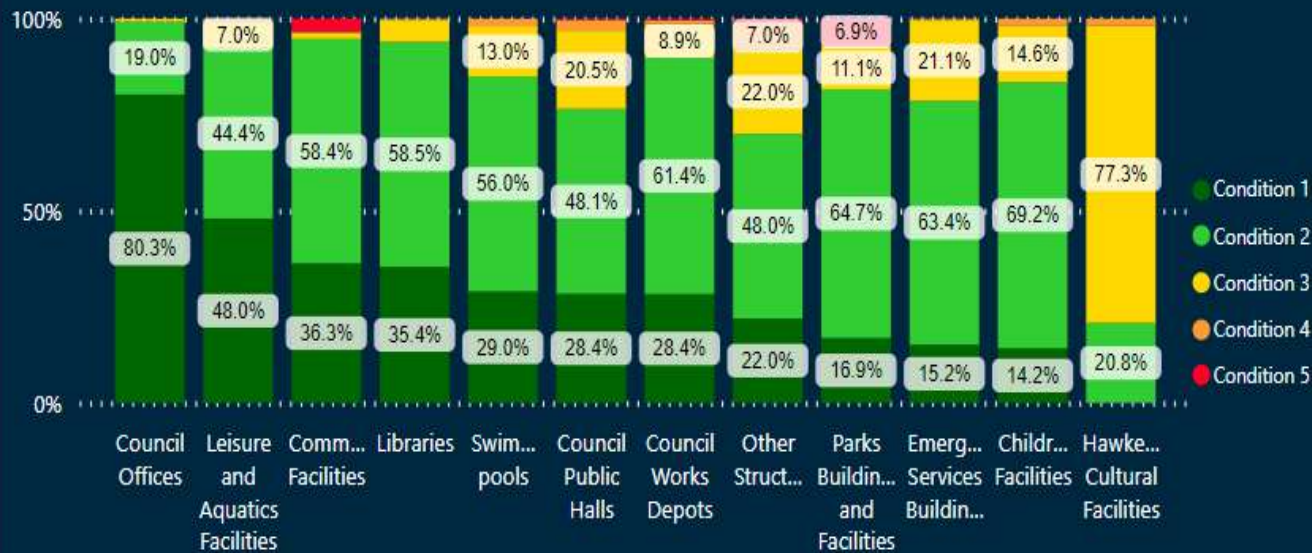
Annual Renewal Gap (10 Years)
\$3,410,638

Unfunded Renewal
\$6,873,721

Annual Depreciation
\$3,933,979.36

Asset Category	Current Replacement Cost	Annual Depreciation	Unfunded Renewal	Required Average Annual Budget (10 year)	Current Average Annual Budget (10 year)
Children's Facilities	\$21,087,000	\$428,250	\$408,000	\$421,740	\$95,619
Community Facilities	\$8,737,000	\$72,680	\$596,000	\$174,740	\$39,618
Council Offices	\$22,231,000	\$383,520	\$0	\$444,620	\$100,806
Council Public Halls	\$35,404,000	\$675,350	\$1,176,000	\$708,080	\$160,539
Council Works Depots	\$8,033,000	\$171,070	\$140,000	\$160,660	\$36,426
Emergency Services Buildings	\$19,439,000	\$453,960	\$66,000	\$388,780	\$88,146
Hawkesbury Cultural Facilities	\$6,817,000	\$169,960	\$126,000	\$136,340	\$30,912
Leisure and Aquatics Facilities	\$37,627,000	\$682,060	\$258,000	\$752,540	\$170,619
Libraries	\$18,151,000	\$335,440	\$50,000	\$363,019	\$82,306
Other Structures	\$10,318,000	\$189,511	\$196,241	\$206,360	\$46,787
Parks Buildings and Facilities	\$27,080,000	\$306,370	\$3,857,480	\$541,600	\$122,794
Swimming pools	\$5,608,000	\$65,809	\$0	\$112,160	\$25,429

Condition Distribution



Optimum Budget Breakdown (Average 10 Years)



CHALLENGES OF ASSET MANAGEMENT

Several challenges face Council's ability to achieve financial sustainability within ongoing asset renewal and maintenance pressures:

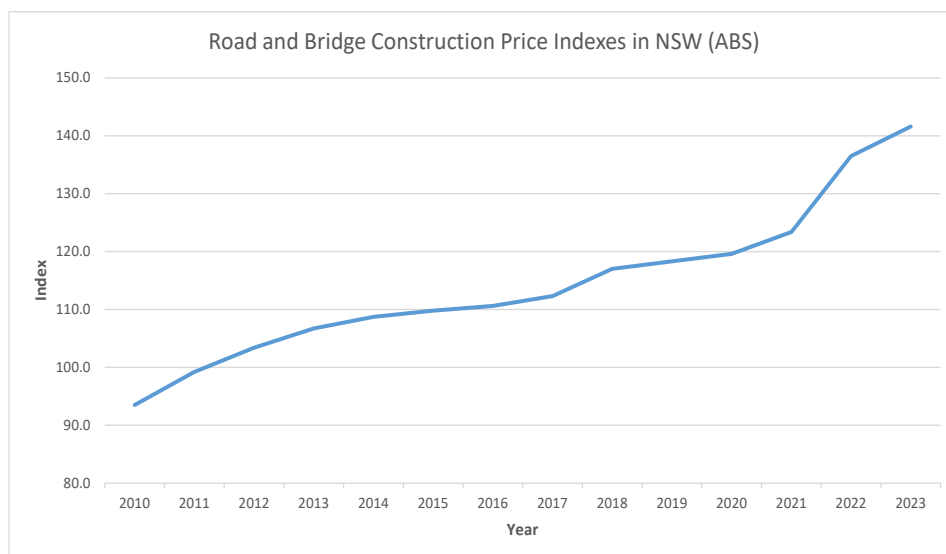
Asset Renewal Costs and Funding Shortfall

The historical under-investment in the upkeep of assets has created a growing shortfall between required expenditure and available budget. The operating results of Council reflect the fact that Council, for many years, had not been spending sufficiently on maintaining, renewing and replacing community assets. Addressing this funding gap is the major financial sustainability challenge that Council faces within its Resourcing Strategy.

Market Forces and Increasing Costs

The costs of materials, contractors and project management have risen sharply in recent years. Planned budgets of projects have been updated to reflect these rapidly increasing costs, resulting in further budgetary constraints and the need to more rigorously prioritise projects.

Based on data from the Australian Bureau of Statistics (ABS), the price index for road and bridge construction increased by 14.7% from 2021 to 2023. This rise in construction costs will significantly affect the capacity of Council to deliver projects scheduled for renewal. It is expected to widen the renewal gap and increase the unfunded renewal. The Graph below depicts the price indexes for road and bridge construction between 2010 to 2023.



Council's income increases through rates and charges have been far below these increases, demonstrating a growing disparity between renewal and maintenance costs and available Capital Expenditure budget.

New Assets

Any new assets built or inherited by Council become part of the asset portfolio and require ongoing maintenance and renewal. This further compounds the shortfall challenge by applying added pressure to annual renewal costs in future years. This needs to be balanced against the community benefits realised through new assets, for example the city shaping projects to be delivered under the Western Sydney Infrastructure Grants Program.

Population Forecasts and Geographical Scale

The constraints impacting on the potential for future residential development suggests that population growth in the Hawkesbury will continue to be modest. There is likely to be further development around existing town and village areas and new development in Vineyard, Redbank/North Richmond and Glossodia. Growth however will continue to be minimal when compared to more rapidly growing LGA's including Blacktown, The Hills and Camden. This raises challenges including:

- **Size of asset portfolio** – Council will be required to continue to maintain a sizable asset portfolio serving a dispersed population and relatively low base of rate funding.
- **High infrastructure to resident ratio** – In comparison with many of its neighbouring councils with larger population and more compact urban areas, the Hawkesbury has a large land area but a relatively smaller and decentralised rating base. More than half of its residents live in semi-rural and rural areas and Council is required to provide core services and local facilities to outlying areas with small population catchments. As a result, the Hawkesbury has a very high ratio of infrastructure per resident (i.e. the total value of council assets divided by the estimated resident population – IPR).

Blacktown City Council IPR	The Hills Shire Council IPR	Penrith City Council IPR	Hawkesbury City Council IPR
\$10,513	\$11,042	\$12,901	\$20,630
of Assets Per Resident	of Assets Per Resident	of Assets Per Resident	of Assets Per Resident

- **Transport and access** – The Hawkesbury is marked by higher per-capita motor vehicle ownership and low land use density, associated with high car dependency and reduced transport alternatives. Car travel remains the preferred and in many cases only, method for travel to work, education, health and recreation and this dependency appears to have increased over the last decade. This places increased pressure and accelerated decline on the road network.

Management of Natural Hazards and Climate Change

The Hawkesbury region has a very high exposure to natural disasters as have been experienced in recent years. Dominated by the Hawkesbury–Nepean River System and the escarpment of the Blue Mountains to its west, it has one of the most significant flood risk exposures within Australia, while at the same time the substantial areas of bushland within the Hawkesbury creates a high vulnerability to bushfire events. Almost every part of the Hawkesbury is vulnerable to flooding or bushfire risks, a vulnerability which a changing climate is likely to intensify. The effects of these events create significant repair and recovery costs and accelerate the deterioration of Council's assets, particularly roads.

On top of the likely impacts of natural hazards (amplified and accelerated by climate change), acute shocks to Council's infrastructure assets, will be the chronic stressors, the impacts of which are only emerging and thus partially understood. As these are better understood, this will impact the way Council renews its assets, potentially placing an additional financial burden on the renewal task as "betterment" becomes necessary.

The impacts of climate change are also anticipated to strongly influence the types of services offered by Council's infrastructure assets. For example, with the increasing occurrence of heat waves and isolated extreme heat days, we are anticipating that there will be an amplified or new need to provide heat refuges through Council's portfolio of community buildings.

GOALS AND STRATEGIES

Council is strongly committed to delivering high quality assets and services to the community and complying with its legislative requirements. We aim to achieve, sustainable, resilient and well managed assets across the Hawkesbury. Implementing this Strategy and its Actions will lead to:

Data driven decision making: Extensive asset data across various categories has been collected, utilised and continually refined to develop whole-of-life models for our assets and estimate the funding required for ongoing upkeep and maintenance. This enables us to predict the effects of various scenarios on our asset portfolio and effectively communicate them with key stakeholders and decision-makers.

Service focused assets: Improved assets which facilitate positive customer experiences and improved services. Assets that utilise fewer resources through better alignment of future planning for service needs and asset requirements.

Sustainable lifecycle and project management: A key set of actions that will allow us to improve management of assets across their life, maximising longevity at the lowest lifecycle cost. Effective project management that ensures well timed action on assets.

Asset Resilience and Performance: A focus on building back better and completing projects to a high standard that creates lasting, resilient assets. Understanding where impacts are likely to be felt and implementing measures to mitigate these. Improving overall infrastructure asset performance through regular asset maintenance and renewal.

Effective risk management: Identifying, understanding and planning for potential asset related risks with the resources available. Ensuring risks are taken into account when planning and designing key projects and being aware of the future risks and challenges.



FINANCIAL STRATEGY AND SCENARIOS

A financially sustainable Council, as defined by the NSW Government, is one that over a long term can generate sufficient funds to provide the level and scope of services and infrastructure agreed with its community through the Integrated Planning and Reporting Process. (Source: NSW Government, 2012).

Council's Long Term Financial Plan 2024 – 2034 (LTFP) has been developed with the aim of having an appropriately funded capital works program and maintaining a "fit for purpose" asset base as described by this strategy and accompanying plans.

The objective of the LTFP is to provide sufficient funds each year into an asset reserve and capital budget to cover the required annual budget for the maintenance and renewal of Council's existing infrastructure across the asset lifecycle models.

Three scenarios have been developed (Decline, Improve and Resolve) to demonstrate the opportunities and risks of various funding models across the Long-Term Financial Plan and Asset Management Strategy. These documents link directly, with the LTFP providing the necessary long term funding strategy to achieve the effective asset management described in this plan. The scenarios demonstrate what would occur to Council's assets under different funding models across the next 10 years.

This information helps Council and the community understand the financial needs and effects of various levels of funding. This Asset Management Strategy focuses on the assumed spending on asset maintenance and renewal, with the LTFP describing further variables within each scenario. As asset renewal is the major financial challenge facing Council, these variables are the predominant factor impacting each scenario.

Scenario 1: Decline

Scenario one describes the current trajectory of business as usual and is driven by Council's current level of spending (\$14m annually) and business as usual practices on asset maintenance and renewal, without significant increases across the 10 year life of the strategy. The modelling on this scenario suggests that legislative and assumed increases to Council's revenue will not provide sufficient funding to maintain the condition of assets and current service levels.

This level of investment will lead to a significant decline in asset condition over time and an accelerating deterioration of assets, increasing the projected unfunded renewal. The issue will continue to compound if funding strategies are not in place. Under this scenario, assets would only be renewed when they become unsafe or completely unusable.

It is likely that Council would need to reduce community, cultural and recreation services or close unsafe facilities so that funds can be redirected to keeping essential infrastructure such as roads safe and functioning. This option provides no capacity to fund new programs, take advantage of key grant opportunities or delivery on emerging community priorities.

Scenario 2: Improve

Scenario two will allow Council to shift towards a more preventative asset management approach, rather than waiting for assets to deteriorate to the point of failure and where renewal is at its most costly. This scenario assumes a \$25m annual investment. Under this funding arrangement, it would take approximately 20 years to clear Council's unfunded renewals gap. All assets would gradually improve across the Hawkesbury under this arrangement.

This option will also provide some scope to reconfigure resources to fund new programs, leverage grant opportunities and invest in emerging community priorities within the Hawkesbury Community Strategic Plan.

Scenario 3: Resolve

Scenario three involves the optimisation of Council's asset renewal by matching the required funding with actual investment across the life of the strategy. This would allow Council to take a proactive asset management approach, focusing on betterment and resilience for the long term. Essentially, the quicker Council invests the more long lasting the financial benefits will become.

This scenario assumes a \$30m annual investment. Under this funding arrangement, it would take approximately 10 years to fully resolve Council's unfunded renewals gap. Assets conditions would significantly improve across the Hawkesbury under this arrangement.

This option will also provide significant scope to reconfigure resources to fund new programs, leverage grant opportunities and invest in emerging community priorities within the Hawkesbury Community Strategic Plan. The accelerated investment in assets will lead to greater future opportunities for service delivery.

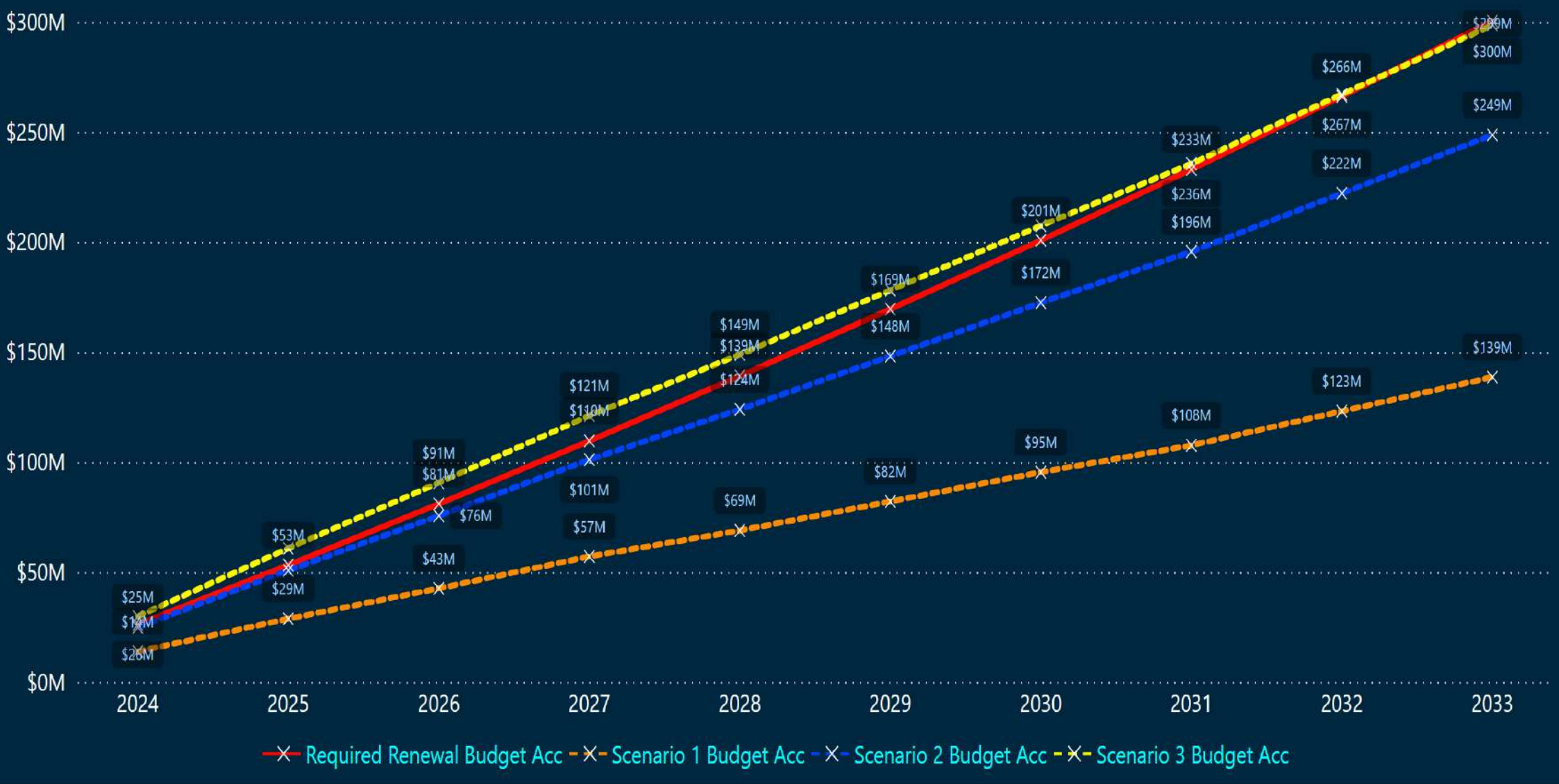
A summary of the scenarios is provided below.

Scenario	Assumptions	Impact on Assets and Services
1: Decline	<ul style="list-style-type: none"> LTFP Assumptions Current spending levels \$14M annual investment in asset renewal and maintenance 	<ul style="list-style-type: none"> Significant decline in asset condition and usability Accelerated deterioration of assets Little to no scope for new services / reallocation of priorities Possible reduction in services
2: Improve	<ul style="list-style-type: none"> LTFP Assumptions Increased investment \$25M annual investment in asset renewal and maintenance 	<ul style="list-style-type: none"> Additional investment in the renewal and maintenance of all asset classes. Clear improvement in assets over time Clearing of renewal gap within 20 years. Preventative asset management approach Some scope for new programs and shifts in priorities
3: Resolve	<ul style="list-style-type: none"> LTFP Assumptions Significantly increased investment \$30M annual investment in asset renewal and maintenance 	<ul style="list-style-type: none"> Significant additional investment in the renewal and maintenance of all asset classes Marked improvement of assets over time Proactive asset management approach Clearing of renewal gap in 10 years Clear scope for new programs and shifts in priorities

The following graphic visualises each scenario and the impact on the overall required renewal budget and unfunded renewals.

Required Budget	Average Annual Required Budget \$30M	Scenario 1 Available Budget \$14M	Scenario 2 Available Budget \$25M	Scenario 3 Available Budget \$30M
LTFP Scenarios	Scenario 1 Annual Renewal Gap -\$16M	Scenario 2 Annual Renewal Gap -\$5M	Scenario 1 Unfunded Renewal at 2033 -162M	Scenario 2 Unfunded Renewal at 2033 -51M
LTFP Scenarios Accumulative				

Comparison of Available Budget in Various Scenarios against Accumulative Annual Required Budget



ACTION PLAN ASSET MANAGEMENT STRATEGY 2024 – 2028

These actions will guide Council's improvement of Asset Management across the organisation for the next four years. They are themed under six key focus areas.



STRATEGY 1 – ASSET MANAGEMENT PLANNING AND REPORTING

Item	When	Success Measure
1.1 Develop the Asset Management Strategy and Asset Management Plans and review annually to inform the development of the Council’s annual Operational Plan, Long Term Financial Plan and Delivery Program	2025-2028	Annual revision of Asset Management Strategy Integration of Capital Program with Delivery Program and Operational Plan
1.2. Develop Buildings and Open Space Strategic Plans to inform the whole of life models and rolling program	2025-2026	Completion of the Strategic Plans
1.3. Develop/Update the Asset Valuation Manual in line with the infrastructure assets comprehensive revaluation schedule	2025-2026	Completion of the Asset Valuation Manual

STRATEGY 2 – INTEGRATING ASSET MANAGEMENT ACROSS THE ORGANISATION

Item	When	Success Measure
2.1. Enhance the visibility of the effectiveness of asset management practices through integration of the systems and linking the assets data	2026-2027	Integrate Pulse and TechnologyOne data
2.2. Streamline the processes of the Capital Works Planning from the initiation to completion and handover	2025-2026	Establish effective processes for Project Management and development
2.3. Create an Asset Management Portal and deploy it on the Intranet for organisational access and use	2025-2026	Develop and launch the Asset Management online portal

STRATEGY 3 – CAPITAL WORKS PLANNING AND DELIVERY

Item	When	Success Measure
3.1. Review and update four year rolling program for Roads, Stormwater, Open Space and Buildings	2025–2028	Annual review and development of the four-year rolling works program Development and roll-out of live dashboards
3.2. Engage with both internal and external stakeholders such as grant bodies and Sports Council to enhance the project outcome through collaborative efforts	2025–2028	Deliver engagement opportunities
3.3. Explore the available grant opportunities offered by Federal or State authorities for the renewal or upgrade of existing assets or for the development of new infrastructure	2025–2028	Alignment of grants received with Council's strategic asset management goals Delivery of key grant funded projects within timeframes
3.4. Initiate early scoping, detailed design, and cost estimation for capital works projects to enhance project delivery rates by having shovel-ready projects at the beginning of the financial year and reduce budget overruns	2025–2026	Development and design of shovel-ready project pipeline
3.5. Implement a project management gating system to effectively mitigate project risks at various stages of their lifecycle	2025–2026	Implement the gating system to improve Project Management efficiencies

STRATEGY 4 – ASSET MANAGEMENT DATA AND SYSTEMS DEVELOPMENT

Item	When	Success Measure
4.1. Perform an asset data gap analysis to pinpoint areas for improvement and devise strategic actions to address these gaps.	2025–2026	Completion of annual data gap analysis and development of strategic actions
4.2. Review and update the selection criteria for nomination of capital works projects.	2025–2026	Updated criteria based on most recent data integrated into project process
4.3. Conduct CCTV Camera inspections of the Stormwater Pipes to verify the system connectivity and assess their condition.	2025–2028	Complete the inspection program and integrate results
4.3. Perform Level 3 inspections of the nominated bridges and culverts.	2025–2026	Inspection program completed and integration of results

STRATEGY 5 – IMPROVING ORGANISATIONAL CAPABILITIES

Item	When	Success Measure
5.1. Create real-time interactive reports to support asset owners and decision makers utilising business analytics applications such as Power BI	2025-2028	Develop the dashboards and maps and roll-out
5.2. Develop the organisation's funding prioritisation model for the maintenance and renewal of existing assets	2026-2027	Develop and implement the funding prioritisation model
5.3. Organise asset management trainings and workshop sessions to upskill teams in utilising the technology and embracing improved processes	2026-2027	Deliver program of workshops and training
5.4. Undertake an Asset Maturity Audit to assess the present maturity level and develop strategies aimed at improving Council's ability to achieve best practices in asset management.	2027-2028	Complete and integrate results of the Asset Maturity Audit
5.5. Implement mobility solutions in asset inspections and condition assessment processes.	2025-2027	Develop and implement the Field App for TechOne integration
5.6. Develop/revise standard drawings and assets specifications for various asset groups to inform the capital works planning and design	2025-2027	Completion and sharing of the standard drawings and asset specs
5.7. Streamline the business case development and approval process by implementing automated processes through the Pulse System	2025-2027	Improve Project Management processes through the Pulse system
5.8. Collaborate with the Sports Council to execute the asset management related recommendations outlined in the Hawkesbury Sports Council Governance Review Report	2025-2027	Continue collaboration opportunities with the Sports Council

STRATEGY 6 – ASSET MANAGEMENT

FINANCIAL MODELLING AND PLANNING

Item	When	Success Measure
6.1. Review and update life cycle modelling for the infrastructure asset classes	2025-2028	Annual update and completion of the life cycle models
6.2. Align asset life cycle financial modelling with the Long-Term Financial Plan.	2025-2028	Annual integration of AMS and LTFP
6.3. Complete a Comprehensive Revaluation of Stormwater and Open Space Infrastructure	2025-2026	Deliver the revaluation as part of the annual schedule
6.4. Perform Fair Value Assessment of the Asset Classes and provide the relevant documents to the auditors	2025-2028	Deliver assessments as part of the annual schedule
6.5. Develop/review statutory assets financial planning reports and documents	2025-2028	Deliver planning as part of the annual schedule



APPENDIX 1 – DEFINITIONS

Term	Definition
Accumulated Depreciation	The total cumulated value of how much of an asset's value has been used up over its useful life or life expectancy.
Asset	An asset is an item, thing or entity that has potential or actual value to an organisation. The value will vary between different organisations and their stakeholders, and can be tangible or intangible, financial or non-financial.
Asset Condition Assessment	The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset to determine the need for preventative or remedial action.
Asset Group	An asset group refers to an umbrella of assets that have similar characteristics or purpose. For example, "Stormwater Drainage" assets all help to contribute towards.
Asset Management	The balancing of costs, opportunities and risks against the desired performance of assets, to archive the organisational objectives. The balancing might need to be considered over different timeframes. Additionally, it enables the application of analytical approaches towards managing an asset over the different stages of its lifecycle.
Capital Expenditure	Expenditure which contributes or results in a physical asset.
Capital Grants	Funding received from a third party which are generally tied to specific projects.
Component	An individual part of an asset which contributes to the composition of the whole and can be separated/attached from the whole. It may also require different types of treatments and have differing useful lives and lifecycle costs.
Componentisation	The practice of considering the components of a fixed asset individually, to account for the fact that these components have unique physical and economic lives.
Condition	Assessed and given a value on a scale of 1 (new) to 5 (end of life). The Average Condition of a group of assets is the GRC weighted average of all assets in the group.
Current Average Annual Expenditure	An estimate of the current total maintenance and capital works expenditure on the Asset Group, being the annualised present worth of the value of the maintenance and capital renewals expenditure.
Depreciation	The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.
Fair Value	The amount for which an asset can be exchanged, or a liability settled between knowledgeable, willing parties, in an arm's length transaction.

Term	Definition
Gross Replacement Cost (GRC) aka Current Replacement Cost (CRC)	The amount it would cost at the revaluation date to acquire or construct a brand- new substitute asset that has comparable utility and no obsolescence. Also referred to as Current Replacement Cost (CRC).
Infrastructure assets	Physical assets of the entity or of another entity that contribute to meeting the public’s need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycle ways. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally, the components and hence the assets have long lives. They are fixed in place and are often have no market value.
Level of service	The defined service quality for a particular service from an asset. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost.
Lifecycle Cost	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
Minimum Average Annual Expenditure	The average annual expenditure required to keep the Asset Group in good condition after the Unfunded Renewal (if any) has been addressed.
Reactive maintenance	Unplanned repair work that carried out in response to service requests and management/supervisory directions.
Remaining life	The time remaining until an asset ceases to provide the required service level or economic usefulness.
Renewal	Refer capital renewal expenditure.
Renewal Gap	The gap between the average required and available annual budgets.
Risk management	The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.
Satisfactory Condition	As designated in Special Schedule 7 of Council’s Annual Financial Report, being condition 3 or fair condition.
Unfunded Renewals	The total cost of all asset treatments (maintenance and component/asset renewals) due or past due at the date of review.
Useful Life	The period over which an asset is expected to be available for service by an entity. The estimated period from installation till removal of the asset upon the end of its serviceability
Written Down Value (WDV)	Also referred to as the book value, WDV reflects the assets present value from an accounting perspective. It is calculated by subtracting the depreciated value from its original value.



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