



**MIDCOAST**  
council



**DRAFT**

# **RESOURCING STRATEGY**

## 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.



## Introduction

The Resourcing Strategy sets out how Council will implement and resource the community's long-term vision and aspirations (as identified in the Community Strategic Plan) and its commitments outlined in the Delivery Program. It ensures there are sufficient resources (money, people, assets and time) available to translate these strategic objectives into actions.

MidCoast Council's Resourcing Strategy is comprised of four inter-related plans:

- Long-Term Financial Plan 2022-2023
- Asset Management Strategy 2022-2023
- Workforce Management Strategy 2022-2026
- Information and Communications Technology (ICT) Strategy 2022-2027.

### Workforce Management Strategy (2022 – 2026)

The Workforce Management Strategy (WMS) is a 4-year document that shapes the capacity and capability of the workforce to ensure Council's strategic goals and objectives are achieved. It assists Council to plan for and address future workforce needs. It does this by taking into account Council's current workforce needs and capabilities, whilst also ensuring it has a diverse workforce and strategies in place to deal with change, skills shortages, an ageing workforce and succession planning. This future planning enables greater flexibility and responsiveness and places Council in a stronger and more stable position for a sustainable future.

### Information & Communications Technology (ICT) Strategy (2022 – 2027)

Information & Communications Technology is an integral part of our everyday lives. The manner in which councils choose to carry out their functions and deliver services to the community is underpinned by the way they manage their information and use technology. Alongside council assets, people and money, ICT is another resource to be planned for and managed in a way that supports the strategic objectives of the Community Strategic Plan as well as the day to day operations of the council.

The ICT Strategy outlines how technology will be used to meet council's information technology and business goals. It details the multiple factors that affect the council's investment in and use of information and technology.

## **Asset Management Strategy (2022 – 2032)**

MidCoast Council delivers a variety of services to the community and in doing so, must ensure that the assets supporting these services are managed sustainably. Managing our asset portfolio, which is valued at approximately \$5 Billion<sup>1</sup> and supports a region of 10,000 square kilometres, is important in meeting the needs and expectations of our community as identified in our Community Strategic Plan and Delivery Program and Operational Plan. 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. Council's infrastructure assets include:

- buildings
- roads (sealed & unsealed roads, bridges footpaths, cycleways, kerb and guttering, bulk earthworks car parks, road structure and street furniture);
- water supply
- sewer supply
- stormwater drainage
- recreation, swimming pools, open space and
- other infrastructure assets.

This is the first 10-year Asset Management Strategy (AMS) since the merger of the three councils and the latter merge with the regional Local Water Utility (LWU). Councils that have responsibility for water and sewerage supply and infrastructure need to comply with additional requirements of the NSW Government's Best-practice

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<sup>1</sup> MidCoast Council – Report on Infrastructure Assets as at 30 June 2021 Gross Replacement

Management of Water Supply and Sewerage Guidelines 2007. In this context, Council provides an essential water and sewerage service to a catchment area of over 10,000 square kilometres and services approximately 40,000 customers.

The AMS) has been developed in accordance with the Integrated Planning and Reporting and the Institute of Public Works & Engineering Australia (IPWEA) frameworks and guidelines, and provides the basis for consistent and effective asset management across our infrastructure asset classes.

The Asset Management Strategy is a component strategy of the Resourcing Strategy and has been developed over a 10-year period. Council's asset management planning is supported by three key documents:

- an Asset Management Policy – endorsed by the council.
- an Asset Management Strategy – that identifies assets that are critical to the council's operations and outlines risk management strategies for these assets.
- Asset Management Plans – for all assets under a council's control, which identify asset service standards and contain long-term (at least 10 years) projections of asset maintenance, rehabilitation and replacement costs. These costs should then be reflected in the LTFP.

The Strategy also includes an asset management improvement plan, which details a program of tasks and nominated resources as part of our commitment to reach a core level of asset management practice across the organisation by 2023. It includes outcomes from Council's service delivery practices, financial sustainability indicators, asset management maturity and the objectives and strategies identified in the Community Strategic Plan. The Asset Management Strategy enables Council to show the link between the Community Strategic Plan and the day-to-day management of our assets.

The Asset Management Strategy and Long-Term Financial Plan will be revised annually. Effective asset management is a regime of maintenance, renewal, construction of new, and disposal of redundant assets over their lifetime. It is for this reason that the revision of the Asset Management Strategy is part of a continuous improvement program vital to understanding the current 'state of play' and condition

of our assets. Our challenge is to identify ways to provide adequate funding to improve our assets over their asset life and we are continually reviewing our service levels and processes to find improvements.

### **Long-Term Financial Plan (2022 – 2032)**

The Long-Term Financial Plan (LTFP) is a 10-year rolling plan that informs decision-making and demonstrates how the objectives of the Community Strategic Plan and commitments of the Delivery Program and Operational Plan will be resourced and funded.

The LTFP captures what financial resources are required in connection with asset management and workforce planning. It is a tool to aid decision making, priority setting and problem solving. It is a guide for future action and is reviewed and updated annually.

The MidCoast LTFP addresses the following key points:

- how council will survive future financial pressures
- opportunities for future income and economic growth
- whether council can afford what the community requests
- how council can achieve outcomes agreed with the community
- projected income and expenditure, balance sheet and cash flow statement
- planning assumptions
- sensitivity analysis, highlighting factors and assumptions most likely to impact the LTFP
- financial modelling for different scenarios
- methods of monitoring financial performance
- major capital and operational expenditure implications.



## Parts:

Part 1: Workforce Management Strategy 2022 -2026

Part 2: Information & Communications Technology Strategic Plan 2022-2027

Part 3: Asset Management Strategy 2022 -2032

Part 4: Long-Term Financial Plan 2022 -2032



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**WORKFORCE  
MANAGEMENT  
STRATEGY**  
**2022-2026**



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## General Manager's Foreword

There's no question that our staff are our greatest asset, which is the reason we have prepared the MidCoast Council Workforce Management Strategy.

The strategy has been designed with our people in mind and sets out solid foundations for ensuring that collectively, we continue to be better every day.

As a relatively young council, we aim to attract and retain a talented and dynamic workforce. To do this, we recognise the need to provide a progressive workplace and a positive employee experience.

Our workforce "community" is made up of more than 1,000 great people who apply their skills and passion across a diverse range of disciplines. As a Council, it's our job to empower every one of them to perform at their highest level and the People Strategy identifies the means to help them do just that.

I often hear staff say "there's something about working for MidCoast Council", and while it's likely that "something" is different for everyone, I'm confident it's underpinned by our focus on providing a supportive environment, ongoing training and development opportunities, and an innovative approach to the way we deliver services to our community.

Organisational culture is a key factor in enhancing time spent at work and we have actively engaged our staff in moving ours towards our "preferred culture" – one that reflects our organisational values of wellbeing, integrity, sustainability and respect.

I look forward to seeing the results of our Strategy come to life as we welcome new staff and support each other to be better every day

**Adrian Panuccio**

**General Manager, MidCoast Council**

# Executive Summary

## About the Workforce Management Strategy

The Workforce Management Strategy (Strategy) is a critical enabler for delivering on the Delivery Program and MidCoast Councils Organisational Vision:

*Our vision is to be a high-performing organisation where we are always striving to be better.*

*One where we work collaboratively and are trusted.*

*Better every day*

MidCoast Council is one of the region's largest employers, with a headcount of over 1,000 talented and committed individuals.

Acknowledging that our people are our most critical resource, the Strategy identifies a range of strategies and initiatives that will help us create and maintain a positive and meaningful employee experience. The strategy has been developed to meet the following objectives:

- To position MidCoast Council as an 'employer of choice'
- To shape a positive organisational culture and move it towards our preferred culture
- To assist every employee to continually deliver on our organisational vision:  
*To be a high performing organisation where we are always striving to be better; one where we work collaboratively and are trusted.*

Put simply, the Strategy will help us achieve our goal to be *Better every day*.

The strategy should be read in conjunction with Council's Resourcing Strategy and Community Strategic Plan.

## What the Strategy addresses

The Workforce Management Strategy is a high-level assessment of who we are as a workforce today, what challenges we envisage we will face in coming years, and how we plan to address these challenges.

Our workforce is never static. Council has over 1,000 employees delivering an array of services, both in traditional and non-traditional local government spheres. We have employees who have been here for 57 years, through to our apprentices and trainees who are often commencing their careers.

What is important is that across our workforce we have the right people, with the right skills to deliver the services our community expects of us to a high standard.

Some of our key challenges moving forward are:

- Attracting and retaining suitably qualified and skilled staff
- Addressing an ageing workforce, succession planning and knowledge transfer
- Building resilience and flexibility in our workforce so we are well equipped to deal with change and future challenges
- Enhancing opportunities for women in leadership
- Developing leadership and people management capability at all levels of our organisation
- Identifying and managing the impacts of technological change on our workforce
- Developing agile and dynamic cultures and structures
- Ensuring our workforce is diverse and inclusive, and representative of our community
- Ensuring we have process in place to recognise and reward high performance and positive behaviours
- Operating systems that support a positive workplace experience and make our jobs easier
- Providing a psychologically safe workplace
- This Strategy contextualises these challenges, develops a profile of our current workforce, provides insights into various workforce engagement projects that have been undertaken to better understand our workforce, develops a strategic direction for our workforce over coming years, and provides actions to address our current challenges and achieve this strategic direction.



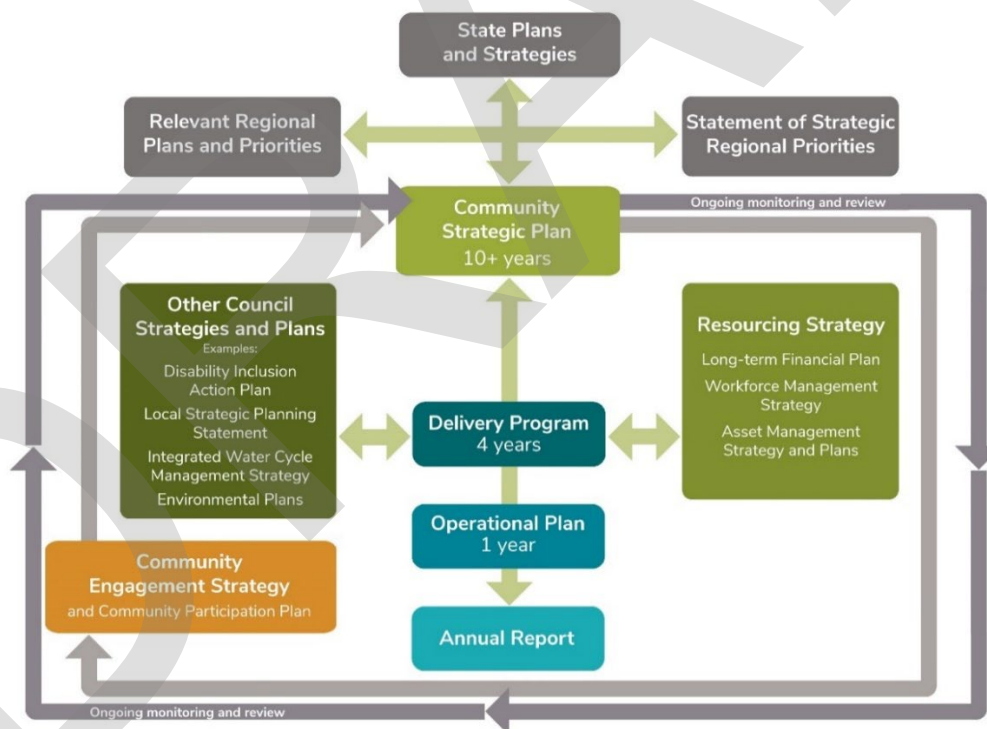
# 1. The Integrated Planning (IP&R) and Reporting Framework

The NSW IP&R framework is based on the idea that councils planning should be linked directly to community priorities. The framework is made up of several different plans that work alongside each other.

When looked at together, the plans show how:

- the community has expressed their vision and priorities
- community members, community groups and others can play an active role in shaping the future
- the community's priorities flow down to other plans, including the services and activities in the yearly operational plans
- resources will be managed to work towards the vision and priorities, while also balancing expectations with affordability
- progress is being made towards the community's vision and priorities through measuring, monitoring and reporting.

The following diagram shows how the plans fit together.



The Workforce Management Strategy is about ensuring that our people are ready to meet the priorities set in the Delivery Program and Operational Plan.

An effective, productive and agile workforce characterised by high workplace satisfaction will enable Council to deliver on its goals. This Strategy aims to provide the means by which our workforce can both improve and remain ready to face the challenges ahead.

## 2. Our Workforce in Profile

### Our Organisation's Values

As a workforce, Council has developed a set of values that guide our workplace behaviour. By living these values at the workplace, our workforce can work together in a professional, collegiate way to deliver for our community.

These values are:

#### **Wellbeing**

We value safety, security, health and happiness.

Our commitment is to develop and maintain a culture where safety and wellbeing are our highest priority.

Our commitment to safety is reflected through our Workplace Health and Safety (WHS) Management Framework and WHS Management Plan. Our commitment to staff wellbeing is demonstrated through our Mentally Healthy Workplace Strategy.

#### **Integrity**

We are open, honest, accountable and take pride in all we do.

We do the right things for the right reasons and always with our community in mind.

#### **Sustainability**

We use efficiencies, innovation and cooperation to achieve sustainable results.

Our commitment to sustainability is reflected in our Climate Change Policy. We will achieve net zero greenhouse gas emissions and 100% renewable energy for our operations by 2040.

#### **Respect**

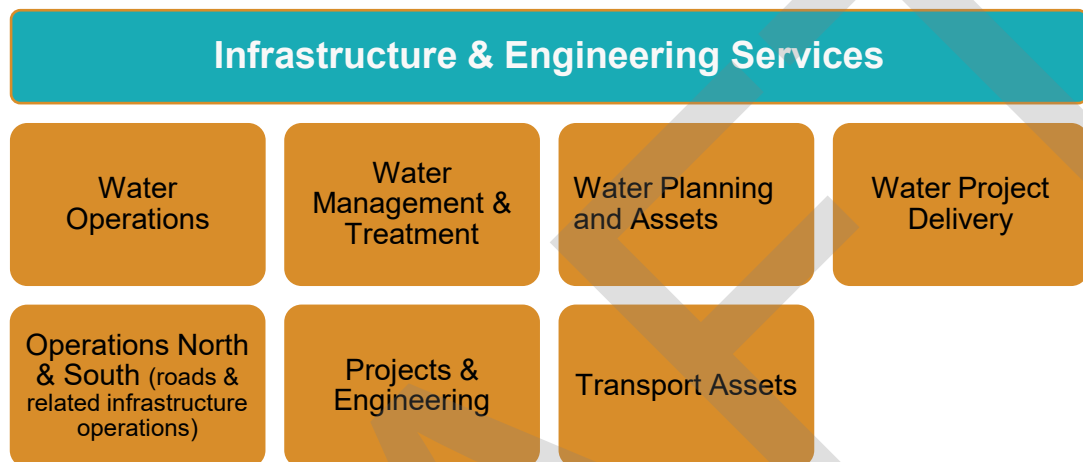
We work together respectfully ensuring inclusion, equality and open communication.

Council is committed to creating and sustaining an environment that fosters fairness and wellness; one that is safe, flexible and respectful where everyone is free to go about their business without fear of discrimination, bullying, harassment, vilification or victimisation.

We highly value our diverse workforce and we believe that anyone working for, on behalf of, or with Council should be treated with dignity, courtesy and respect at all times.

## Our Structure

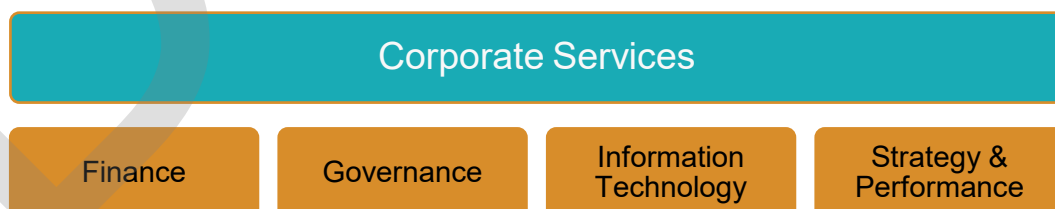
MidCoast Council's structure is designed to deliver on our Community Strategic Plan. To achieve this Council is divided into three divisions delivering interrelated services. Two of these divisions are primarily external facing, providing infrastructure and services to the community, whilst one is mainly internal focussed, aimed at providing the systems and tools our workforce needs to work efficiently and effectively.



The services of each division are outlined below:

The Infrastructure & Engineering Services division manages Council's road and drainage network, provides technical and engineering advisory services, and oversee the provision of water services to our community. In all the division oversees and maintains:

- 1,439km of sealed roads, 1,790km of unsealed roads, 347 concrete or steel bridges, and 195 timber bridges
- Footpaths, cycleways, car parks, bus shelters and stormwater drains
- 2,300km of water and sewerage mains
- Bootawa Dam, Sewerage treatment facilities, and other water supply facilities
- Bootawa Dam and other water supply facilities



The Corporate Services division is focussed on providing internal services to support our other divisions to meet their goals. It is an enabling division to provide the people, tools, information and support our workforce needs to deliver. The key services provided by the division are Finance, Information Technology, Human Resources, Strategy and Performance, and Governance.



The Liveable Communities division oversees the provision of community spaces and services. Some of the assets and services the division provides are:

- 3000ha of parks and open spaces
- 10 pools and 2 ocean pools
- 58 playing fields, 26 sporting complexes, 86 playgrounds, 13 skate parks, 792 public buildings and 30 cemeteries
- Support for our regional and visitor economy with over 10,000 businesses and 2,737 visitors each night
- Frontline services such as 90,000 customer service phone calls a year, 1 million web page views, 720,000 library loans, 43,000 visitors to the Manning Entertainment Centre and 18,000 visitors to the Manning Regional Art Gallery
- Delivery of ageing and disability services to over 600 clients
- Planning and regulatory services, and the protection and enhancement of our natural systems

## Our Workforce Today

The following is a profile of our workforce as at 31 December 2021 (unless otherwise provided).

Our Numbers				
Division	Full-time	Part-time	Casual	Full Time Equivalent FTE
Infrastructure & Engineering Services	387	8	0	392.5
Liveable Communities	281	138	106	359.2
Corporate Services	114	12	1	123.2
<b>Total</b>	<b>782</b>	<b>158</b>	<b>107</b>	<b>874.9</b>

As at 31 December 2022 Council had 874.9 full time equivalent employees. The vast majority of these employees work in our Infrastructure & Engineering Services and Liveable Communities divisions. Overall, 90% of our workforce is employed on a permanent basis. The majority of our casuals are employed either in roles that work on a seasonal basis, or in our ageing and disability service, MidCoast Assist, where demand levels for services vary under the National Disability Insurance Scheme model.

Our Gender Profile						
Division	Male			Female		
	Full-time	Part-time	Casual	Full-time	Part-time	Casual
Infrastructure & Engineering Services	358	5	0	29	3	0
Liveable Communities	164	17	32	117	121	74
Corporate Services	49	1	0	65	11	1
Total	571	23	32	211	135	75
	Male			Female		
Total full-time equivalent (FTE)	626			421		
Gender in leadership	Manager level roles (or higher) occupied by females = 21.9%. Of the 32 Manager Level positions 25 are filled by Males and seven are filled by females.					

MidCoast Council is committed to increasing gender diversity in our leadership. We want to increase our level of female leadership. Actions to improve pathways for female employees to senior leadership are included in this Strategy.

Turnover & Commencements			
2021 turnover rate annualised	14.69%		
2021 Commencements by Division	Infrastructure & Engineering	Liveable Communities	Corporate Services
	48	59	19



MidCoast Council's is slightly above the NSW Local Government median for 2020-21 of 13.4%. Staff retention is a key focus of the actions outlined later in this Strategy.

Age Profile						
Age	15-25	26-35	36-45	46-55	56-65	66 & over
Infrastructure & Engineering Services	28	61	81	113	96	16
Liveable Communities	35	78	103	145	138	26
Corporate Services	4	19	23	44	35	2
<b>TOTAL</b>	<b>67</b>	<b>158</b>	<b>207</b>	<b>302</b>	<b>269</b>	<b>44</b>

With 30% of our workforce over the age of 55 retirement risk is a significant challenge to our workforce. To address this Council has actions focussed on both retaining our existing workforce, whilst also providing training opportunities for our employees in specialist skills areas and leadership.

Employee Leave			
Leave types	Sick leave Days per FTE for 12 months as at 31 December 2021	Excess Accrued Annual Leave Days per FTE as at 31 December 2021	Excess Accrued Long Service Leave Days per FTE as at 31 December 2021
Infrastructure & Engineering Services	13.03	4.48	15.29
Liveable Communities	11.56	3.70	9.33
Corporate Services	10.52	7.61	12.17
<b>TOTAL</b>	<b>12.07</b>	<b>4.60</b>	<b>12.40</b>

Sick leave levels have been significantly impacted in 2021 by the COVID-19 outbreak. Not only has Council been impacted by employees contracting COVID-19, but also many more employees who have taken Sick Leave to comply with NSW Government isolation requirements. Excess accrued annual leave and long service leave can be a detriment to employees as it means they are not taking enough breaks from work. They also represent a financial liability to Council. In recent years Council has been successful in reducing excess accrued leave across the organisation. This focus will remain in coming years.

Equal Opportunity Employment	
% of employees identifying as Aboriginal & Torres Strait Island Employees as at 30 June 2021	2.4%
% of employees identifying as having a disability as at 30 June 2021	1.2%

Council is committed to reflecting our community through our workforce. As it stands, the level of employees identifying as Aboriginal and Torres Strait Islander in our workforce is too low. Similarly, only a small proportion of our employees identify as having a disability. Council has put significant actions into place in this Strategy to address this in coming years.

## 3. Employee Engagement

### Staff Survey

In late 2020, Council staff were encouraged to take part in our 'Your Thoughts Matter' Staff Survey. The survey provided a forum for employees to have their say, by sharing their thoughts and experiences about working with MidCoast Council. Importantly it was also designed to gather feedback to help us understand both how we currently operate and where there are opportunities to improve.

Of the 1,101 staff who were invited to participate in the survey, we received 678 responses (62%) providing valuable insights around our current organisational culture.

A further 200 staff members were invited to take part in a second survey that explored our 'preferred culture'. This survey attracted a 50% response rate (100 people).

The survey outcomes are being rolled out to all staff across the organisation during mid-2021. In addition, action planning to move us towards a more constructive culture is being undertaken at an organisational, divisional, departmental and section level.

The staff survey outcomes are a key driver of the focus areas outlined throughout this Strategy.

### Leadership Team

Running alongside the staff survey, we asked three additional questions of our leaders:

1. What do you think are the biggest workforce/people challenges facing Council over the next three to five years?
2. What do you think are the biggest workforce/people challenges facing your Department over the next three to five years?
3. Are there any areas you think we need to focus on in the development of our People Strategy?

### Mentally Healthy Workplace Project

In 2021 Council commissioned a study into our workforce that looked at the following factors:

- Identifying key wellbeing risks at play for employees of MidCoast Council
- Identifying where improvements could be made to enhance workplace culture and worker mental health and wellbeing

- Making recommendations aimed at supporting a culture of inclusion, psychological safety and collaboration across all business functions.

The study was undertaken by an external group, the Centre for Corporate Health.

A total of 14, one-on-one stakeholder interviews and 13 focus groups with employees were conducted between August and December 2021. Participating staff were from across all directorates and levels of Council.

- The outcomes of this project broadly align with the trends identified in the Staff Survey.

## **Career Revive**

Career Revive is a Federal Government initiative focussed on supporting employees to attract and retain skilled women returning to work after a career break. It focusses on re-examining our workforce approaches, job design, career pathways and how we support women through this process.

This project is being led by KPMG and has canvassed employee views on issues effecting women in our workplace.

The goal of the project is to increase the number of female employees at Council working across various business areas and in leadership roles.

## **Key Findings from Employee Engagement**

The engagement projects outlined produced the following findings. While some findings were very positive, other findings have identified areas for improvement to better support our workforce.

### **Workplace Culture**

Our workplace culture survey highlighted the following aspects about our culture that require improvement:

- Our staff feel that responsibility is shifted to avoid accountability
- People often avoid making decisions
- Roles can be unclear at times
- We can be critical and challenging of other's ideas
- We value rules and regulations
- We tend to do things the way they have been done before

On the aspirational side, the workplace culture survey highlighted that our workforce aims and wants to be:

- Innovative
- Open to change
- Have clear purposes and goals
- Focussed on growth and development
- Supportive of each other and aware of each other's needs

### **Employee views on working at Council**

The Mentally Healthy Workplace Project and Career Revive found the following with regards to how our employees viewed different aspects of working at Council.

- 83% were proud to tell people they work at Council
- Flexibility was identified as a core employee value proposition, 80% of staff believe they would be supported to work flexibly
- Collaboration and support within teams is a strength
- There is a view that sometimes senior leadership is not open to suggestions for change and improvement, leading to 38% of employees feeling unsafe to speak out
- There is a view that people work well within their own teams, but that cross-team collaboration is lacking

## 4. Strategic Direction

### Alignment to the Community Strategic Plan

Our Community Strategic Plan is based around four Community Outcomes:

#### Community Outcome 1: A resilient and socially connected community

Our diverse communities offer active and social opportunities for everyone; they are safe and are places where we work together with a creative focus acknowledging our rich history and culture.

#### Community Outcome 2: An integrated and considered approach to managing our natural and built environments

Our natural environment is protected and enhanced, while we maintain our growing town centres and manage our resources wisely.

#### Community Outcome 3: A thriving and strong economy

A strong regional economy that supports business and jobs growth.

#### Community Outcome 4: Strong leadership and good governance

Council is focused on being sustainable, well-governed, and delivering the best outcomes for the community.

The Workforce Management Strategy addresses on the following Community Strategic Plan objective and strategies:

- 4.3 Council builds a healthy and community focused culture that contributes to our Success
  - 4.3.1 Develop and grow a skilled, motivated, accountable and a 'high-performing' workforce and safe, accessible, fair and equitable work environment
  - 4.3.2 Provide a safe, accessible, fair and equitable work environment

To do this, various actions are outlined below to deliver on the above objectives and to address our challenges as a workforce.



## 5. Strategy

### 1. Attract a high-performing and diverse workforce

To attract a high-performing and diverse workforce, MidCoast Council needs to draw our workforce from all areas of our society and all walks of life. To achieve this, Council is focussed on:

- Advertising through a variety of channels (both traditional and non-traditional) to reach a broad market.
- Finding the right “tone” and manner of advertisement to appeal to all sectors of our society and promote Council as a welcoming and inclusive employer.
- Continuing to build upon the success of our Employment Based Training Strategy, which has seen Council take on a raft of apprentices, trainees and graduates, many of whom have now found permanent work placement at Council.

We also constantly review our recruitment and selection process to ensure they user-friendly, transparent and fair, such that applying for roles Council is not “daunting”. We want even those who are unsuccessful for roles at Council to have a positive experience, feel encouraged to apply again should future opportunities arise, and to sell Council as a good employer to their networks.

To enhance our ability to attract a high-performing and diverse workforce, Council has three key objectives over the period of the Delivery Program. These are matched by actions to achieve them.

Objectives: <i>what we wish to achieve</i>	Actions: <i>How we get there</i>
1.1 Be a welcoming employer for Aboriginal and Torres Strait Islander peoples	1.1.1 Develop an Aboriginal Employment Strategy that develops methods to attract more Aboriginal candidates to apply for roles at Council.
	1.1.2 Leverage off existing and emerging relationships with the local Aboriginal community to promote Council as a welcoming employer for Aboriginal people, particularly as Council's broader <i>Aboriginal Action Plan</i> is developed.
	1.1.3 Continue Aboriginal awareness training amongst our workforce on a regular basis.
1.2 Support women in the workforce and increase opportunities for women in leadership	<p>1.2.1 Better parental leave experiences by the provision of:</p> <ul style="list-style-type: none"><li>• A roadmap for staff and managers to guide the process for embarking on and returning from parental leave.</li><li>• Conversational guides for managing this process and associated issues on an individual basis.</li><li>• Review gender normative assumptions related to the taking of parental leave.</li></ul>

	1.2.2 Create a permanent <i>Expression of Interest</i> link for women looking to return to the workforce.
	1.2.3 Management and staff attendance at workshops on: <ul style="list-style-type: none"> <li>• Creating inclusive cultures</li> <li>• Employee value proposition</li> <li>• Job crafting</li> <li>• Manager to coach</li> </ul>
	1.2.4 Use data to track salary information and promotion rates.
	1.2.5 Establish a mentoring program aimed at progressing the careers of high-potential or part-time female talent.
	1.2.6 Participate in the Australian Local Government Women's Association.
1.3 Be a welcoming and flexible employer for those with a disability	1.3.1 Provide feedback and input into the development of MidCoast Council's Disability Inclusion Action Plan.
	1.3.2 Make clear in all our job advertising that Council welcomes applicants with a disability and is committed to making reasonable adjustments for employees and candidates with a disability.
	1.3.3 Where possible, use examples of Council's employment of people with a disability in our advertising channels.
	1.3.4 Undertake an external review of our recruitment practices and take on recommendations to ensure our recruitment processes are disability friendly.

## 2. Inspire, Empower and Develop our People

Council seeks to have a workforce that understands and is inspired by our vision "*Better Every Day*". To fulfil this vision, we require a workforce that feels empowered and is supported in their development.

This requires leadership that has set a clear direction for our organisation through the Integrated Planning and Reporting process, managers who feel enabled to empower their workforce to reach their potential, and rewards for good performance and the right behaviours.

Alongside this, we have invested strongly in training and development for our workforce, both on a role-based and organisational level. Over recent years the provision of training to our workforce has increased substantially. In addition, we have also provided financial and other assistance to other employees to undertake tertiary studies that complement their role and career at Council.

To enhance our ability to inspire, empower and develop our people, the following objectives and actions will be put in place.

<b>Objectives:</b> <i>what we wish to achieve</i>	<b>Actions:</b> <i>How we get there</i>
2.1 Reward and recognise good performance and behaviours in the workplace	2.1.1 Reform our performance and development system to align with our organisational vision – “Better Every Day”.
	2.1.2 Introduce a staff reward and recognition program to provide for reward at a local level in the organisation.
2.2 Develop our future leaders	2.2.1 Continuation of Council’s LEAD program to provide Certificate IV training in leadership to coordinators and other relevant staff.
	2.2.2 Develop a Manager Development Program to address key skills gaps.
	2.2.3 Establishing a mentoring program aimed at progressing the careers of high-potential or part-time female talent.
2.3 Ensure our people are constantly improving on how they deliver	2.3.1 Continue provision of role specific training in collaboration with managers.
	2.3.2 Increase usage of online training booking process.
2.3 Delivery of corporate-wide training in key areas to ensure the workforce understands key responsibilities of working at Council and can adequately utilise Council platforms.	2.4.1 Regular review of Council’s Corporate Training Plan.
	2.4.2 Increase provision of flexible online training platforms to our employees.

### 3. Nurture an Inclusive, Safe and Healthy Working Environment

MidCoast Council aims to have a workforce that understands the importance of diversity and inclusion and takes meaningful steps towards becoming an inclusive workplace. We want to provide our people with choices to work in the way that best lets them deliver on their outcomes.

This includes stamping out bullying, harassment and discrimination, living our value of wellbeing by taking steps to achieve a mentally healthy workplace, and to treat the health and safety of our staff as our highest priority.

The following objectives and actions aim to deliver on this:

<b>Objectives:</b> <i>what we wish to achieve</i>	<b>Actions:</b> <i>How we get there</i>
3.1 Nurture an inclusive workplace.	3.1.1 Implementation of our EEO Management Plan.
	3.1.2 Management and staff attendance at workshops on creating inclusive cultures.
	3.1.3 Promote the awareness and use of Council’s Flexible Working Framework.

3.2 Eliminate bullying from our workplace.	3.2.1 Implementation of an anti-bullying policy.
3.3 Deliver a healthy working environment.	3.3.1 Complete implementation of action items put forward by MidCoast Council's Audit, Risk and Improvement Committee.
	3.3.2 Increase safety audits undertaken by members of the Work, Health and Safety Committee.
	3.3.3 Deliver on an action plan in response to the findings of the <i>Mentally Healthy Workplaces</i> study.

#### 4. Develop a deep understanding of the future workforce needs of our business and the challenges we will face

To deliver an effective future workforce, Council needs to ensure alignment between our long-term strategy, organisation priorities and people resources. To do so we will use information resulting from the systematic analysis of data or statistics to drive decision-making and manage our workforce more effectively. We also need to look forward and manage the impact of technological change on our people.

Other ways that we can secure our future workforce needs include clear succession planning, the continued delivery of our Enterprise Based Training Strategy, and thorough engagement with staff on matters that affect their employment.

Objectives: <i>what we wish to achieve</i>	Actions: <i>How we get there</i>
4.1 Understand our future workforce needs	4.1.1 Work with organisational leaders to understand trends and directions in their area of service responsibility and how this will affect the workforce moving forward.
4.2 Undertake succession planning in critical areas	4.2.1 Develop selection succession plans by: <ul style="list-style-type: none"> <li>Identifying critical roles in the organisation</li> <li>Develop plans to identify and nurture internal talent</li> <li>Provide development tools to identified talent</li> </ul>
4.3 Develop skills internally	4.3.1 Continue to deliver Council's Employment Based Training Strategy aimed at developing apprentices, trainees and graduates.
	4.3.2 Create linkages between the Council's Employment Based Training Strategy and recruitment opportunities for permanent roles.
4.4 Develop a culture of engagement with staff	4.4.1 Use our workforce to provide insight into areas of increasing and decreasing demands for services.
	4.4.2 Consult with staff on all changes affecting their employment with Council.

## 6. Measuring Success

The following measures will be used to monitor Council's progress and to later set benchmarking.

- Feedback on recruitment experience from hiring managers, candidates and recruits
- Diversity in our workforce:
  - % of workforce identifying as Aboriginal and Torres Strait Islander
  - % of workforce identifying as having a disability
  - % of management position occupied by females
- Average time to fill vacancies in days (*from receipt of approved recruitment action to signing of Letter of Offer*)
- New starter retention > 1yr
- Unplanned absence days per FTE
- Lost time injuries (#)
- Lost time injury days (#)
- Excess annual leave (days) per FTE
- Excess long service leave (days) per FTE
- Apprentices, Trainees and Graduates that move into permanent roles (%)





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**INFORMATION &  
COMMUNICATIONS  
TECHNOLOGY  
STRATEGY**  
**2022-2027**

## 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.

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## Glossary of Terms

Term	Definition
Smart City	Uses ICT (Information, Communications and Technology) to improve operational efficiency, share information with the public and provide a better quality of government service
MCC	MidCoast Council
eService	the use of electronic technology by an organisation to provide services to its customers
TechnologyOne	Councils Enterprise Resource Planning (ERP) System.
IDAM (Identity Access Management)	A framework of policies and technologies to ensure that the right users have the appropriate access to technology resources.
IM (Information Management)	The process of collecting, storing, managing, and maintaining information in all its forms.
ICT (Information & Communications Technology)	Incorporates electronic technologies and techniques used to manage information and knowledge, including information-handling tools used to produce, store, process, distribute and exchange information.
Enterprise Mobility	An approach to work in which employees can do their jobs from anywhere using a variety of devices and applications.
Enterprise Resource Planning (ERP)	Type of software that organisations use to manage day-to-day business activities such as accounting, procurement, project management, risk management and compliance, and supply chain operations.

# Executive Summary

## Purpose

This document provides an overview of the ICT Strategy for MidCoast Council for the period 2022 to 2025.

## Challenge

The challenges in ICT go beyond the confines of technology, and touch on business processes, governance, communication, and collaboration.

MidCoast Council has inherited a vast array of software applications through the merger of the four former entities. Most of these applications are legacy and neither integrated nor utilised fully, resulting in additional work to duplicate data and the implementation of manual workarounds such as spreadsheets. The significant technical debt has hampered MCC's ability to keep pace with more contemporary systems being provisioned under TechnologyOne program.

MidCoast Council's vision centres around becoming a 'Future-Ready' council in order to better meet community and organisational needs. To enable this, a renewed focus and investment in ICT is required.

To achieve this ICT will focus on for strategic themes.

- Community Connectivity
- A Data-Driven Organisation
- A leading ICT Capability
- Agility & Responsiveness

Each strategic theme has a set of specific objectives and a delivery program to meet initiative.

# Strategic Theme 1: Community Connectivity

## Overview

MidCoast Council's ICT will provide a strong foundation to enable a transformation approach that better connects the community.

## Objectives

### 1.1 Develop Customer Experience Strategy

Provide a consolidated view of how customers expect to interact with Council through multiple touch points and channels, outlining the best way to expose MCC's services for customers to consume.

### 1.2 Review and Optimise eService Forms

To determine the current ability of eService forms to support service delivery across MCC, informing future state eService forms and their incorporation into other MCC systems.

### 1.3 Conduct Solutions Option Analysis on Customer Experience Platform

To establish a source of truth, maintain an accurate and consistent customer data across all channels and systems, and enable efficient and meaningful customer interactions.

### 1.4 Define Smart City Approach

To outline technologies and emerging innovations that MCC can effectively leverage to seize Smart City opportunities and transform how services are delivered.

## Program Delivery

Program Item	Resources	Timeline
Customer Experience Strategy	ICT, Customer Experience	FY 2023/24
eService Forms	ICT, Engagement, Communications & Education	FY 2024/25
Customer Experience Platform	All Departments	FY 2024/25
Smart Cities Approach	ICT, I&E	FY 2027/28
Implement Smart Cities	All Departments	FY 2027/28 - Ongoing

# Strategic Theme 2: A Data-Driven Organisation

## Overview

ICT will enable Council to build a high-performing service-oriented delivery with the ability to better harness data and insights.

## Objective

### **2.1 Stabilise TechnologyOne and Implement Remaining TechnologyOne Modules**

To increase the utilisation and adoption of TechOne across MidCoast Council, by stabilising TechOne modules that have gone live and implementing other prioritised modules to meet Council's needs.

### **2.2 Design and implement data management platform**

This initiative focuses on designing, implementing, testing and deploying a data management platform to manage a range of digital information, consistently across Council, reducing manual handling and ensuring ongoing authenticity of records.

### **2.3 Performance Reporting framework and key metrics**

The objective is to define and standardise a performance reporting framework, by standardising tools, report generation process, and seeking automation opportunities where relevant.

### **2.4 Implement data visualisation tool**

To improve data visualisation and data analysis capabilities, which will support strategic planning and operations.

### **2.5 Implement integration layer**

To improve systems integration through the integration layer, which will enable automated sharing of data across business applications, thus reducing the need for manual data re-entry.

### **2.6 Remove dependency on data storage drives**

To assess the data storage of MCC, which will enable centralised data and provide greater business insights.

### **2.7 Establish data definitions, information classification, and standard rules & policies**

To create contemporary and standardised procedures for information lifecycle and privacy management, which will support the organisation to achieve operational efficiency and effectiveness.



## 2.8 Establish strategic direction and procedures for information control and monitoring

To improve the control and monitoring of information across the organisation, which will be an enabler for data storage and accessing sensitive information.

### Program Delivery

Program Item	Resources	Timeline
Stabilise TechnologyOne & Remaining Modules	All Departments	FY 2022/23 – FY 2025/26
Data management Platform	Information, Communications and Technology (ICT), Governance	FY 2024/25 – FY 2025/26
Performance Reporting framework & key metrics	ICT	FY 2025/26
Data visualisation tool	ICT	FY 2024/26
Integration layer	ICT	FY 2022/23 – FY 2023/24
Data Storage Drives	ICT	FY 2025/26
Data definitions, rules and procedures	ICT, Governance	FY 2025/26
Information control and monitoring	ICT, Governance	FY 2025/26

## Strategic Theme 3: A Leading ICT Capability

### Overview

ICT will become a highly respected business partner, with a leading ICT capability that will drive governance, collaboration and efficiency.

### Objective

#### **3.1 Conduct Cyber Security Assessment and implement key recommendations (Currently Underway)**

To assess options to proactively reduce the risk of breach, safeguard against threat to Intellectual Property loss and protect MidCoast Council staff and the community from cyber security threats.

#### **3.2 Implement an Identity and access management (IDAM) solution**

To acquire and implement an Identity and Access Management (IDAM) solution to support single sign-on and safeguard digital identity of MCC staff.

#### **3.3 Review IT procurement processes and governance controls**

To enable IT to collaborate with Procurement to better align procurement policies and procedures with contemporary technology and service offering.

#### **3.4 Standardise collaboration, learning and knowledge sharing tools**

To enable integrated communication and knowledge sharing services such as collaboration tools, telephony, video conferencing, to encourage effective collaboration between staff members.

#### **3.5 Define information and data governance structure**

To ensure that the development, implementation and communication of IM related initiatives are aligned to the needs of MCC and the community it serves.

#### **3.6 Security and privacy by design**

To proactively embed security and data privacy into ICT systems, reducing the risk of breach and safeguarding against threat.

## Program Delivery

Program Item	Resources	Timeline
Cyber Security	All Departments	FY 2021/22 - Ongoing
Implement IDAM	ICT	FY 2025/26
IT Procurement and governance	ICT, Procurement	FY 2025/26
Collaboration and knowledge tools	ICT, Engagement, Communications & Education	FY 2025/26
Data governance	ICT, Governance	FY20 25/26
Security & privacy by design	ICT	FY 2024/25

## Strategic Theme 4: Agility & Responsiveness

### Overview

ICT will enable an evolving and adaptive Council through innovation, agility and responsiveness to technology trends.

### Objective

#### **4.1 Analysis for Specialised Solutions not covered by TechnologyOne**

To assess the integrated solutions' capabilities, ensuring that a fit-for-purpose specialised solutions exist to effectively support TechnologyOne and customer interactions for identified gaps.

#### **4.2 Implement Specialised Solutions**

To uplift the system capabilities to support modern workforce requirements and enable business process optimisation.

#### **4.3 Improve network connectivity (Currently Underway)**

To improve the network performance, reliability, and the total cost of ownership across all sites, ensuring network security while building the scalability and agility to enable future needs.

#### **4.4 Implement enterprise mobility**

To support modern ways of working where staff can access systems, information and resources remotely or in and around the office.

#### **4.5 Develop change management approach and skills uplift plan**

To provide continuous ICT related training for staff to improve BAU, promote a high-performance culture and ensure they have adequate knowledge and skills to adopt modern technology to support their work activities.

#### **4.6 Deliver training, establish communities of practice, and mentor change champions**

This initiative aims to leverage the learning management solution for the administration, documentation, tracking, reporting, automation and delivery of training courses and certifications.

#### **4.7 Update business process mapping for each business function**

To understand business activities supported by IT and drill down on manual processes that provide opportunities to automate.

## Program Delivery

Program Item	Resources	Timeline
<b>Program Item</b>	<b>Resources</b>	<b>Timeline</b>
Analysis for Specialised Solutions	ICT	FY 2025/26
Implement Specialised Solutions	ICT	FY 2026/27
Improve Network Connectivity	ICT	FY 2021/22 -FY 2022/23
Implement Enterprise Mobility	ICT	FY 2025/26
Develop Change Management Approach	ICT, Corporate Performance & Development	FY 2022/23
Implement Change Management	ICT, Corporate Performance & Development	FY 2023/24 - Ongoing
Deliver Training	HR	Ongoing
Update Business Process Maps	ICT	FY 2025/26



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**2022-2032**

## Acknowledgement of Country

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and to all future cultural-knowledge holders.

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# 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 Billion<sup>1</sup> 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 first Asset Management Strategy (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:

***“We strive to be recognised as a place of unique environmental and cultural significance. Our strong community connection, coupled with our innovative development and growing economy, builds the quality of life we value”***

## 1.1 Purpose of the Strategy

This 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 Strategy also includes an Asset Management Improvement Plan, which details a program of tasks and nominated resources as part of our commitment to reach a core level of asset management practice across the organisation by 2023. It includes outcomes from Council’s service delivery practices, financial sustainability indicators, asset management maturity and the objectives and strategies identified in the Community Strategic Plan. The Asset Management Strategy enables Council to show the link between the Community Strategic Plan and the day-to-day management of our assets by providing;

- a basis for the management of building, recreation, roads & transport, stormwater drainage, water & sewer assets;
- identify 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, and
- identify actions to achieve the objectives of the Improvement Plan.

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<sup>1</sup> MidCoast Council – Report on Infrastructure Assets as at 30 June 2021 Gross Replacement Cost

## 1.2 MidCoast Council's Asset Management Policy

This Strategy has been prepared to support the implementation of our Asset Management Policy which was adopted on 24 March 2021 (refer to Appendix A). The purpose of the Asset Management Policy is:

***“to demonstrate MidCoast Council's commitment to the responsible management of its assets. The policy sets out principles, requirements and responsibilities for implementing consistent asset management processes throughout Council. It also ensures that Council, as the custodian of public infrastructure, has mechanisms in place to deliver infrastructure services in the most effective manner”***

This 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 Strategy will be supplemented by detailed Asset Management Plans for our infrastructure asset portfolios (building, recreation, transport, stormwater, water & sewer).

## 1.3 Objectives

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

## 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 Finance, Risk Management and IT Systems. 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.”***

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, and as noted those groups are also represented on the AMWG.

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

The Office of Local Government first introduced IP&R in 2009 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.

In 2016, key changes to the *Local Government Act 1993*, reinforced 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 another, 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 a council, with a ten-year plus timeframe. All other plans must support achievement of the Community Strategic Plan objectives.
- Resourcing Strategy - shows how council will resource its strategic priorities, identified through IP&R. The Resourcing Strategy includes 3 inter-related elements:
  - Long-Term Financial Planning
  - Workforce Management Planning
  - Asset Management Planning.
- Delivery Program – is council's commitment to the community about what it will deliver during its term in office to achieve the Community Strategic Plan objectives.
- Operational Plan - shows the individual projects and activities a council will undertake in a specific year. It includes the council's annual budget and Statement of Revenue Policy.
- Annual Report – advises the community on the work undertaken by a council in a given year to deliver on the commitments of the Delivery Program via that year's Operational Plan. Councils also report on their financial and asset performance against the annual budget

The Asset Management Strategy is a component strategy of the Resourcing Strategy and has been developed over a 10-year period. Council is required to account for and plan for all the existing assets under its control, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program. The 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.

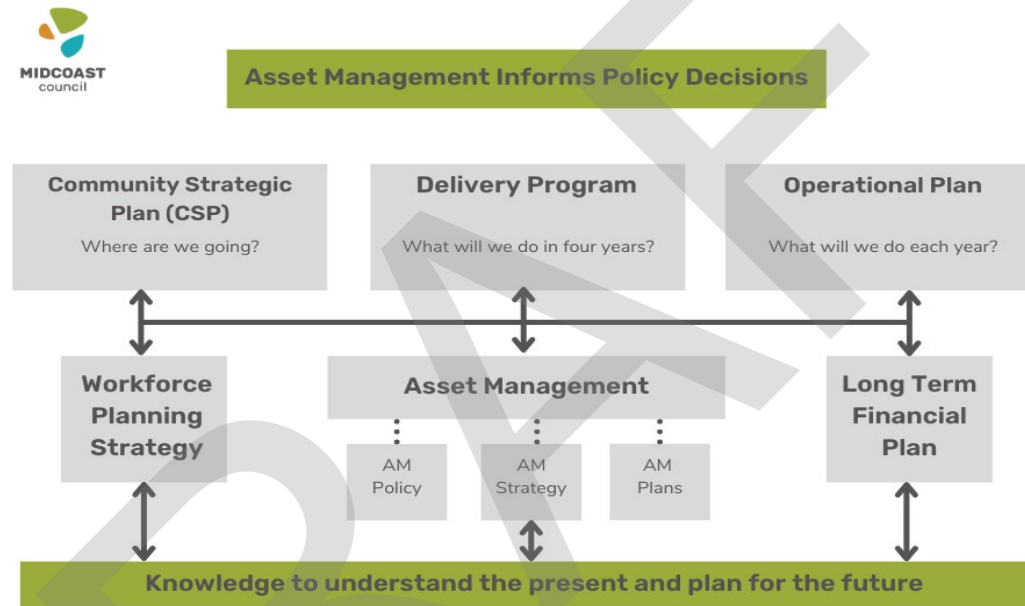


Figure 1 :The Integrated Planning and Reporting framework



## 2.1 MidCoast Council's Asset Management Framework

Asset management requires a “Whole of Council” approach and applies to all assets we manage for delivering sustainable services to the community. The Asset Management Framework enables alignment of asset planning and management practices with service delivery priorities and strategies, within the limits of the resources available. The framework provides linkages between the various strategic and policy documents required for IP & R. The asset management framework incorporates strategic and policy documents for the provision of effective community infrastructure.



- **Asset Management Policy:** A high level statement of an organisation's principles and approach to asset management.
- **Asset Management Strategy:** A high level document developed to support the 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 Strategy includes an overarching Asset Management Plan incorporating the asset portfolios with levels of service, demand forecasts and financial forecasts.
- **Asset Management Plan:** Individual Asset Management Plans for each of the asset classes developed to outline operations, maintenance levels, renewals, disposals, and financial forecasts (usually 10-20 years) that 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 will develop infrastructure Asset Management Plans (AMP) for each asset class. The key elements of each AMP will be:

- 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 will be prepared in accordance with the relevant industry standards and guidance from the Community Strategic Plan (CSP), Council's vision, goals and objectives. Each AMP will include provision for capital and operational works and the principles used to prioritise works on assets. They will provide a long-term planning framework, including expenditure forecasts, which will assist Council in making informed decisions on the CSP, maintenance programs and capital projects. The AMPs will 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 will 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)<sup>2</sup> 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 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 climate<sup>3</sup>. 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 categories<sup>4</sup>:

- 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.

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<sup>2</sup>IPCC Sixth Assessment Report Climate Change 2022: Impacts, Adaptations and Vulnerability

<sup>3</sup> 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.

<sup>4</sup> 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, Long Term Financial Plan and Workforce Management 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

## 4. Current Status of Asset Management

MidCoast Council's asset management journey as a unified organisation has commenced. At the time this Strategy was prepared, we had a single consolidated asset register within our corporate asset management system. The information in this 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 adoption of the Asset Management Policy on 24 March 2021 was the first step in consolidating the practices and processes from the former councils. Although this will take some time, the Asset Management Policy provides guiding principles for all asset management decisions. Chief among these are;

- The alignment to ISO 55000 Asset Management standards which provides common, authoritative and understandable terminology, concepts and principles for managing Council's infrastructure assets.
- Resources from the Institute of Public Works Engineers Australia (IPWEA) who provide manuals, training, templates and user forums. Noting that the IPWEA is the peak association for the professionals who deliver public works and engineering services to communities in Australia and New Zealand.

As an organisation we have prioritised the need for asset management improvement and have begun our journey to asset management maturity. A recent review of Council's current asset management awareness identified a basic level of asset management maturity. Council staff have completed individual improvement programs for each asset class to reach a core level of asset management maturity by 2023. The intent of this plan 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 decision.
4. Begin a shift from a reactive to informed and accountable decision culture.
5. Improve overall business sustainability.

In addition, each service area will develop technical asset management plans to support the delivery of the adopted programs of work and continue developing the asset management processes by consolidating and improving corporate systems and processes. Several improvements have already been made including:

- The establishment of a cross organisational Asset Management Working Group (AMWG) which includes participation from senior staff and key internal stakeholders. The participation of each Director provides stewardship critical to the success of the AMWG. The AMWG has developed a Council endorsed Asset Improvement Program that considers strategy, policy, financial, operational, systems, risk and audit objectives.
- The adoption of an organisational wide Asset Management Policy and preparation of an Asset Management Strategy, both now



- referencing Water & Sewer infrastructure. The adoption of the Strategy will underpin the development of future Asset Management Plans.
- 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.
  - 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.

#### 4.1 Asset Financial Modelling and Assumptions

The financial information contained in the 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 2020/2021. 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.



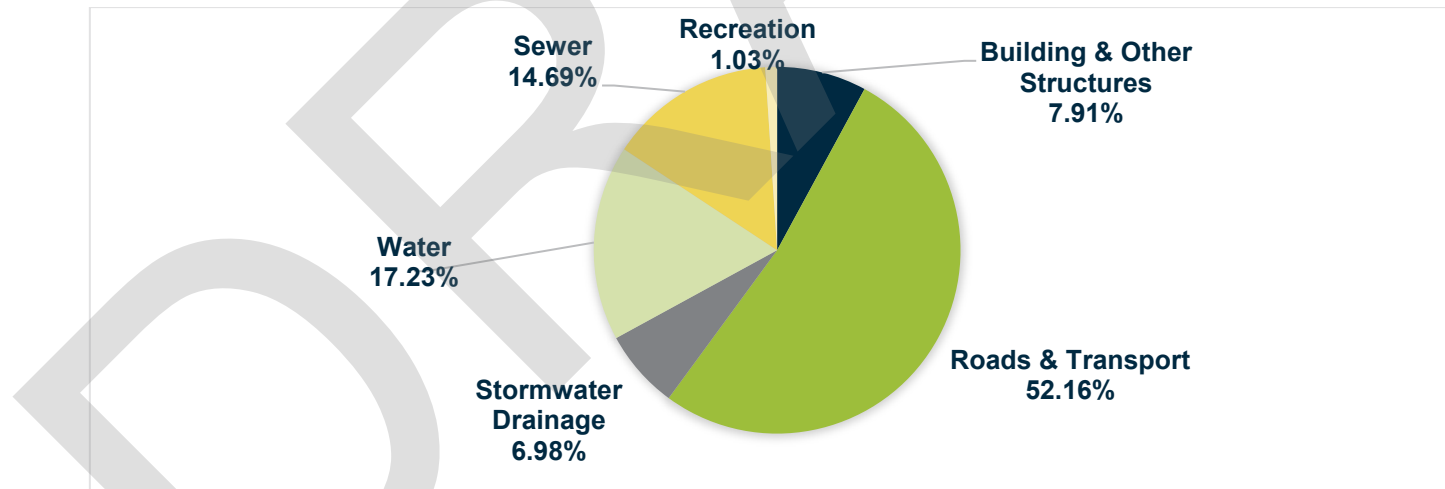
## 4.2 Assets

### 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 2020/21 the value and replacement cost of infrastructure assets were reported as follows<sup>5</sup>:

Asset Class	Gross Replacement Cost \$'000	Net Carrying Amount \$'000	Maintenance	Renewal	Backlog
Buildings (including other structures)	\$400,701	\$229,329	15.96%	88.16%	10.43%
Recreation (including open space assets)	\$52,296	\$26,812	229.10%	61.57%	10.18%
Road & Transport	\$2,641,833	\$1,849,492	99.47%	127.38%	3.72%
Stormwater Drainage	\$353,456	\$187,307	28.28%	233.13%	2.35%
Water	\$872,954	\$502,643	82.47%	57.54%	3.68%
Sewer	\$743,889	\$491,077	85.62%	107.77%	3.62%

The value of Council's \$5 Billion infrastructure portfolio is made up as follows;



<sup>5</sup> MidCoast Council Annual Report 2020/21 – Financial Statements - Report on Infrastructure Assets.

## 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 is against the total 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 is 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. The table below 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.

Renewal \$'000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Buildings	3,510	1,000	350	350	350	400	350	350	350	350
Recreation	2,373	1,626	\$399	316	477	488	289	400	411	441
Transport	58,962	58,533	38,342	37,685	26,130	26,456	26,788	27,086	27,164	27,437
Stormwater Drainage	2,601	2,375	1,988	1,960	1,474	1,488	1,502	1,505	1,790	1,802
Water	7,870	4,578	7,358	7,578	5,150	5,738	5,688	5,688	5,888	6,038
Sewer	11,353	10,488	3,975	3,975	3,975	4,025	3,975	3,975	3,975	5,475
<b>Total Renewal</b>	<b>86,668.26</b>	<b>78,598.20</b>	<b>\$52,411.40</b>	<b>\$51,864.53</b>	<b>\$37,555.93</b>	<b>\$38,594.01</b>	<b>\$38,591.41</b>	<b>\$39,003.23</b>	<b>39,577.48</b>	<b>41,541.92</b>

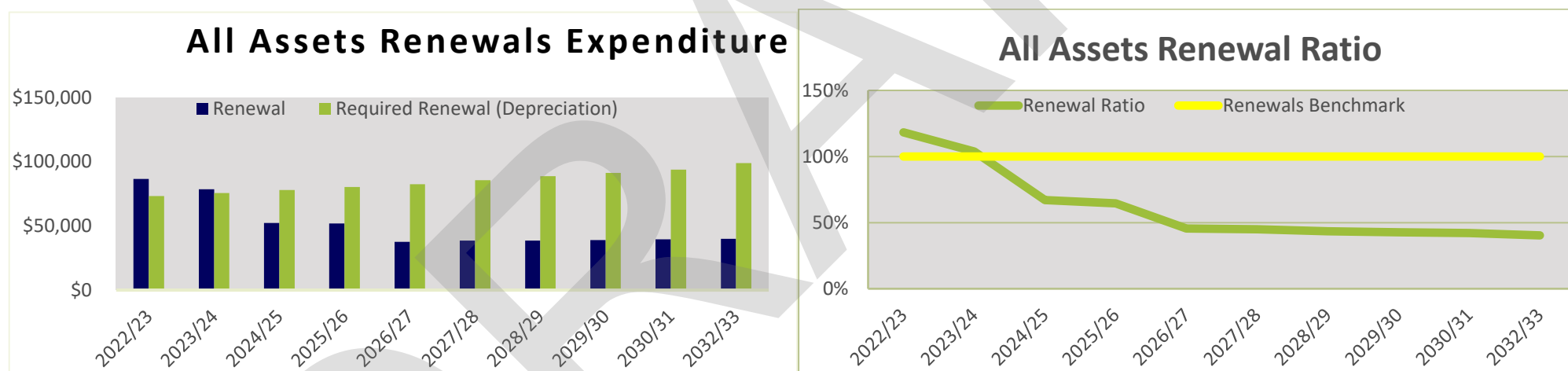
## 5.2 Grant Funded Renewals

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 assists in the strategic planning for optimising asset replacement. Council can forecast its grant funded renewals programs for a 3 year period with a high level of confidence. However, due to the uncertainty of grant funding, allocation forecasting beyond 3 years represents a lower level of confidence.

As evidenced in the chart below, renewal expenditure significantly decreases in 2024/25, which represents known grant funding availability. With the annual review of this Strategy, future grant funding allocations will be incorporated to align capital renewals into Council's 10 year renewal program.

## 5.3 Infrastructure Backlog

The following charts 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 Strategy.



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 2 - Good.

Assets in each condition rating as % of gross replacement costs MidCoast Council Annual Financial Statements 2020/2021 – Report on Infrastructure Assets					
	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
Buildings	22.7%	22.5%	32.0%	20.2%	2.6%
Recreation	24.1%	20.4%	23.5%	20.3%	11.7%
Roads & Transport	47.7%	28.2%	16.3%	5.8%	2.1%
Stormwater Drainage	18.1%	45.8%	31.0%	4.7%	0.4%
Water	7.5%	37.3%	31.2%	13.3%	10.7%
Sewer	37.2%	9.3%	39.5%	13.8%	0.2%
Total all assets	<b>34.9%</b>	<b>27.7%</b>	<b>24.6%</b>	<b>9.5%</b>	<b>3.3%</b>

## 5.4 Cost to Satisfactory (CTS)

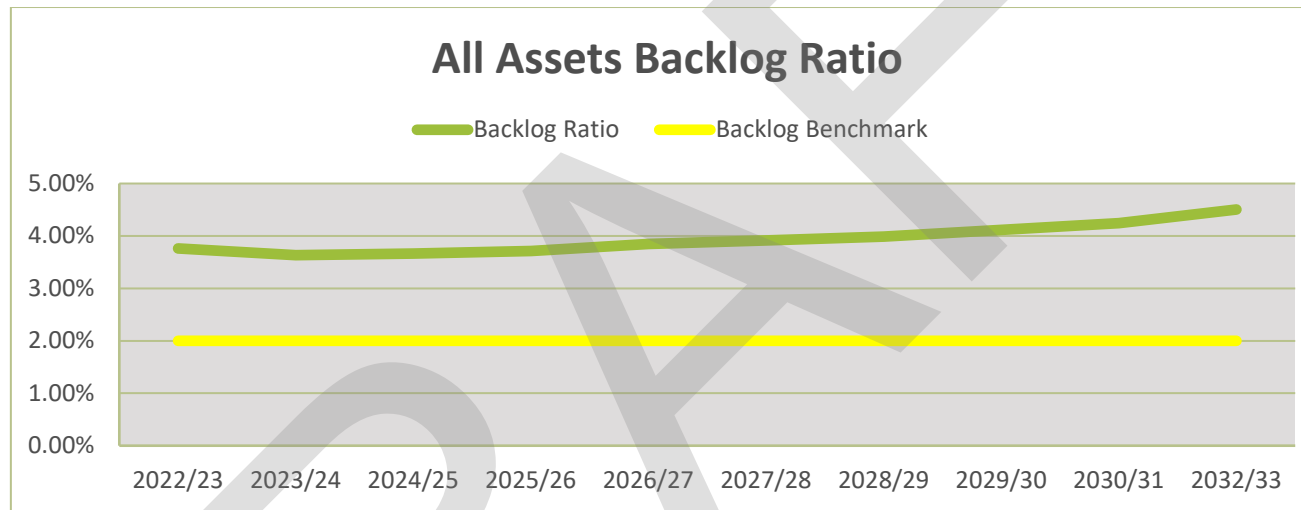
Council's infrastructure backlog represented the cost to bring assets in a poor and failed condition up to a new standard being determined to be satisfactory by the Council. MidCoast Council has defined its condition rating for satisfactory as Condition 2 - Good. The reported CTS is based on the Net Carrying Amount of the asset class and the percentage of those assets in various conditions<sup>6</sup>.

Infrastructure Backlog - Cost to Bring to Satisfactory \$000	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Buildings	22,956	24,492	25,655	27,302	29,111	30,966	32,869	34,813	36,815	38,869	40,977	43,138
Recreation	3,683	2,813	2,761	2,850	3,163	3,500	3,819	4,146	4,519	,883	5,256	5,635
Transport Assets	68,791	64,711	60,131	55,777	55,113	54,721	56,509	58,404	60,408	\$62,531	64,816	67,234
Stormwater	4,411	4,411	4,616	4,878	5,225	5,595	6,069	6,559	7,067	7,593	8,091	8,608
Water	18,480	18,863	19,892	21,580	22,899	24,265	26,139	28,161	30,450	32,844	35,290	37,801
Sewer	17,779	18,161	18,054	18,227	19,605	21,053	22,558	24,112	25,735	27,431	29,222	30,849
<b>Total</b>	<b>136,100</b>	<b>133,451</b>	<b>131,109</b>	<b>130,613</b>	<b>135,116</b>	<b>140,100</b>	<b>147,964</b>	<b>156,195</b>	<b>164,993</b>	<b>174,151</b>	<b>183,651</b>	<b>193,265</b>

## 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. In 2020/21 Council reported a total cost of \$136.1 million to bring all infrastructure assets to a satisfactory standard being Condition 2 (CTA). Until such time as Council adopts community endorsed levels of service the CTA is based on the CTS.

The following chart demonstrates the projected backlog ratio based on the projected renewal funding over the 10 years of the Strategy. As evident below, the backlog continues to be above the benchmark of <2% due to the gap in funding for the renewal of existing assets.



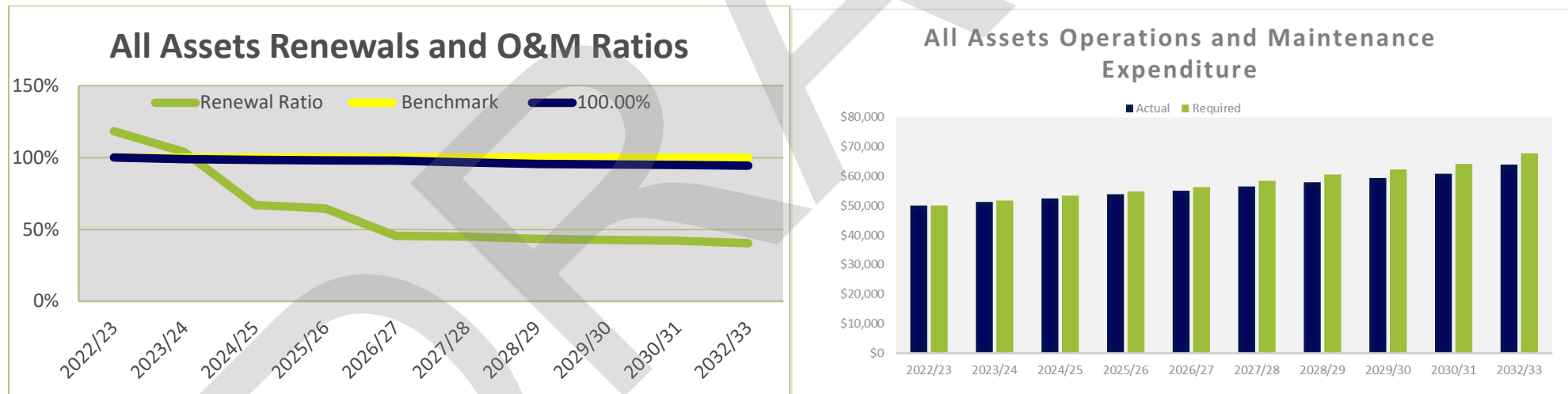
## 5.6 Maintenance expenditure

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, include 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 requires 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 and 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.

The following charts 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 Strategy.



## 5.7 Funding Required to Meet Benchmark Ratios

The table below shows amount of funding allocated (Actual) 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. In order to respond to the funding gap during the term of the 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.

All Assets	\$000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Actual	Renewal	86,668	78,598	52,411	51,865	37,556	38,594	38,591	39,003	39,577	41,542
	New and Expanded Assets	52,999	50,185	31,244	18,451	10,042	74,968	75,812	18,368	18,952	20,462
	O&M	49,917	51,165	52,444	53,755	55,099	56,477	57,888	59,336	60,819	62,340
	Total Expenditure	<b>189,584</b>	<b>179,948</b>	<b>136,099</b>	<b>124,071</b>	<b>102,697</b>	<b>170,039</b>	<b>172,292</b>	<b>116,707</b>	<b>119,348</b>	<b>124,343</b>
Required	Required Renewal (Depreciation)	73,281	75,767	78,141	80,344	82,491	85,632	88,864	\$91,335	93,863	\$ 96,476
	New and Expanded Assets	52,999	50,185	31,244	18,451	10,042	74,968	75,812	18,368	18,952	20,462
	Required O&M	49,915	51,719	53,320	54,839	56,302	58,433	60,625	62,325	64,087	65,909
	Total	<b>176,195</b>	<b>177,671</b>	<b>162,705</b>	<b>153,634</b>	<b>148,836</b>	<b>219,034</b>	<b>225,302</b>	<b>172,028</b>	<b>176,902</b>	<b>182,847</b>
	<b>Overall (GAP)</b>	13,389	2,277	(26,606)	(29,563)	(46,139)	(48,995)	(53,010)	(55,321)	(57,554)	(58,504)
	<b>Maintenance Gap</b>	2	(554)	(876)	(1,084)	(1,203)	(1,957)	(2,737)	(2,989)	(3,268)	(3,569)
	<b>Renewals Gap</b>	13,387	2,831	(25,730)	(28,480)	(44,935)	(47,038)	(50,273)	(52,332)	(54,286)	(54,934)

## 6. Risk Management

MidCoast 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 Asset Management 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 Asset Management 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 Management 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, that 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. With the revision of the current suite of asset management plans, further identification of critical assets and the required maintenance strategies will be developed.

## 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 guides 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 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 they meet community expectations

In 2020, 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. The chart below identifies the ranking of the Service Delivery & Asset Management group.

## Service Area 1: Service Delivery & Asset Management

Hierarchy of Services/Facilities – Importance

Service/Facility (Ranked high – low)	Importance T2B	LGA Benchmark T2B
Emergency management	92%	92%
Water quality	92%	87%
Public safety	91%	90%
Recycling/waste management/landfills	91%	90%
Water service	91%	87%
Stormwater drainage	88%	81%
Sewerage services	85%	80%
Tourism facilities and services	81%	76%
Public amenities	79%	82%
Street lighting	75%	82%
Parks and playgrounds	74%	83%
Library services	72%	70%
Community buildings/halls	69%	67%
Ovals and sportsgrounds	68%	76%
Cemeteries	68%	74%
Swimming pools	68%	70%
Festival and events programs	67%	70%
Street trees	64%	57%
Cultural opportunities and services	62%	58%
Heritage sites protected and maintained	60%	72%

## Service Area 1: Service Delivery & Asset Management

Hierarchy of Services/Facilities – Satisfaction

Service/Facility (Ranked high – low)	Satisfaction T3B	LGA Benchmark T3B
Library services	97%	95%
Sewerage services	92%	91%
Cultural opportunities and services	89%	91%
Water quality	89%	87%
Community buildings/halls	89%	88%
Emergency management	88%	90%
Ovals and sportsgrounds	87%	90%
Street lighting	87%	85%
Swimming pools	87%	85%
Parks and playgrounds	87%	84%
Tourism facilities and services	87%	84%
Recycling/waste management/landfills	86%	89%
Heritage sites protected and maintained	86%	85%
Festival and events programs	85%	88%
Public safety	85%	82%
Cemeteries	82%	90%
Street trees	81%	81%
Water service	80%	87%
Public amenities	75%	70%
Stormwater drainage	74%	78%

Within the 'Service Delivery & Asset Management' service area, in terms of importance, 'emergency management' and 'water quality' is rated the most important, whilst the 'heritage sites protected and maintained' is the service of least relative importance.

In terms of satisfaction, residents are most satisfied with 'library services' and least satisfied with 'stormwater drainage' within the 'Service Delivery & Asset Management' service area.

## 8. Link to the Community Strategic Plan (CSP)

This Strategy is prepared to provide a road map to sustainable asset management and to ensure assets are capable of delivering 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 our **Community Strategic Plan A Shared Vision**.

**Strategic Plan Objectives:** These are the community's long-term priorities that define what the community's long-term vision will look like once it is achieved.

**Strategies:** The approach by which the strategic objectives of the Community Strategic Plan will be met.

**Asset Class Integration:** MidCoast Council has a responsibility to pursue their community's vision, community outcomes and strategic objectives, provide civic leadership and deliver 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 AMS and those assets required to support the CSP's strategies is demonstrated below;

Community Strategic Plan Objectives	Strategies	Asset Class Integration
1.2 We have access to a wide range of services and activities that contribute to the wellbeing of all members of our community	1.2.1 Provide accessible and safe, local community spaces and facilities	Buildings Recreation Stormwater Roads & Transport Water & Sewer
	1.2.4 Provide learning hubs to support learning opportunities	Buildings Recreation
1.3 We work towards being a sustainable, resilient and socially connected community	1.3.1 Encourage and support volunteering to enable community participation opportunities	Buildings Recreation
	1.3.3 Strengthen social connectedness through programs and partnerships with community groups, government agencies and other service providers	Building Recreation Stormwater Roads & Transport Water & Sewer
	1.3.4 Support individuals, families and communities to prepare, respond and recover from natural disasters or emergency events.	Buildings Stormwater Roads & Transport Water & Sewer
1.4 We protect the health and safety of our communities	1.4.1 Uphold public health and safety standards and increase the capacity of our community to understand and meet them	Stormwater Water & Sewer
	1.4.2 Provide safe and sustainable network of water, sewer and stormwater systems to meet community needs and health and safety standards.	Stormwater Water & Sewer

Community Strategic Plan Objectives	Strategies	Asset Class Integration
	1.4.3 Encourage physical health and fitness and social connectedness by providing safe and appropriate recreational facilities.	Building Recreation
2.1 We protect, manage and restore our natural environment and our biodiversity	2.1.1 Protect, maintain and rehabilitate natural areas	Recreation Stormwater Roads & Transport Water & Sewer
	2.1.3 Improve and maintain water quality for beaches, lakes and waterways	Recreation Stormwater Roads & Transport Water & Sewer
	2.2.2 Climate change risk management planning and adaptation frameworks are applied in development proposals, infrastructure planning and land use planning.	Building Recreation Stormwater Roads & Transport Water & Sewer
2.3 Council works towards net zero emissions	2.3.1 Incorporate renewable energy and resource efficiency in future design and planning	Building Recreation Stormwater Water & Sewer
	2.3.2 Promote energy and resource efficiency initiatives to our community	Building Recreation Stormwater Roads & Transport Water & Sewer
	2.3.3 Invest in renewable energy efficient measures, power purchasing agreements and Carbon sequestration.	Building Recreation Stormwater Water & Sewer
2.4 We have an adequate, reliable and water supply	2.4.1 Manage all elements of the water cycle to deliver an adequate and reliable water supply that meets community's need now and into the future	Water & Sewer
2.5 We balance the needs of our natural and built environment	2.5.1 Practice integrated land use planning that balances the environmental, social and economic needs of present and future generations our existing natural, heritage and cultural assets	Recreation
	2.5.2 Plan, advocate, provide and manage infrastructure that continues to meet the needs of our community.	Building Recreation Stormwater Roads & Transport Water & Sewer

Community Strategic Plan Objectives	Strategies	Asset Class Integration
3.1 MidCoast is a popular place to visit, work and invest	3.1.3 Advocate for improved telecommunications and utilities to provide consistency across the region.	Buildings Water & Sewer
3.3 Our integrated transport networks meet the needs of our businesses and the community	3.3.1 Plan, provide and advocate for safe and efficient regional transport networks	Roads & Transport
	3.3.2 Design, construct and maintain safe and efficient local transport and mobility networks	Stormwater Roads & Transport Water & Sewer
4.1 The Community has confidence in Council decisions and planning for the future	4.1.1 Enable the community to participate in decisions that affect them	Building Recreation Stormwater Roads & Transport Water & Sewer
	4.1.2 Provide clear, accessible, timely and relevant information to the community about council projects and services	Building Recreation Stormwater Roads & Transport Water & Sewer
4.2 Council has strong corporate governance frameworks to ensure decisions and transactions are ethical, efficient, safe and fair	4.2.1 Use governance frameworks and processes to guide our decisions and to ensure council is accountable to the community	Building Recreation Stormwater Roads & Transport Water & Sewer
	4.2.2 Use business improvement, project management and risk management methodologies to ensure best outcomes	Building Recreation Stormwater Roads & Transport Water & Sewer
	4.2.3 Council manages our services and infrastructure in a sustainable manner to balance community need and expectations	Building Recreation Stormwater Roads & Transport Water & Sewer
4.3 Council builds a healthy and community focused culture that contributes to our success	4.3.3 Provide the community with an accessible, responsive and efficient customer experience	Building Recreation Stormwater Roads & Transport Water & Sewer

## 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 Asset Management 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 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 below.

Council Asset Condition Matrix		
Level	Condition	Description
1	Excellent/Very Good	New or as new condition. Only planned cyclic inspection and routine maintenance required
2	Good	Good condition with minor defects. Minor routine maintenance along with planned cyclic inspection and maintenance.
3	Satisfactory/Average	Average/fair condition with some significant defects requiring regular maintenance on top of planned cyclic inspections and maintenance.
4	Poor	Poor condition with asset requiring significant renewal/ rehabilitation, or higher levels of inspection and substantial maintenance to keep the asset serviceable.
5	Very Poor	Very poor condition. Asset physically unsound and/or beyond rehabilitation. Renewal required



## 10. Building Assets

Council's building asset class is separated into operational, community and commercial asset groups. Operational buildings include Council offices and depots, while commercial assets consist of Council owned and leased residential properties and retail services. Community buildings comprise of public toilet amenities, libraries, childcare centres, halls, community centres, clubhouses and shelters. The assets are maintained by the Community Spaces, Recreation & Trades (CSRT) Department within the Livable Communities Directorate.

### 10.1 Available financial data

The building data reported in Note C1-7 of Council's Financial Statements 2020/2021 is based on the previous revaluation completed in 2018 by a registered valuer. Buildings over \$1,000,000 were valued at a component level.

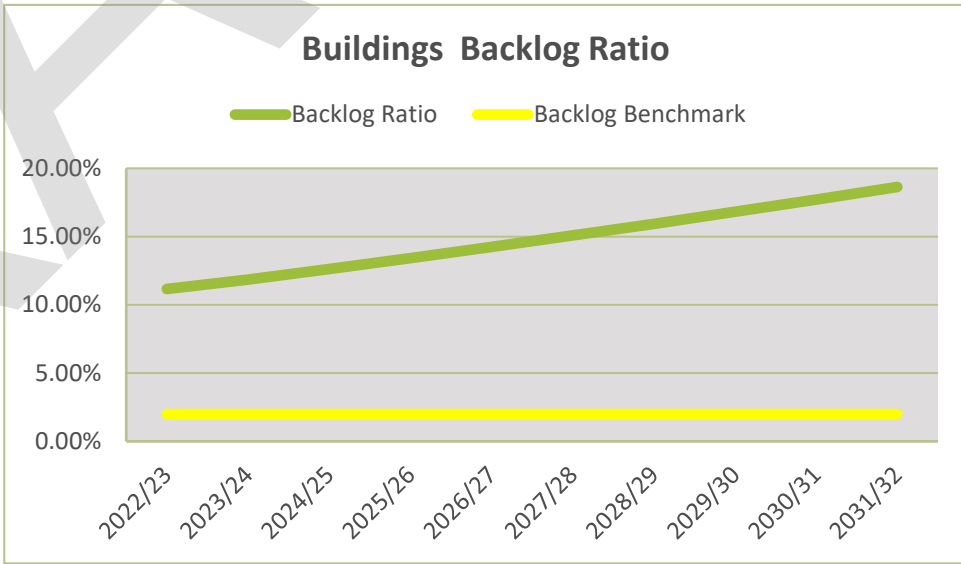
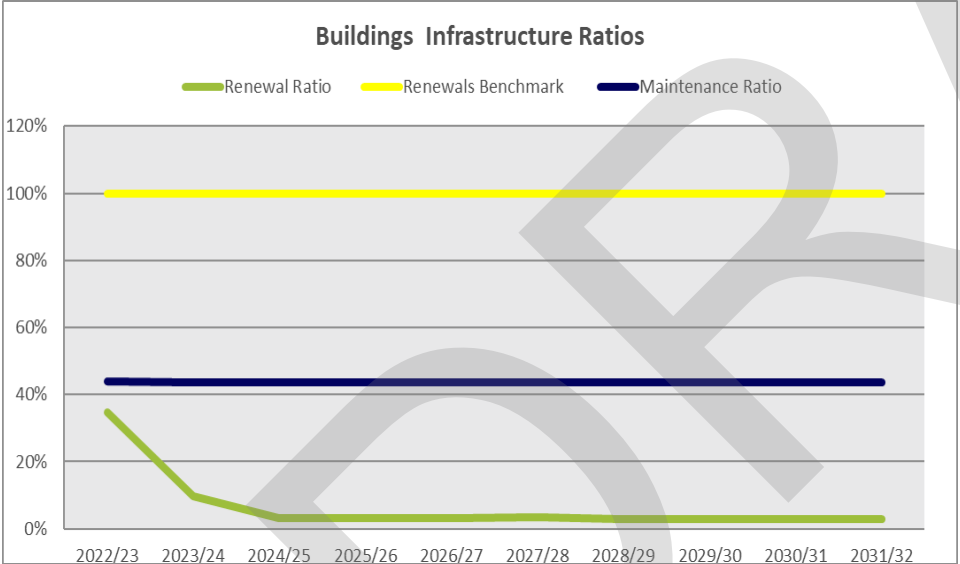
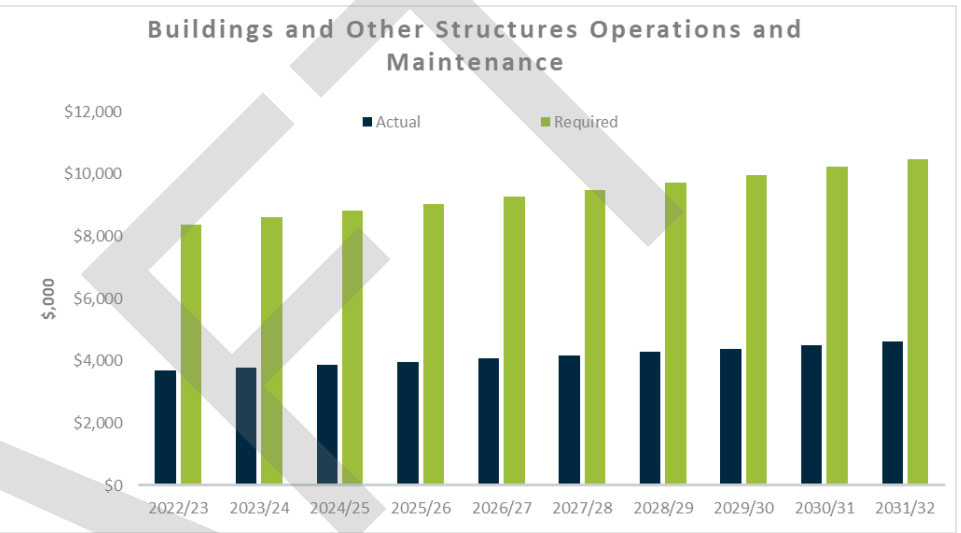
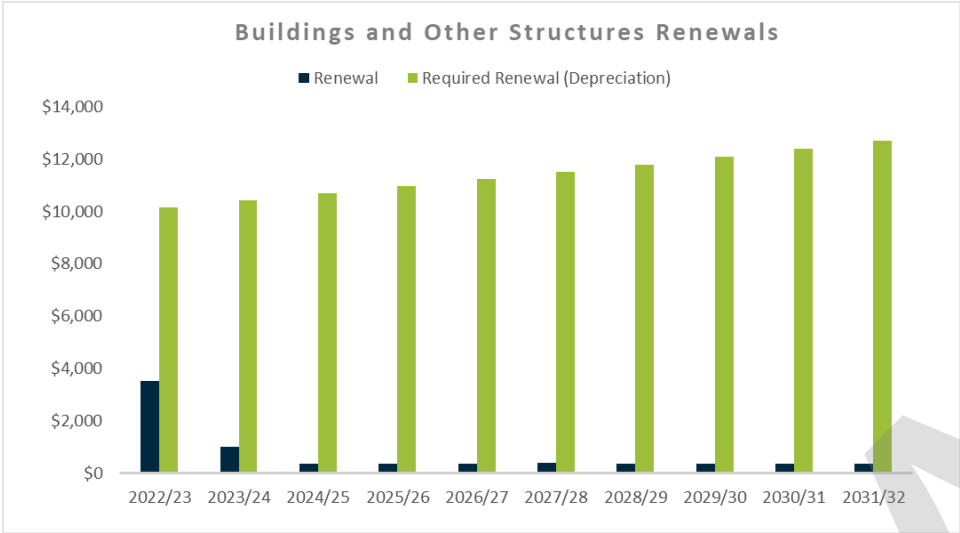
Council's revalued building assets were imported into the corporate asset system 1 July 2019 in line with revaluation requirements.

### 10.2 Infrastructure Backlog and Future funding allocation.

The table below 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.

Buildings & Other Structures		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Actual \$000</b>	Renewal	3510	1000	350	350	350	400	350	350	350	350
	New and Expanded Assets	300	450	0	0	0	0	0	0	0	0
	O&M	3692	3785	3879	3976	4076	4178	4282	4389	4499	4611
	Total Expenditure	7502	5235	4229	4326	4426	4578	4632	4739	4849	4961
<b>Required \$000</b>	Required Renewal (Depreciation)	10152	10413	10684	10952	11225	11506	11794	12088	12391	12700
	New and Expanded Assets	300	450	0	0	0	0	0	0	0	0
	Required O&M	8383	8602	8817	9037	9263	9495	9732	9976	10225	10481
	Total	18836	19465	19501	19989	20489	21001	21526	22064	22616	23181
<b>Overall (GAP)</b>		-11333	-14230	-15272	-15663	-16063	-16423	-16894	-17325	-17767	-18220
<b>Maintenance Gap</b>		-4691	-4817	-4938	-5061	-5188	-5317	-5450	-5587	-5726	-5869
<b>Renewals Gap</b>		-6642	-9413	-10334	-10602	-10875	-11106	-11444	-11738	-12041	-12350

The charts below demonstrate the projected performance of this asset class against the infrastructure benchmark ratio during the term of this Strategy.



## 10.3 Condition

Change in Condition of Building Assets 2017/2018 to 2020/2021							
	Condition 1 Excellent/Very Good	Condition 2 Good	Condition 3 Satisfactory/Average	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating <sup>6</sup>	% not meeting required condition rating
<b>2020/21</b>	22.7%	22.5%	32.0%	20.2%	2.6%	45.2%	54.8%
<b>2019/20</b>	13.3%	48.7%	32.7%	5.1%	0.2%	62.0%	38.0%
<b>2018/19</b>	13.4%	48.7%	32.7%	5.0%	0.2%	62.1%	37.9%
<b>2017/18</b>	29.8%	39.1%	28.3%	2.6%	0.2%	68.9%	31.1%

## 10.4. Service level expectations

Levels of Service measure how the community receives the service and whether the organisation is providing community value. In February 2020 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 on average just above 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.

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

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark	MidCoast Council	LGA Benchmark *
Community buildings/halls	89%	88%	69%	67%
Public amenities, such as toilets and parents' rooms	75%	70%	79%	82%
Heritage sites protected and maintained	86%	85%	60%	72%

<sup>6</sup> The OLG's IP & R Guidelines deem Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio

## 10.5 Current situation

Council has been on a journey to building asset maturity over the last 5 years, with all building 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 building assets, Council has committed to an inspection frequency of 4 years. Assets will be inspected either 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 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 Assets

Outdoor recreation assets 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

The assets are maintained by the Community Spaces, Recreation and Trades Department within the Livable Communities Directorate.

### 11.1 Available financial data

The recreation data reported in Note C1-7 of Council's Financial Statements 2020/2021 is based on the previous revaluation completed in 2019

Council consolidated its asset registers from the former branch offices into Technology One asset system in 2019/20. MidCoast Council had identified the need to reassess the open space asset value during the 2020/2021 financial year to be able to assign lifecycle asset value with respect to remaining useful life. However, due to the flood event experienced in March 2021 and the amount of damage to Council's recreation assets, Council's auditors agreed the revaluation can be held off until the 2021/22 financial year.

### 11.2 Future infrastructure backlog and Future funding allocations

The table below shows the proposed, capital and maintenance expenditure for recreation assets over the next 10 year and the future years' funding shortfalls, specifically for renewals.

Recreation	\$000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Actual</b>	Renewal	2373	1626	399	316	477	488	289	400	411	441
	New and Expanded Assets	1949	249	20	19	19	20	20	20	20	28
	O&M	6437	6598	6763	6932	7105	7283	7465	7652	7843	8039
	Total Expenditure	10758	8473	7181	7268	7602	7791	7774	8072	8274	8508
<b>Required</b>	Required Renewal (Depreciation)	2073	2134	2188	2243	2300	2358	2418	2479	2542	2606
	New and Expanded Assets	1949	249	20	19	19	20	20	20	20	28
	Required O&M	4176	4298	4407	4519	4633	4751	4871	4994	5120	5250
	Total	8197	6681	6615	6781	6953	7128	7308	7493	7682	7884
<b>Overall (GAP)</b>		2561	1792	567	486	649	663	466	579	592	623
<b>Maintenance Gap</b>		2261	2300	2356	2413	2472	2533	2594	2658	2723	2789
<b>Renewals Gap</b>		300	-508	-1789	-1927	-1823	-1870	-2129	-2079	-2131	-2166

The charts below demonstrate the projected performance of this asset class against the infrastructure benchmark ratio during the term of this Strategy.



## 11.3 Condition

The condition of all open space 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, approximately 80% of Open Space assets are either in a Very Good or Good condition with no less than 95% scoring in the poor to very poor range.

The table below is a summary of the open space condition results over a period of 4 years.

Change in Condition of Open Space Assets 2017/2018 to 2020/2021							
	Condition 1 Excellent/Very Good	Condition 2 Good	Condition 3 Satisfactory/Average	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating <sup>7</sup>	% not meeting required condition rating
2020/21	36.97%	45.80% *	13.22% *	3.40%	0.61%	95.99%	4.01%
2019/20	28.01%	67.33%	3.79	0.80%	0.06%	99.14%	0.86%
2018/19	45.29%	35.86%	16.49	1.60%	0.75%	97.65%	2.35%
2017/18	44.13%	38.44%	14.83	1.74%	0.86%	97.40%	2.60%

\* 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 February 2020 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 Open Spaces scoring on average just above 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 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 Open Space is when the condition of an asset scores below condition rating of 3.

<sup>7</sup> The OLG's IP & R Guidelines deem Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio



The table below is a summary of the specific open space survey results for satisfaction and importance under Council's service and facilities group.

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark *	MidCoast Council	LGA Benchmark *
Parks and Playground	87%	86%	74%	83%
Ovals and Sportsgrounds	87%	90%	68%	76%
Swimming Pools	87%	85%	68%	70%

\* 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 open space 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 open space assets, Council has committed to an inspection frequency of 4 years. Assets will be inspected either 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. Roads & Transport Assets

Council's transport asset class includes:

- Regional Roads, that allow travel from any town or region to another, within the Local Government Area and beyond,
- The Rural Roads, that 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, and
- 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 carry the roads across our waterways, gullies and railway lines,
- 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.

Roads and Bridges are the primary Roads & Transport asset classes that are documented in this strategy. Other road-related assets, such as kerb and gutter, footpaths, earthworks, road structures and furniture, while still part of Council's infrastructure asset portfolio, are considered, managed and reported as subcomponents of the roads asset class.

### 12.1 Available financial data and funding

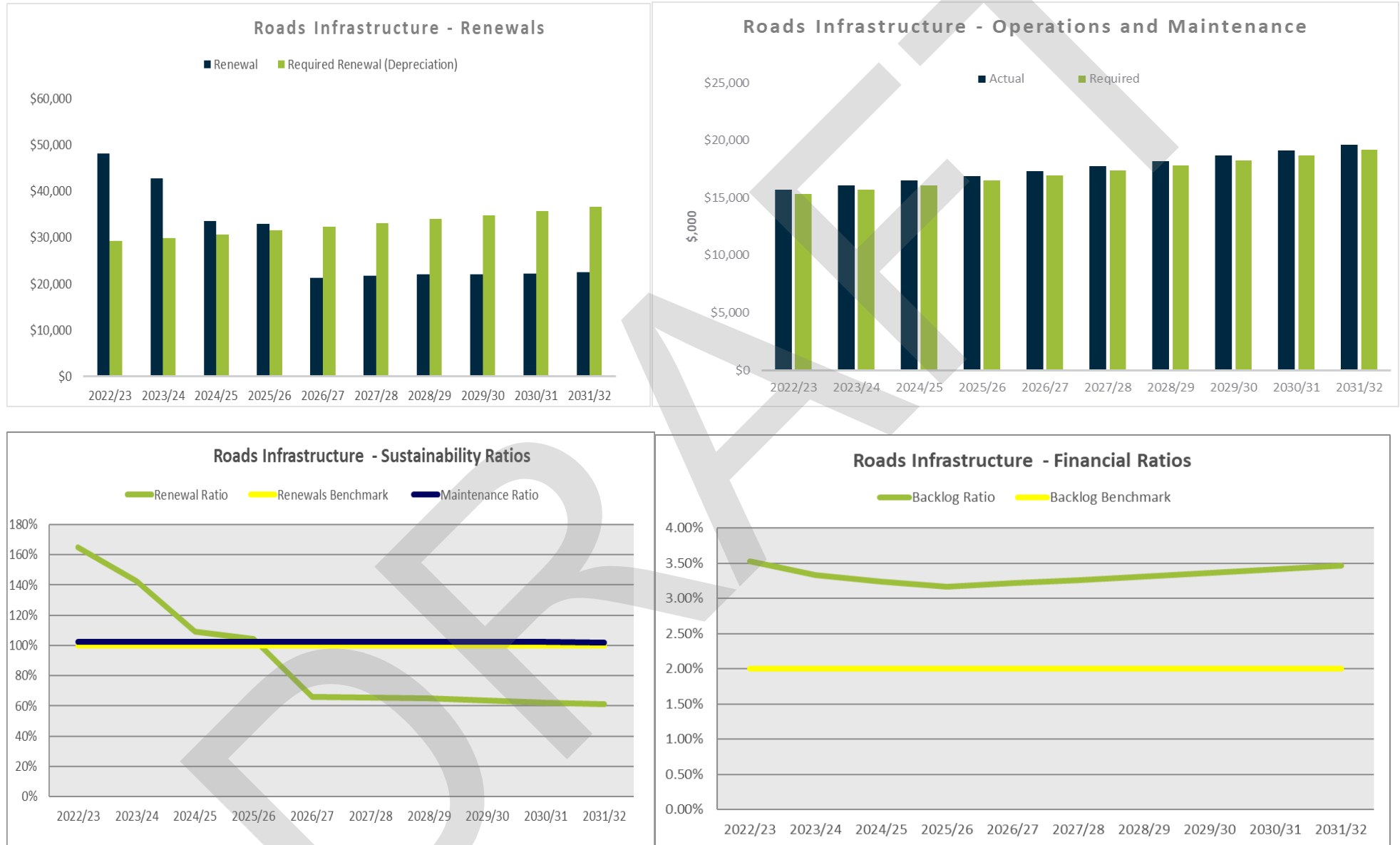
The roads data reported in Note C1-7 of Council's Financial Statements 2020/2021 is based on the previous revaluation completed in 2019. Council's road assets were revalued as part of the fair valuation requirements and imported into the corporate asset system 1 July 2019 in line with revaluation requirements.

## 12.2 Infrastructure Backlog and Future funding allocation

The table below shows the proposed, capital and maintenance expenditure for roads & transport assets over the next 10 years and the future years' funding shortfalls, specifically for maintenance and from 2026/27.

Roads & Transport	\$000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Actual</b>	Renewal	48,151	42,762	33,582	32,925	21,370	21,696	22,028	22,105	22,183	22,456
	New and Expanded Assets	971	914	917	911	789	792	796	797	797	800
	O&M	15,707	16,100	16,502	16,915	17,337	17,771	18,215	18,671	19,137	19,616
	Total Expenditure	64,829	59,776	51,002	50,750	39,496	40,259	41,039	41,572	42,118	42,872
<b>Required</b>	Required Renewal (Depreciation)	29,211	29,953	30,713	31,492	32,290	33,107	33,944	34,802	35,682	36,583
	New and Expanded Assets	971	914	917	911	789	792	796	797	797	800
	Required O&M	15,314	15,703	16,101	16,510	16,927	17,355	17,794	18,244	18,705	19,178
	Total	45,497	46,570	47,732	48,912	50,006	51,255	52,534	53,843	55,184	56,561
	<b>Overall (GAP)</b>	19,332	13,205	3,270	1,838	-10,510	-10,996	-11,495	-12,271	-13,067	-13,689
	<b>Maintenance Gap</b>	392	396	401	405	410	415	421	426	432	438
	<b>Renewals Gap</b>	18,940	12,809	2,869	1,433	-10,920	-11,411	-11,916	-12,697	-13,499	-14,127

The charts below demonstrate the projected performance of this asset class against the infrastructure benchmark ratio during the term of this Strategy.



## 12.3 Condition

Change in Condition of Roads Assets 2017/2018 to 2020/2021							
	Condition 1 Excellent/ Very Good	Condition 2 Good	Condition 3 Satisfactory/ Average	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating <sup>8</sup>	% not meeting required condition rating
2020/21	16.0%	42.4%	26.6%	10.8%	4.2%	58.4%	41.6%
2019/20	9.1%	36.6%	44.1%	6.9%	3.5%	54.5%	45.5%
2018/19	9.2%	40.8%	24.0%	21.6%	4.3%	49.9%	50.1%
2017/18	27%	38.5%	23.0%	11.0%	0.5%	34.0%	66%

## 12.4 Service level expectations

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 which is strengthened by a Special Rate Variation (SRV) for local roads.

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark *	MidCoast Council	LGA Benchmark *
Maintaining Local Roads	43%	58%	96%	93%
Overall condition of the local sealed road network	58%	58%	90%	93%
Maintaining Local Bridges	75%	N/A	92%	N/A
Streetlighting	87%	85%	75%	82%

\* 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. N/A denotes Not Available

## 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 in 2023/24 as current grant funding arrangements are completed. Further grant funding may be expected but 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 using cost effective measures where possible and review asset data to ensure that the asset register is updated on a regular basis.

<sup>8</sup> The OLG's IP & R Guidelines deem Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio

## 13. Bridges

### 13.1 Available financial data and funding

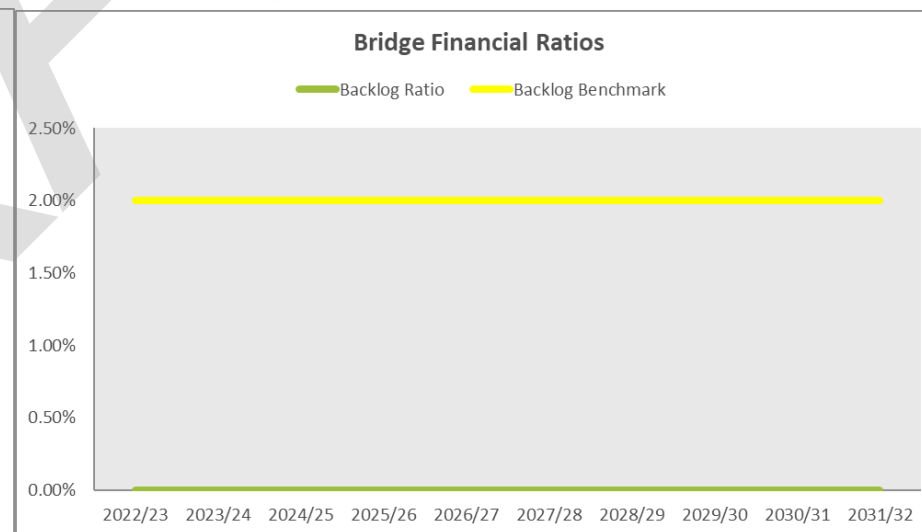
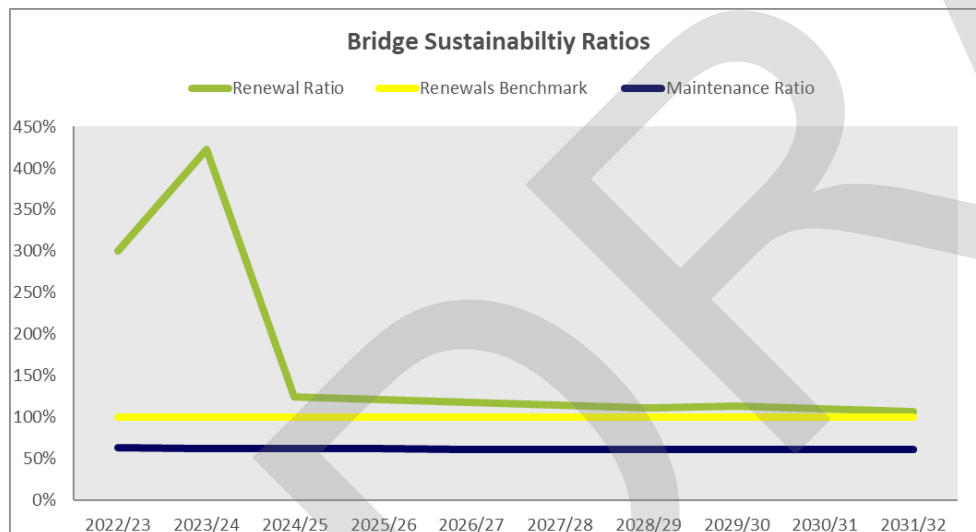
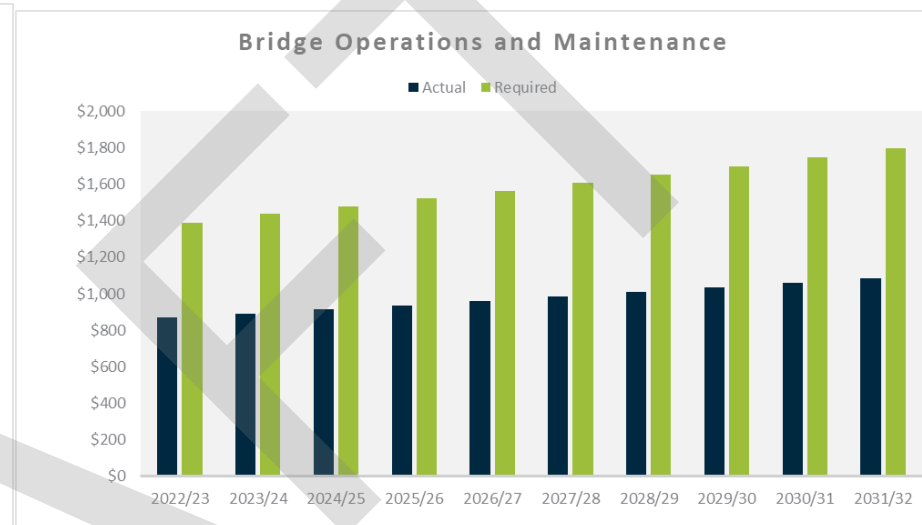
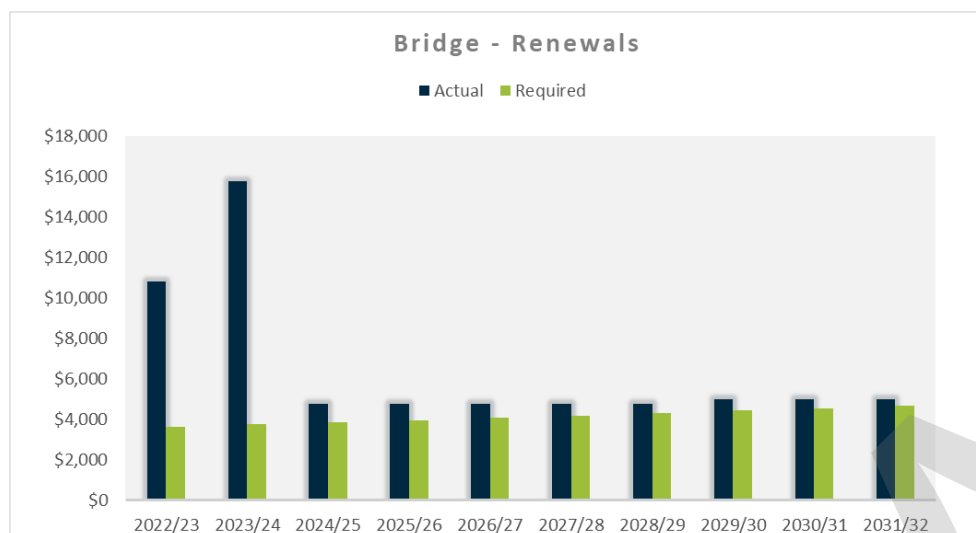
The bridges data reported in Note C1-7 of Council's Financial Statements 2020/2021 is based on the previous revaluation completed in 2019. Council's bridges assets were revalued as part of the fair valuation requirements and imported into the corporate asset system 1 July 2019.

### 13.2 Infrastructure Backlog and Future funding allocation

The table below shows the proposed capital and maintenance expenditure and the backlog figures for bridges over the next ten years.

Bridges	\$000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Actual</b>	Renewal	10,811	15,771	4,760	4,760	4,760	4,760	4,760	4,981	4,981	4,981
	New and Expanded Assets	2,703	3,943	1,190	1,190	1,190	1,190	1,190	1,245	1,245	1,245
	O&M	869	891	913	936	959	983	1,008	1,033	1,059	1,085
	Total Expenditure	14,382	20,604	6,863	6,886	6,909	6,933	6,958	7,259	7,285	7,312
<b>Required</b>	Required Renewal (Depreciation)	3,641	3,774	3,881	3,991	4,104	4,219	4,338	4,459	4,584	4,712
	New and Expanded Assets	2,703	3,943	1,190	1,190	1,190	1,190	1,190	1,245	1,245	1,245
	Required O&M	1,373	1,423	1,464	1,505	1,548	1,591	1,636	1,682	1,729	1,777
	Total	7,716	9,140	6,535	6,686	6,841	7,000	7,163	7,386	7,558	7,735
	<b>Overall (GAP)</b>	6,666	11,464	328	199	68	-67	-206	-127	-273	-423
	<b>Maintenance Gap</b>	-504	-533	-551	-570	-589	-608	-628	-649	-670	-692
	<b>Renewals Gap</b>	7,170	11,997	879	769	656	541	422	522	397	269

The charts below demonstrate the projected performance of bridge assets against the infrastructure benchmark ratio during the term of this Strategy.





### 13.3 Condition

Change in Condition of Bridges Assets 2017/2018 to 2020/2021							
	Condition 1 Excellent/Very Good	Condition 2 Good	Condition 3 Satisfactory/Average	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating <sup>9</sup>	% not meeting required condition rating
2020/21	18.0%	60.5%	18.0%	3.3%	0.2%	79%	21%
2019/20	16.5%	62.2%	16.7%	4.4%	0.2%	79%	21%
2018/19	12.7%	33.2%	34.2%	8.3%	11.6%	46%	54%
2017/18	25%	47%	21%	7%	0%	72%	28%

### 13.4 Service level expectations

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.

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark *	MidCoast Council	LGA Benchmark *
Maintaining local bridges	75	N/A	92	N/A

\* 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.

### 13.5 Current situation

Council's 657 bridges include 168 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 "Bridges Renewal 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.

<sup>9</sup> The OLG's IP & R Guidelines deem Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio

## 14. Stormwater Drainage Assets

Council's stormwater drainage 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

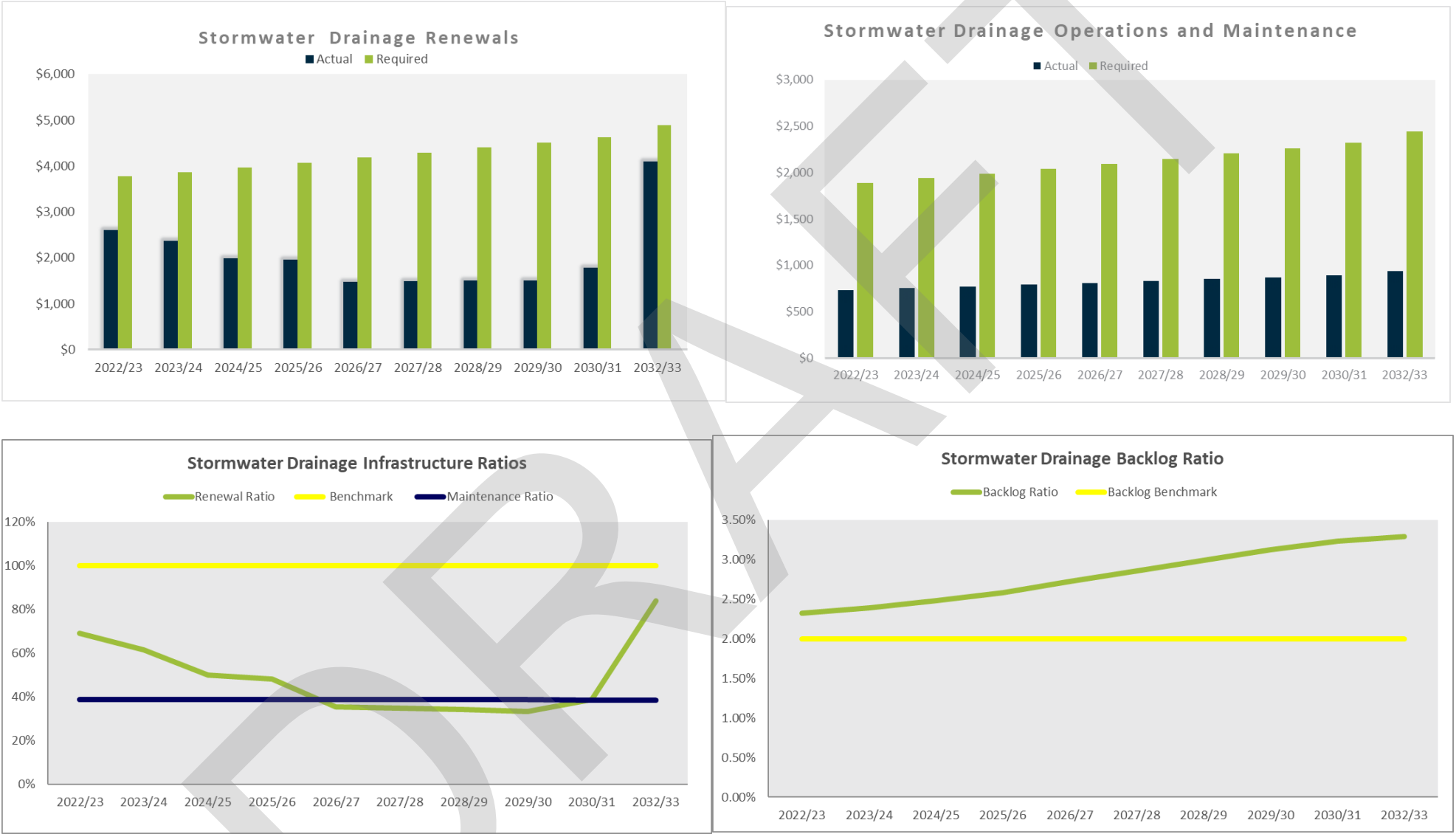
Council's stormwater drainage data reported in Note C1-7 of Council's Financial Statements 2020/2021 is based on the previous revaluation completed in June 2020 and imported into the corporate asset system 1 July 2019 in line with revaluation requirements.

### 14.2 Infrastructure Backlog and Future Funding Allocation

The table below 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 drainage 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 drainage 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.

Stormwater Drainage \$000		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Actual</b>	Renewal	2601	2375	1988	1960	1474	1488	1502	1505	1790	1802
	New and Expanded Assets	374	374	374	374	374	374	374	374	656	656
	O&M	734	752	771	790	810	830	851	872	894	916
	Total Expenditure	3709	3501	3133	3125	2658	2692	2727	2751	3340	3374
<b>Required</b>	Required Renewal (Depreciation)	3773	3871	3972	4075	4181	4289	4400	4514	4633	4756
	New and Expanded Assets	374	374	374	374	374	374	374	374	656	656
	Required O&M	1890	1939	1990	2041	2094	2149	2204	2261	2321	2382
	Total	6038	6185	6336	6491	6649	6812	6978	7149	7611	7794
<b>Overall (GAP)</b>		-2328	-2684	-3203	-3366	-3991	-4120	-4252	-4398	-4270	-4420
<b>Maintenance Gap</b>		-1156	-1187	-1219	-1251	-1284	-1318	-1353	-1389	-1427	-1466
<b>Renewals Gap</b>		-1172	-1497	-1984	-2115	-2707	-2802	-2899	-3009	-2843	-2954

The charts below demonstrate the projected performance of this asset class against the infrastructure benchmark ratio during the term of this Strategy.



### 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.

Change in Condition of Stormwater Assets 2017/2018 to 2020/2021							
	Condition 1 Excellent/ Very Good	Condition 2 Good	Condition 3 Satisfactory/ Average	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating <sup>10</sup>	% not meeting required condition rating
2020/21	18.1%	45.8%	31.0%	4.7%	0.4%	63.9%	36.1%
2019/20	14.0%	47.0%	33.9%	4.7%	0.4%	61.0%	39.0%
2018/19	15.5%	47.1%	29.3%	7.8%	0.3%	62.6%	37.4%
2017/18	16.0%	47.0%	30.0%	7.0%	0.0%	63.0%	37.0%

### 14.4 Service level expectations

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

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Benchmark *	MidCoast Council	LGA Benchmark *
Stormwater Drainage	74%	78%	88%	81%

\* 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.

### 14.5 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 undertaking a stormwater management plan concurrently with the review of the floodplain risk management study and plan for Bulahdelah. The North Arm Cove SMP has resulted in a series of capital works projects to augment existing drainage infrastructure for reduced flooding magnitude and frequency. Current activities are underway in Forster Keys and Smiths Lake for the relining of several pipes through private property that have been determined to have failure before the useful life has been reached. The significant expenditure on road renewals in the Taree, Wingham and Cundletown 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.

<sup>10</sup> The OLG's IP & R Guidelines deem Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio

## 14.6 Future directions

Over the immediate forward period Council is committed to a review of the Taree Stormwater Management Plan (SMP) via a catchment by catchment approach. The Taree SMP has not been updated for almost 20 years and will be the focus of prioritised renewals and augmentation works for the forward period.

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.

## 15. Water & Sewer Assets

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, aging 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

Council's water & sewer assets were transferred into the corporate asset system 1 July 2019, in line with revaluation requirements. The water & sewer data reported in Note C1-7 of Council's Financial Statements 2020/2021 is based on the previous revaluation completed in June 2020.

## 15.2 Infrastructure Backlog and Future funding allocation

The table below 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.

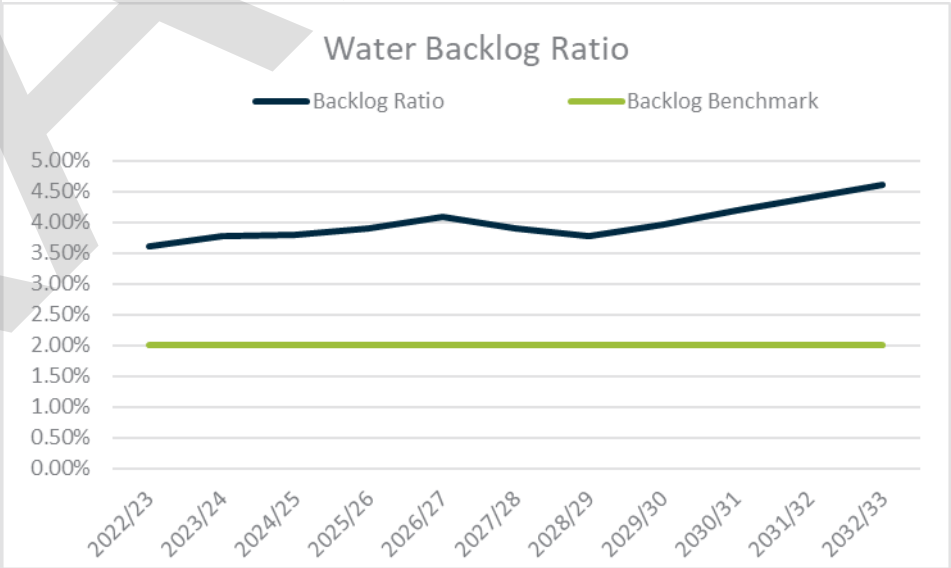
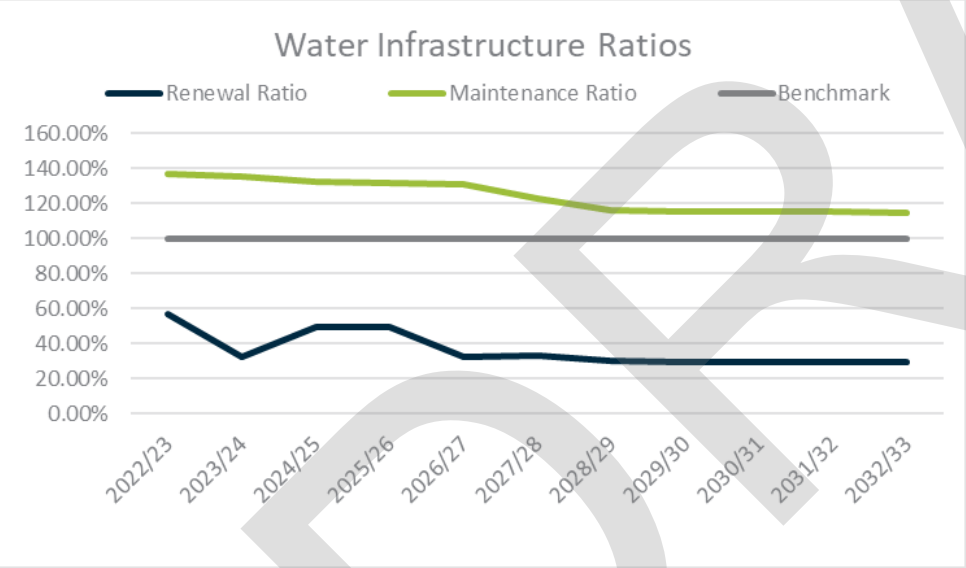
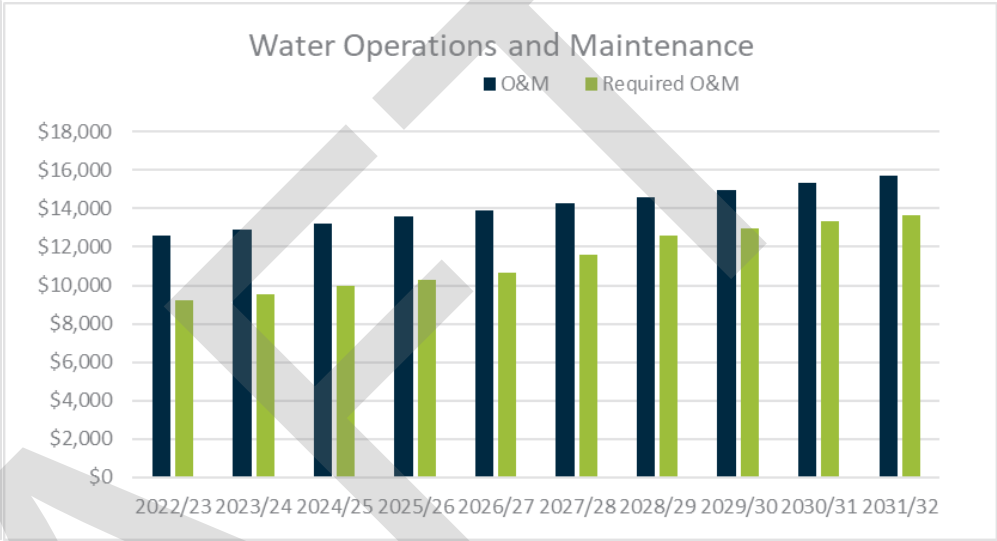
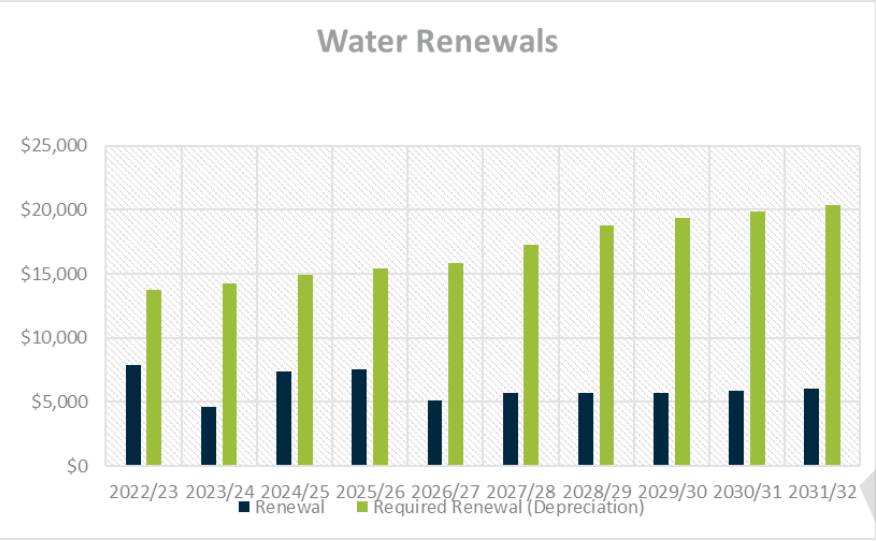
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Water	\$000										
	<b>Actual</b>										
	Renewal	7870	4578	7358	7578	5150	5738	5688	5688	5888	6038
	New and Expanded Assets	16440	8548	22028	8128	6150	71223	72363	8913	663	1963
	O&M	12600	12915	13238	13569	13908	14256	14612	14978	15352	15736
	Total Expenditure	36910	26040	42623	29274	25208	91216	92662	29578	21902	23736
	<b>Required</b>										
	Required Renewal (Depreciation)	13752	14220	14895	15385	15859	17289	18770	19369	19863	20388
	New and Expanded Assets	16440	8548	22028	8128	6150	71223	72363	8913	663	1963
	Required O&M	9219	9532	9985	10313	10631	11589	12582	12983	13314	13666
Total		39411	32300	46907	33826	32640	100100	103715	41265	33839	36016
<b>Overall (GAP)</b>		-2501	-6260	-4284	-4552	-7432	-8884	-11053	-11687	-11937	-12281
<b>Maintenance Gap</b>		3382	3383	3253	3256	3277	2667	2030	1994	2038	2069
<b>Renewals Gap</b>		-5882	-9643	-7538	-7808	-10709	-11551	-13083	-13681	-13975	-14350

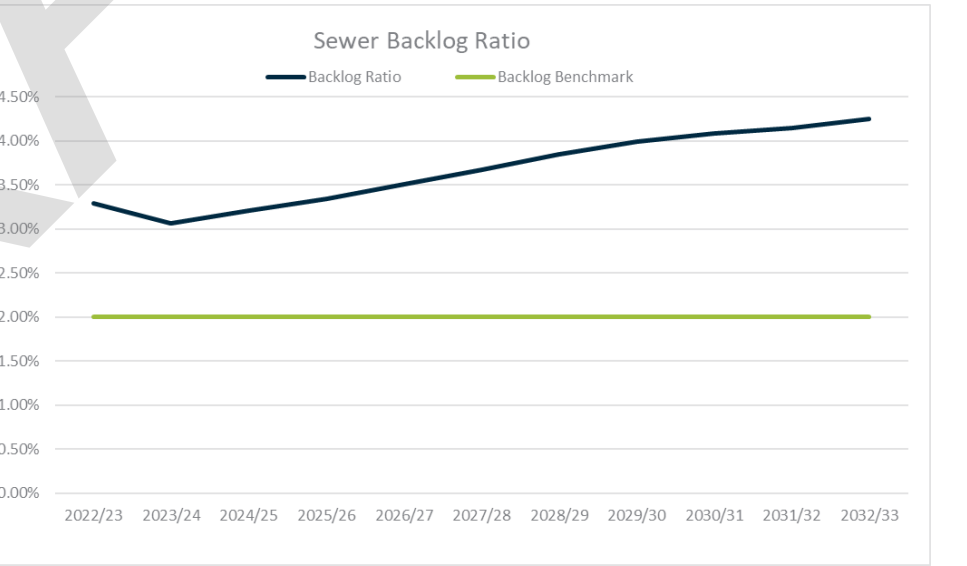
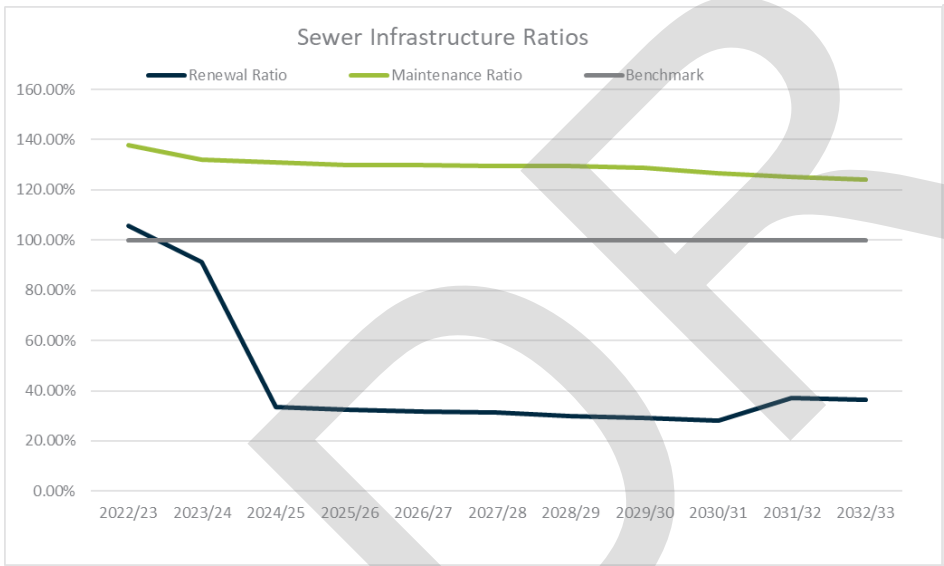
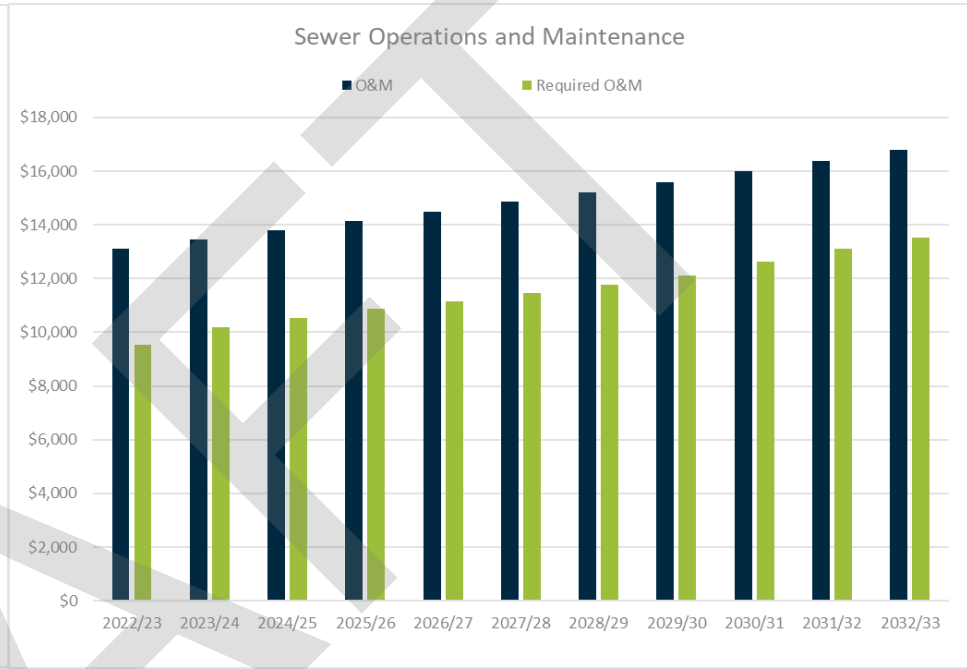
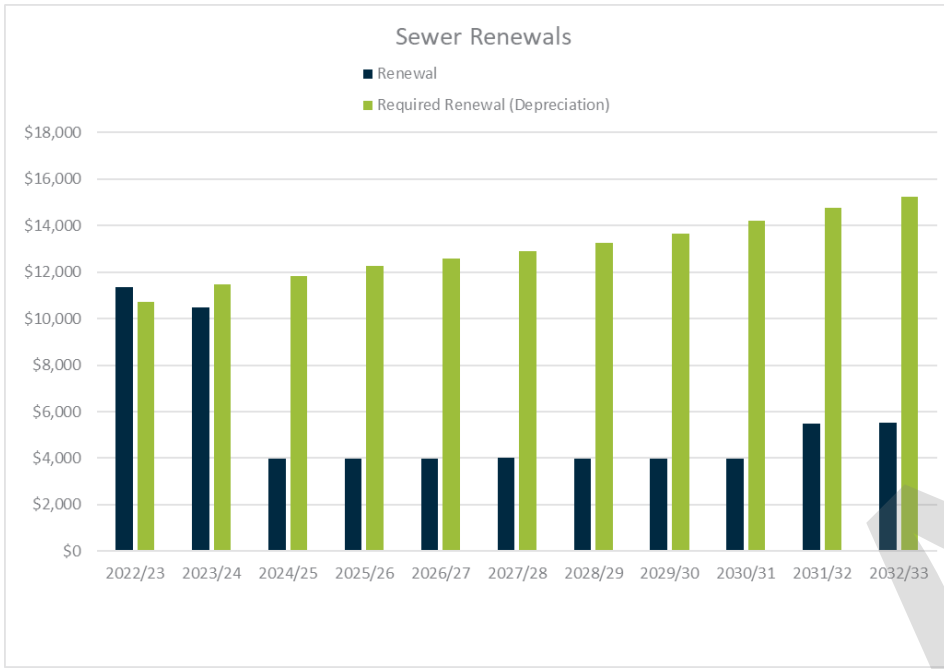
  

		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Sewer	\$000										
	<b>Actual</b>										
	Renewal	11353	10488	3975	3975	3975	4025	3975	3975	3975	5475
	New and Expanded Assets	30263	35708	6715	7830	1520	1370	1070	7020	15570	15770
	O&M	13128	13456	13792	14137	14491	14853	15224	15605	15995	16395
	Total Expenditure	54743	59651	24482	25942	19986	20248	20269	26600	35540	37640
	<b>Required</b>										
	Required Renewal (Depreciation)	10740	11476	11850	12249	12575	12908	13244	13667	14212	14774
	New and Expanded Assets	30263	35708	6715	7830	1520	1370	1070	7020	15570	15770
	Required O&M	9533	10186	10518	10872	11161	11456	11755	12131	12614	13113
Total		50536	57369	29084	30951	25257	25734	26069	32818	42397	43657
<b>Overall (GAP)</b>		4207	2282	-4601	-5009	-5271	-5486	-5800	-6218	-6857	-6017
<b>Maintenance Gap</b>		3595	3270	3274	3265	3329	3397	3469	3474	3380	3282
<b>Renewals Gap</b>		612	-988	-7875	-8274	-8600	-8883	-9269	-9692	-10237	-9299

The charts below demonstrate the projected performance of this asset class against the infrastructure benchmark ratio during the term of this Strategy.







## 15.3 Condition

Change in Condition of Water Assets 2017/2018 to 2020/2021							
	Condition 1 Excellent/ Very Good	Condition 2 Good	Condition 3 Satisfactory/ Average	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating <sup>11</sup>	% not meeting required condition rating
<b>2020/21</b>	7.5%	37.3%	31.2%	13.3%	10.7%	44.8%	55.2%
<b>2019/20</b>	39.8%	19.3%	15.8%	20.2%	4.9%	59.1%	49.1%
<b>2018/19</b>	46.0%	29.0%	14.0%	9.0%	2.0%	75.0%	25.0%
<b>2017/18</b>	41.0%	31.0%	14.0%	10.0%	4.0%	72.0%	28.0%

Change in Condition of Sewer Assets 2017/2018 to 2020/2021							
	Condition 1 Excellent/Very Good	Condition 2 Good	Condition 3 Satisfactory/Aver age	Condition 4 Poor	Condition 5 Very Poor	% meeting required condition rating <sup>12</sup>	% not meeting required condition rating
<b>2020/21</b>	37.2%	9.3%	39.5%	13.8%	0.2%	46.5%	53.5%
<b>2019/20</b>	41.8%	25.7%	14.8%	12.4%	5.3%	67.5%	32.5%
<b>2018/19</b>	49.0%	32.0%	12.0%	5.0%	2.0%	81.0%	19.0%
<b>2017/18</b>	41.0%	32.0%	12.0%	8.0%	7.0%	73.0%	27.0%

## 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 Strategy (MidCoast Water 2016) 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 and the typical residential bill (TRB)

<sup>11</sup> The OLG's IP & R Guidelines deem Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio

<sup>12</sup> The OLG's IP & R Guidelines deem Condition 2 – Good, for the purposes of the Report on Infrastructure Assets and to determine the Backlog Ratio

required in delivering water and sewer service. However, willingness to pay and the TRB required for different LOS will be reviewed as part of the IWCM Strategy review in 2023.

LOS will largely shape the objectives and requirements for operation, maintenance, and provision of capital works in Council's Total Asset Management Plan (TAMP). These, in turn, drive the Work Force Plan and the 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 2020, 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.

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

	Community Satisfaction		Community Importance	
	MidCoast Council	LGA Regional Benchmark *	MidCoast Council	LGA Regional Benchmark *
Water Service	80%	87%	91%	87%
Water Quality	89%	87%	92%	87%
Sewerage Services	92%	91%	85%	80%

\* 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.

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.

## 15.5 Current situation

As an organisation we have prioritised the need for asset management improvement and have begun our journey to asset management maturity. We are working towards this by implementing and updating our Asset Management Strategy and Improvement Plan. The intent of this plan is to achieve five core outcomes:

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

Several improvements have already been made including:

- The representation in a cross organisational Asset Management Working Group (AMWG) which includes participation from senior staff and key internal stakeholders. The participation of each Director provides stewardship critical to the success of the AMWG. The AMWG has developed a Council endorsed Asset Improvement Program that considers strategy, policy, financial, operational, systems, risk and audit objectives.

- The adoption of an organisational wide Asset Management Policy and preparation of this Asset Management Strategy, both now referencing water & sewer infrastructure. The adoption of the Strategy will underpin the development of future Asset Management Plans.
- The implementation of a corporate asset management register and work order system. The asset register is a single database that details both technical and financial asset information which feeds into the program development for planned maintenance, renewals and upgrades of our infrastructure. The asset register contains the detailed data for the recognised assets, including those that are financial in nature and those necessary for operational processes.
- Improving and auditing our asset data to ensure that decisions are based on the most current available information.

## 15.6 Future directions

MidCoast Council, having responsibility for water supply and sewerage infrastructure, need to comply with the requirements and timeframes of the NSW Government's Best-Practice Management of Water Supply and Sewerage Guidelines (Guidelines), 2007. These Guidelines are based on a total asset management approach for the provision of water supply and sewerage services and requires Council to:

- Prepare and implement a 30 year Integrated Water Cycle Management (IWCM) Strategy
- Prepare and implement a 20-30 year Strategic Business Plan, Financial Plan and associated asset management plans
- Annual Performance Monitoring, including preparing an annual Action Plan to review the Council's performance and to identify and address any areas of under-performance

The AMS will be supported by specific AMPs 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:

- Collaborating with our operational and technical teams to improve asset information to ensure that decisions are based on current asset information
- 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 Asset Management Strategy proposes the strategy to enable the objectives of the CSP to be achieved.

Strategy	Desired Outcome
Long Term Financial Planning.	The long-term implications of Council services are considered in annual budget deliberations.
Develop and annually review Asset Management 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 Asset Management Strategy expenditure projections.	Funding model to provide Council services.
Review and update asset management 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.
Ensure responsibilities for asset management are identified.	Responsibility for asset management is defined.
Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
Report to Council on development and implementation of Asset Management Strategy, Asset Management Plans and Long -erm Financial Plans.	Oversight of resource allocation and performance.

## 16.1 Asset Management Improvement Plan

To ensure the Asset Management Strategy is implemented effectively and efficiently, an Asset Management Improvement Plan has been prepared.

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. These enablers can be in the areas of people, processes, technology and information and data.

The Asset Management Improvement Plan prioritises specific capability areas which were identified through a gap analysis process, and where action is required to raise Council's asset management capacity to the desired level of maturity. Implementation of these improvements requires resourcing and monitoring. The actions have been integrated into Council's Delivery Program and Operational Plans to ensure ongoing resourcing, implementation and performance.

The Improvement Plan is attached to this document.

## 16.2 Measuring our performance

As the 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 DP or CSP. Specific elements of the Strategy will be reviewed for currency, including reviewing service levels expected by the community, staff training needs, contract management procedures, and processes associated with the asset management system annually.

Council's Integrated Planning and Reporting processes form the core of our continuous improvement programs and are embedded within the organisation. Council staff have implemented a new performance measure system that provides for meaningful information to the community and our stakeholders. The approach to assessing performance in relation to asset planning and measurement will be both quantitative and qualitative.

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 services being provided. The ongoing use of community surveys will include specific asset management issues to ensure relevance of the programs at the required levels of service continue.



## 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 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
- Address 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
- Ensure maintenance costs are being captured correctly, and determine whether maintenance expenditure can be redirected into renewal expenditure
- Improve efficiency and effectiveness in delivery of services and works. We need to be the best version of ourselves.
- Commence 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.
- Withdraw/restrict access to assets where the risk becomes unacceptable i.e. removal of street furniture, apply load limits on bridges, potential closure of some assets etc.
- Significant underfunding of building and stormwater drainage assets.
- The provision of grant funding to support new and renewed building & recreation asset services.
- Leverage our existing investment in data. Verifying the accuracy and completeness of the data to ensure sound asset management decisions are made.
- Continue to improve our internal processes and procedures to provide transparency and formalise our financial infrastructure reporting, asset valuations, and engage the appropriate level of management to ensure the completeness and accuracy of our information.

This 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 Asset Management Strategy, annual revisions will be carried out to ensure relevance in responding to government and our community. Specifically, with the review of the Community Strategic Plan, the development of each new Delivery Program and Resourcing Strategy every four years will complete a comprehensive review to ensure what we provide aligns with community objectives and priorities, and that the community understands the implications of these directions.

## **18. Attachments**

**1. Asset Management Policy March 2021**

**2. MidCoast Council Asset Improvement Plan 2022/2023**

<b>Name of policy:</b>	<b>Asset Management</b>		
<b>Adoption by Council:</b>	<b>24 March 2021</b>	<b>Minute number:</b>	<b>73/2021</b>
<b>Last review date:</b>	<b>October 2020</b>		
<b>Review timeframe:</b>	<b>4 Years</b>		
<b>Next scheduled review date:</b>	<b>November 2024</b>		
<b>Related legislation:</b>	<i>Local Government Act 1993</i> <i>Water Management Act 2000</i>		
<b>Associated policies/documents:</b>	<i>MidCoast 2030 Shared Vision, Shared Responsibility Community Strategic Plan 2018-2030</i> <b>Asset Management Strategy</b> <b>Asset Management Plans</b> <b>Office of Local Government's Integrated Planning and Reporting Manual for local government in NSW 2013</b> <b>NSW Government's Best-practice Management of Water Supply and Sewerage Guidelines 2007</b> <b>AS IS055000:2014</b> <b>AS IS055001:2014</b> <b>AS IS055002:2018</b>		
<b>Responsible division:</b>	<b>Infrastructure &amp; Engineering Services</b>		

## Policy Objective

This asset management policy provides the framework for the establishment of consistent asset management processes throughout MidCoast Council. This ensures that Council's assets provide quality services to the community and are managed, maintained and renewed in a manner that is sustainable and meets community expectations.

## Policy Statement

The purpose of this policy is to demonstrate MidCoast Council's commitment to the responsible management of its assets. The policy sets out principles, requirements and responsibilities for implementing consistent asset management processes throughout Council. It also ensures that Council, as the custodian of public infrastructure, has mechanisms in place to deliver infrastructure services in the most effective manner.

## Policy implementation

Council's assets will be managed in the most cost effective manner, driven by defined service levels and performance standards. This will require ongoing assessment of the following key issues:

- customer and community expectations;
- strategic and corporate goals;
- long term financial model; and
- legislative requirements

These should be achieved through strategic planning, service level review, output review, and development/implementation of the asset management framework.

## Coverage of the policy

This policy applies to all physical assets owned and/or managed by Council.

## Community Strategic Plan link

We strive to be recognised as a place of unique environmental and cultural significance. Our strong community connection, coupled with our innovative development and growing economy, builds the quality of life we value.<sup>1</sup>

Community Strategic Plan Values		
We value	our unique, diverse and culturally rich communities	Our diverse communities offer active and social opportunities, are safe and are places where we work together with a creative focus acknowledging our rich history and culture.
We value	a connected community	We are socially and physically connected with each other, by ensuring we have activities, facilities, roads, footpaths and technology that are upgraded and well maintained.
We value	our environment	Our natural environment is protected and enhanced, while we maintain our growing urban centres and manage our resources wisely.
We value	our thriving and growing economy	We are a place where people want to live, work and play, business is resilient and adaptable to change by utilising knowledge and expertise that supports innovation.
We value	strong leadership and shared vision	We work in partnerships towards a shared vision, that provided value for money and is community focused.

To meet the objectives of the Community Strategic Plan, Council will:

- prepare an integrated Asset Management Strategy and Asset Management Plans which supports the Community Strategic Plan, Resourcing Strategy, Delivery Program & Operational Plan
- ensure that the Asset Management Strategy and Plans cover a minimum timeframe of ten years
- ensure that the Asset Management Strategy includes an overarching Council endorsed Asset Management Policy

<sup>1</sup> MidCoast Council's Community Strategic Plan 2018-2030 *MidCoast 2030 Shared Vision, Shared Responsibility*

- engage with the community to establish agreed levels of service for delivery of infrastructure assets
- ensure that the Asset Management Strategy identifies assets that are critical to Council's operations as categorised in the Business Continuity Plan, and outline risk management strategies for these assets as per the Risk Management Framework
- ensure that the Asset Management Strategy includes specific actions required to improve Council's asset management capability and projected resource requirements and timeframes

## **Asset Management Principles**

The organisation's sustainable service delivery requirements will be met by adequately providing for the long-term planning, financing, operation, maintenance, renewal, upgrade, and disposal of assets. This is accomplished by ensuring that:

- all relevant legislative requirements together with social, political and economic environments are taken into account in asset management
- the Asset Management Strategy outlines the implementation of systematic asset management and appropriate best practice throughout Council
- the Asset Management Plans are revised to align with the Resourcing Strategy. The Plans are informed by community consultation, technical and financial planning and reporting
- the risks of Climate Change are addressed in each asset management plan and adaptation actions are implemented to minimise the impacts
- service levels are developed and defined in each asset management plan. The Service Levels will form the basis of annual budget estimates
- programs are developed for each asset class and regular inspections, maintenance and repairs are carried out to maintain the agreed service levels and to identify asset renewal priorities
- future service levels are determined in consultation with the community
- renewal plans are developed based on service levels, conditions and risk
- assets are managed, valued, and accounted for in accordance with appropriate best practice
- future lifecycle costs are reported and considered in all decisions relating to new services and assets and upgrading existing services and assets
- an organisational culture of living asset management is promoted whereby all employees with asset management responsibilities are provided the necessary training and professional development
- the required operational capabilities and resources are provided and asset management responsibilities are effectively allocated

## **Responsibilities**

The implementation of this policy will rely upon the efforts of three key groups. The responsibilities of these groups are:

### Elected Council

Council is responsible for:

- providing leadership and governance
- adopting a corporate asset management policy and strategy
- considering the impact of financial and service level decisions on Council's assets
- ensuring that organisational resources are allocated to safeguard sustainable service delivery.

#### MANEX & Extended MANEX

The General Manager, Directors and Managers are responsible for:

- allocating resources to the implementation of the Asset Management Strategy and Plans
- ensuring that actions identified in the Asset Management Strategy and Improvement Plan are completed within timeframes
- ensuring the integration and compliance with the Asset Management Policy and Strategy with other policies and business processes of the organisation
- developing and implementing maintenance and capital works programs in accordance with the Integrated Planning and Reporting documents
- delivering Levels of Service to agreed risk and cost standards
- Ensuring the community is involved and engaged on all key Council matters affecting service delivery
- managing infrastructure assets in consideration of long term sustainability
- presenting information to Council on lifecycle risks and costs
- approve the Asset Management Plans

#### Asset Management Working Group

The Asset Management Working Group is responsible for:

- reviewing the Asset Management Policy and Asset Management Strategy and ensuring integration with the Long Term Financial Plan and other Integrated Planning & Reporting documents
- monitoring the development and implementation of Asset Management Policy, Strategy and Plans
- developing and reviewing policies, processes and practices to ensure effective asset management across the organisation
- the implementation of the Asset Management Improvement Plan
- providing professional advice and collaborate with other departments of Council in relation to asset management
- operating within an agreed 'Terms of Reference'

#### **Definitions**

<b>Term</b>	<b>Definition</b>
Asset	A physical item owned by council that has economic value and enables services to be provided.
Asset life cycle	The life of an asset; from its acquisition to disposal.
Asset Management Information System	An asset management information system is a combination of processes, data and software applied to provide the essential outputs for effective asset management such as reduced risk and optimum infrastructure investment.

<b>Term</b>	<b>Definition</b>
Asset management	Asset management (AM) is a systematic process to guide the planning, acquisition, creation, operation and maintenance, renewal and disposal of assets.
Asset Management Plan	A plan developed for the management of an asset class that combines multi-disciplinary management techniques (including technical and financial) over the life cycle of the asset, in the most cost effective manner to provide a specified level of service.
Asset Management Strategy	The Asset Management Strategy is a component of the Resourcing Strategy. It demonstrates how our assets support service delivery in consultation with the community and within available funding.
Asset register	A record of asset information including inventory, historical, financial, condition, construction, technical, and financial details.
Infrastructure asset	Infrastructure assets are typically large, interconnected networks or portfolios of composite assets, comprising components and sub-components
Level of service	The defined service quality for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.
Life-cycle cost	The total cost of an asset throughout its useful life.
Useful life	Either, the period over which an asset or component is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset or component by the entity.

**Responsible officer (position)**

Director Infrastructure & Engineering Services

**Attachments**

Nil





**MIDCOAST**  
council

# Asset Management Assessment

MidCoast Council

May 2021

#### Document status

Ref	Version	Approving director	Date
7523	1 - Draft	T McCarthy	April 2021
7523	2 - Final		May 2021

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# 1 Introduction

## 1.1 Background

MidCoast Council ('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 \$4.3 billion 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.

MidCoast Council wants to gain an improved understanding of their current asset management maturity and understand what is required to achieve and maintain a sustainable level of asset management maturity that meets the requirements of the organisation now and into the future.

This asset management maturity assessment is based on the International Infrastructure Management Manual (IIMM). As such this assessment provides Council with the opportunity to understand how its asset management practices, systems and processes compare with industry standards and other councils and also to measure their improvement in various areas of asset management capability through the attached Improvement Plan.

To provide this assessment, an onsite audit of Council's asset management practices and a review of the relevant asset management and financial documents have been undertaken. The work has been aligned with our standard methodology and moderated against other recent assessments, which allows for a ready comparison against other councils.

## 1.2 Process and methodology

Our methodology is based on achieving consistent and repeatable results, which can be applied across a range of councils while recognising the differences between councils in terms of size, asset base and capacity. Our standardised assessment methodology and practices have been used as well as a standard reporting format with findings relating to each category which summarises the evidence on which the assessment was made.

### 1.2.1 Asset management systems and processes

Key roles within Council, that have responsibilities for asset management within the organisation (strategic, operational and financial), were interviewed over a two-day period.

The independent audit assesses Council against the following categories and sub-categories:

<b>Asset knowledge/data</b> <ul style="list-style-type: none"> <li>asset classification/hierarchy</li> <li>attributes and location</li> <li>condition data</li> <li>lifecycle cost data</li> <li>valuation, depreciation and age/life data</li> </ul>	<b>Asset knowledge processes</b> <ul style="list-style-type: none"> <li>asset accounting/valuation</li> </ul>
<b>Strategic asset planning processes</b> <ul style="list-style-type: none"> <li>strategic long-term plan</li> <li>asset management policy and strategy</li> <li>levels of service</li> <li>risk management</li> <li>financial planning and capital investment</li> <li>asset management plans</li> </ul>	<b>Operations and maintenance work practices</b> <ul style="list-style-type: none"> <li>operations/maintenance management</li> <li>critical assets</li> </ul>
<b>Information systems</b> <ul style="list-style-type: none"> <li>asset register</li> <li>systems integration</li> </ul>	<b>Organisational context</b> <ul style="list-style-type: none"> <li>organisational strategy</li> <li>asset management review/improvement</li> <li>asset management roles and responsibilities</li> </ul>

An assessment against each category based on an A – F scoring is provided, as well as an overall weighted score again based on A – F. The table below sets out the ranking system.

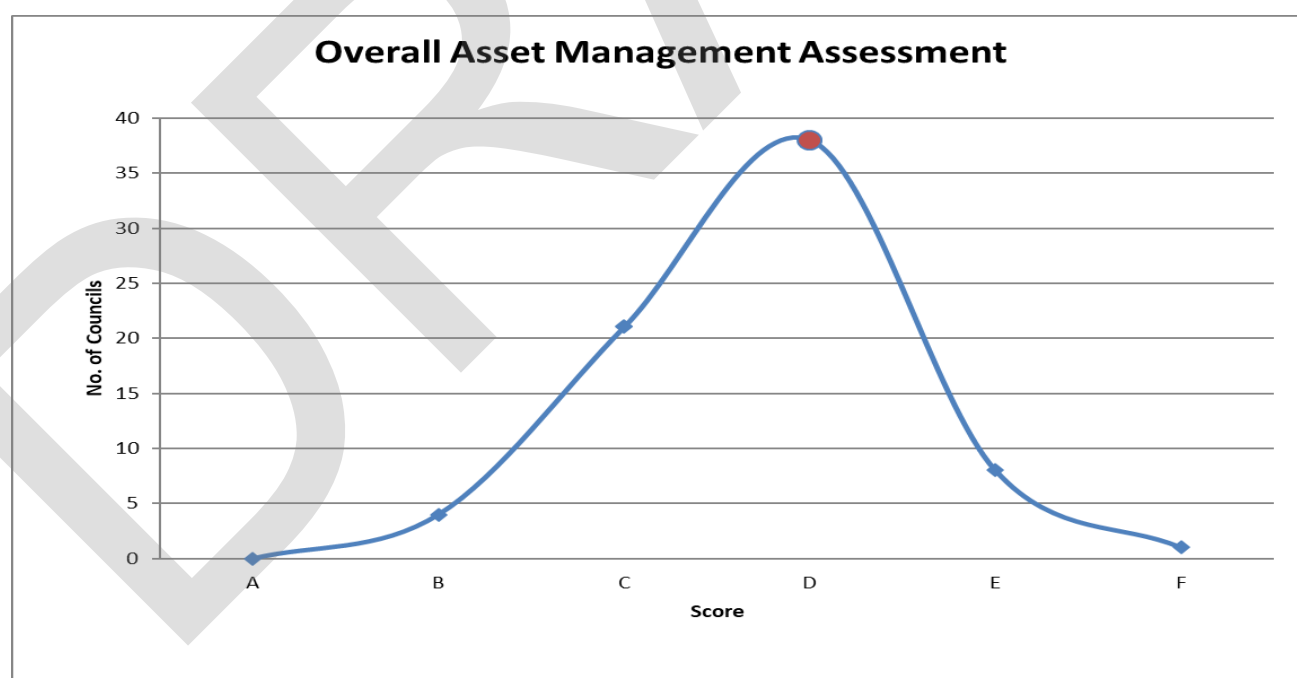
Assessment	Description	Standard
A	At or near best practice	≥ 9.0
B	Advanced level of competence	7.50 – 8.99
C	Core level of competence	6.00 – 7.49
D	Basic level of competence	4.00 – 5.99
E	Awareness	2.50 – 3.99
F	Nothing/limited	≤ 2.49

## 2 Summary of audit results

Category	Assessment
Asset knowledge/data	C
Asset knowledge processes	C
Strategic asset planning processes	E
Operations and maintenance work practices	D
Information systems	B
Organisational context	C
<b>Overall asset management assessment</b>	<b>D</b>

The overall score of **D** would indicate that Council is at a BASIC level of competence in asset management. Based on our recent experience across the asset management practices, systems and processes of councils in NSW, this result puts MidCoast Council at an AVERAGE, of the NSW councils. The following chart shows the distribution of 72 Asset Maturity Assessments for 59 councils, including the Office of Local Government (OLG) on-site infrastructure audit. For ease of reference we have highlighted in red where this places MidCoast Council compared to the councils which have previously been audited by Morrison Low.

Figure 1 Overall asset management assessment council comparison graph



To improve in asset management more work is required in the areas of:

- strategic asset planning processes
  - financial planning and capital investment

- levels of service
- operations and maintenance work practices.

### 3 Asset management assessment

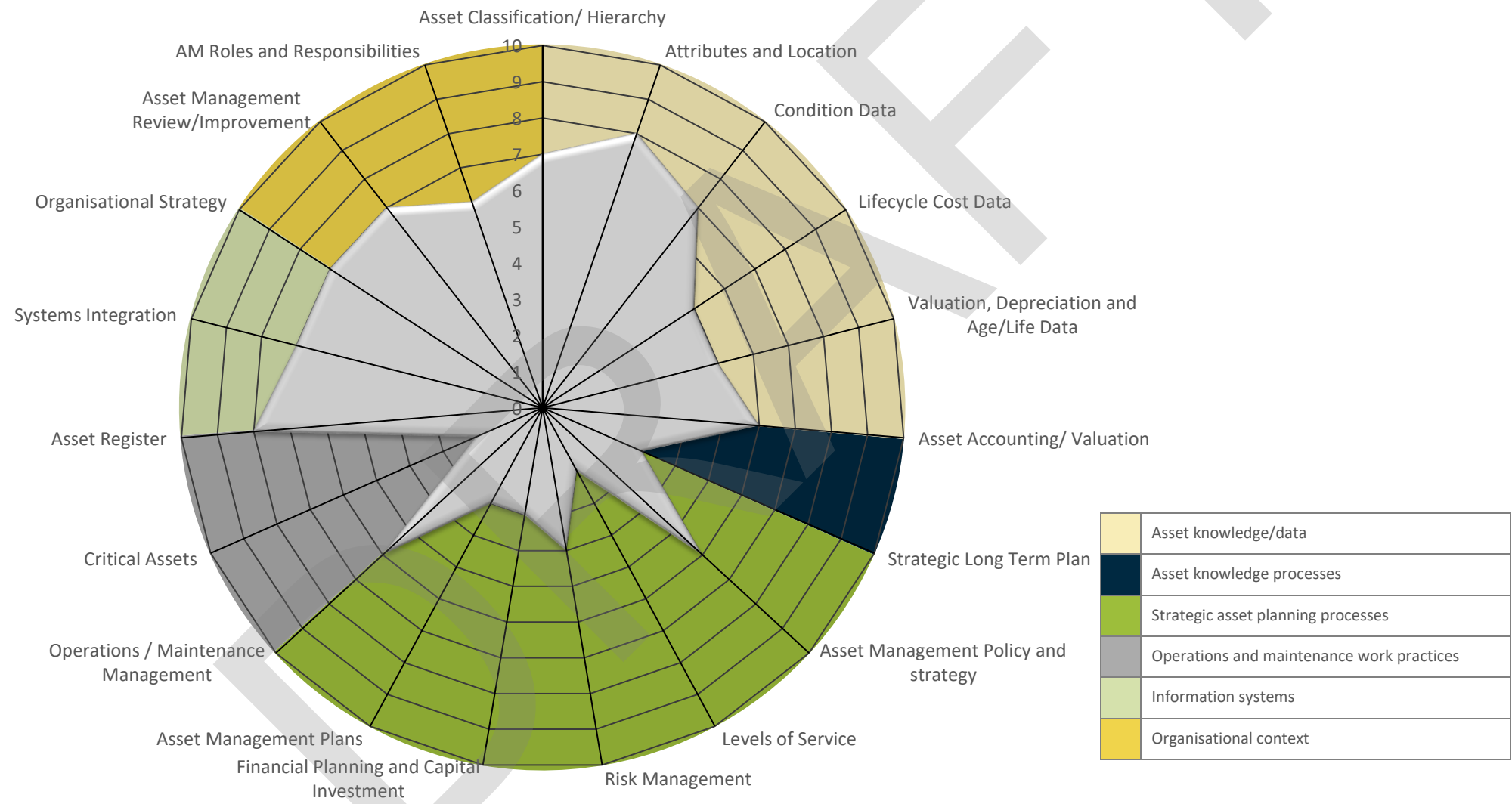
Table 1 Gap analysis assessment chart – MidCoast Council

Mid-Coast Council	Current Score	Desired score 3yrs	Priority (1-3)	1	2	3	4	5	6	7	8	9	10
<b>Asset Knowledge / Data</b>	<b>6.2</b>	<b>7.0</b>											
Asset Classification/ Hierarchy	7												
Attributes and Location	8												
Condition Data	7												
Lifecycle Cost Data	5												
Valuation, Depreciation and Age/Life Data	5												
<b>Asset Knowledge Processes</b>	<b>6.7</b>	<b>7.0</b>											
Asset Accounting/ Valuation	6												
<b>Strategic Asset Planning Processes</b>	<b>3.8</b>	<b>7.0</b>											
Strategic Long Term Plan	3												
Asset Management Policy and strategy	6												
Levels of Service	2												
Risk Management	4												
Financial Planning and Capital Investment	3												
Asset Management Plans	3												
<b>Operations and Maintenance Work Practices</b>	<b>4.5</b>	<b>7.0</b>											
Operations / Maintenance Management	6												
Critical Assets	2												
<b>Information Systems</b>	<b>7.7</b>	<b>7.0</b>											
Asset Register	8												
Systems Integration	7												
<b>Organisation Context</b>	<b>6.7</b>	<b>7.0</b>											
Organisational Strategy	7												
Asset Management Review/Improvement	7												
AM Roles and Responsibilities	6												

This information is also presented as a radar chart, to enable greater visual understanding of the Council's current strengths and weaknesses.



Figure 2 Gap analysis assessment chart - MidCoast Council



### 3.1 Asset knowledge/data

Overall category score	C
------------------------	---

#### 3.1.1 Asset classification/hierarchy

We would expect Council to have a logical structure to the collection and storage of its asset data including:

- assets identified by unique IDs
- registers segmented into appropriate classification levels.

We would expect to find an asset hierarchy that covers all asset classes and is consistent with guidelines and processes. There should be guidelines and processes for asset identification using unique IDs.

##### Findings

Council's asset data appears well organised and structured. A hierarchical relationship has been developed for all asset classes. There is an issue with the water and sewer data where the parent/child relationship has not been identified. This would appear to be a result of the data being transferred from an earlier version of MC1 EAM, which has not been carried over to the new system.

#### 3.1.2 Attributes and location

We would expect asset attribute data (location, size, material, type, etc) to be in the asset register and able to be represented in a spatial format, with associated mapping guidelines and processes.

##### Findings

Council's asset data is well organised and generally available on the geographic information system (GIS). Council is in the process of migrating water and sewer network assets into the QGIS system to provide a single GIS system for all assets under its control.

#### 3.1.3 Condition data

We would expect there to be written processes for carrying out condition surveys and defect identification assessments, with data recorded in accordance with the asset hierarchy. Condition assessment guidelines and processes should be developed and used, and there should be a consistent rating system applied. Historical assessment data should be available in a consistent format.

##### Findings

Council has condition data for all its assets. There appears to be a consistent and logical adoption of the 1 – 5 condition rating system. Further work is required in the development of more comprehensive guidelines to ensure consistency in asset condition rating.

### 3.1.4 Lifecycle cost data

There should be clear definitions of operations and maintenance, renewals and new/upgrades expenditure. Cost data should be recorded separately for each, with the data used in decision making. There should be a written lifecycle strategy and cost and planning processes which are used.

#### Findings

Council is able to determine the lifecycle cost for some asset classes via its costing and works order system. Each asset class currently defines whether costs are associated on an activity or asset basis. We believe that a consistent organisational approach would be better, unless specific organisational/asset requirements are identified.

### 3.1.5 Valuation, depreciation, and age/life data

We would expect there to be a common data system used across all asset groups, with current depreciation and replacement cost data at the appropriate asset hierarchy level. Depreciation should be updated on the basis of annual assessments of useful asset life. Historical accounting data should be available.

#### Findings

Valuations have been completed recently by external registered valuers, i.e. water, sewer and stormwater drainage assets valuations were completed on 30 June 2020. Open space assets will also be revalued externally in 2021 -2022. The process for revaluation appears sound and follows the process identified in the Australian Infrastructure Financial Management Manual (AIFMM). The revaluation information is available and key valuation assumptions are identifiable and repeatable. Council should ensure that an annual desktop review of asset values is carried out, in accordance with the accounting and valuation standards.

## 3.2 Asset knowledge processes

### Overall category score

C

### 3.2.1 Asset accounting/valuation

There should be clear valuation and depreciation guidelines and accounting processes against various hierarchy levels and categorised in accordance with accounting requirements developed and used. The responsibilities for system and data management should be clearly defined. There should be data validation and audit processes developed and used.

#### Findings

The process for revaluation appears sound and follows the process identified in the AIFMM and other standards. The revaluation information is available and key valuation assumptions are identifiable and

repeatable.

### 3.3 Strategic asset planning processes

Overall category score

E

#### 3.3.1 Strategic long-term plan

There should be strategic asset management plan documents that are fully aligned with Council's other strategic documents. The documents should include or define the plan review process, long-term expenditure forecasts with operations and maintenance, renewals and new/upgrade forecasts separately identified, and Council's strategy for the management of Council's assets. There should be evidence that the strategy is being complied with.

##### Findings

Council has a Strategic Asset Management Plan but the plan is not up to date and needs to be reviewed to include water and sewer assets. Since amalgamation, Council's asset management focus has been in bringing together the four prior entities' asset data into one integrated system.

#### 3.3.2 Asset management policy and strategy

We would expect there to be an Asset Management Policy which has been adopted by Council and which defines vision and service delivery objectives and reinforces the need to use a lifecycle cost approach. The policy should be reviewed every 4 years. There should be evidence that the policy is being complied with.

##### Findings

Council has an adopted Asset Management Policy which was recently reviewed to include all assets under its control.

#### 3.3.3 Levels of service

We would expect that levels of service are clearly defined in each asset management plan and are aligned to Council's strategic objectives and legislative requirements and have been developed taking community input into account. Community and technical levels of service should be separately identified with the latter incorporated into service level agreements and operations and maintenance and renewals processes. Performance against level of service targets should be monitored in accordance with documented procedures.

##### Findings

Council has no adopted service levels for assets. There are service levels for water and sewer assets in the MidCoast Council Strategic Business Plan and there are technical levels of service based on public health and regulatory compliance.

### 3.3.4 Risk management

Council should have a corporate risk management policy and strategy and a risk assessment should exist for each asset class in accordance with them. The assessment should identify critical assets and any risk mitigation strategies or measures. Council should have emergency response and recovery and business continuity plans, taking into account each asset class.

#### Findings

Council's risk management practices in relation to assets are basic. Council staff have a good knowledge of risk and risk management practice, however, these are based on local and corporate knowledge in a number of business continuity plans and have not been incorporated into emergency response plans and actions.

### 3.3.5 Financial planning and capital investment

We would expect Council to have a Long-Term Financial Plan (LTFP) that is based on Council's Community Strategic Plan, Workforce Plan and asset management plans, The LTFP should incorporate lifecycle planning, forward capital works planning, risk and sensitivity analyses and project prioritisation processes.

#### Findings

Council deferred the 2018/2028 LTFP in June 2018 for further review. Asset expenditure and required asset expenditure is not included in the current LTFP. Council/organisational sustainability cannot be achieved without fully understanding the required expenditure for infrastructure assets.

### 3.3.6 Asset management plans

There should be asset management plans covering all assets owned by Council. The asset management plans should include levels of service with performance targets and actions and costs established to achieve them together with the following:

- demand forecasts
- lifecycle cost plans
- forecast costs separately identified for operations, maintenance, renewals new/upgrades and depreciation
- asset disposals
- an asset management improvement plan.

Consideration should be given to solutions not involving assets owned by Council. There should be clear evidence that they have been prepared taking community consultation into account.

## Findings

Council does not have asset management plans for all of its assets. Draft asset management plans exist for some assets but not all asset classes are covered. Water and sewer assets are currently undergoing an audit to determine the current status in developing an Integrated Water Cycle Management Plan.

## 3.4 Operations and maintenance work practices

### Overall category score

D

### 3.4.1 Operations/maintenance management

We would expect there to be operation and maintenance plans taking levels of service and performance targets into account for each asset class. This should be supported by processes for collecting, validating and auditing operations and maintenance data. There should be written processes for planning maintenance and works order and costing management that are used. There should be written maintenance specifications and, where appropriate, performance-based contracts or service level agreements in place.

## Findings

Maintenance practices are well defined within the works order system. Periodic and defect based works orders are being issued as required. Greater consistency in the use of the system across the organisation would be beneficial in achieving organisational efficiencies.

### 3.4.2 Critical assets

We would expect critical assets to have been identified, taking into account risk and emergency management and written strategies established for their management, with regular written reports on their condition and performance.

## Findings

Whilst critical and high risk assets are understood, there is limited evidence that asset criticality is used to define maintenance and inspection practices. The exception to this is the ongoing maintenance of high risk assets such as water and sewer assets, to ensure that these assets operate at optimum capacity.

## 3.5 Information systems

Overall category score	B
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### 3.5.1 Asset register

There should be a single asset register that captures, manages and reports on asset data as required by asset management. It should be possible to sort data by different hierarchy levels and to customise reports if required. The register should integrate with other asset management systems.

#### Findings

All of Council's infrastructure assets are recorded in the new MC1 asset management system. The data appears to be well structured and logical. Some minor issues with data transfer from the previous water and sewer asset system have prevented the parent-child relationship from being transferred.

### 3.5.2 Systems integration

Asset management systems should integrate or interface with corporate systems, including the customer request, document management, accounting and HR systems. There should be a spatial system (GIS) implemented with written processes that are used.

#### Findings

All of Council's assets are recorded in the MC1 enterprise asset management module (EAM). As such, integration with the finance and works management has been implemented ongoing monitoring, reporting and training is required to ensure module works very well. Apart from minor costing and allocation issues, the system is working. Maintaining full functionality for the water and sewer GIS will need to be managed carefully for creating assets from existing GIS to MC1 EAM system.

## 3.6 Organisational context

Overall category score	C
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### 3.6.1 Organisational strategy

There should be evidence that asset management drives Council in terms of the use and management of its assets aligned with Council's policies and strategies. Council's structure and position descriptions should clearly identify asset management roles and responsibilities across all asset classes. There should be written processes for capital investment based on Council's strategic plans, lifecycle costs and risk assessments.

#### Findings

There needs to be greater involvement and collaboration between asset and financial staff to ensure that asset management practices are accurately reflected in Council's accounts. This is only possible where financial and technical staff work together to ensure that engineering and technical reality is reflected in Council's financial management and financial modelling.

### 3.6.2 Asset management review/improvement

We would expect that there is a prioritised asset management improvement plan, with responsibilities and timeframes in place that is monitored and reported on. There should be a benchmarking process and regular asset management reviews in place.

#### Findings

An asset management improvement plan is currently in place, however, there is currently no process for reviewing/reporting progress or benchmarking against other councils. Once the asset management improvement program is adopted, the implementation against targets should be reported to senior management on a regular basis.

### 3.6.3 Asset management roles and responsibility

We would expect that asset management roles and responsibilities are clearly identified. There should be a clear training program in place for all levels in the organisation, including Council, with needs assessments where appropriate. Identified needs should be included in a workforce management plan.

#### Findings

The asset management roles and responsibilities are generally well defined. The organisation is clearly focused on the delivery of the works program, which is taking away from asset management roles in some areas. Further definition of roles is required to ensure the responsibility for data collection and development of asset management plans is more clearly defined and well understood. The Asset Management Working Group (AMWG) Program Plan includes training for asset staff to bring up their level of asset management skills. This is well supported through Council's corporate development program.



## 4 What MidCoast Council is doing well

The use of MC1 EAM and the data migration has been a major achievement for the organisation. All infrastructure asset classes have their data in the new system.

A strong operational focus has developed across most asset classes:

- assets are in good condition
- former Council technical registers have been consolidated and MC1 EAM has been implemented reasonably well
- strong executive support for whole of Council asset management through the AMWG.

The revision and inception of the AMWG adoption of the Asset Management Policy will assist in driving asset management practices across Council. There is generally good buy-in by asset owners, with acknowledgement that these are providing value and form the basis of a good asset management culture within the organisation.

## 5 Summary of needs, issues and barriers

There is a lack of strategic focus to support the strong operational focus. This is evident by the lack of up to date asset management plans and the lack of integration between the Asset Management Strategy and the LTFP.

Currently lifecycle costs have not been fully understood for all asset classes, as such funding requirements have not been integrated into the LTFP. This has meant that for these asset classes, the allocated funds are based on historical expenditure or grant funding, which does not fully cover all lifecycle requirements and does not allow for forward planning. As a result, Council's Capital Works Program has been limited to a one to two-year horizon.

There needs to be greater involvement and collaboration between asset and financial staff to ensure that asset management practices are accurately reflected in Council's accounts. This is only possible where financial and technical staff work together to ensure that engineering and technical reality is reflected in Council's financial management and financial modelling. Documenting and clarifying all asset management roles and responsibilities is key, particularly between the interface of finance and technical roles.

## 6 Benchmarking

The following graphs set out a comparison of MidCoast Council with the results of 72 Asset Maturity Assessments for 59 councils, including the Office of Local Government (OLG) on-site infrastructure audit. The processes and systems used to make the assessment of MidCoast Council are directly comparable to those in the OLG Infrastructure Audit and all other audits undertaken between 2013 and 2021 by Morrison Low.

Each graph shows how MidCoast Council's assessment in each category compares to the 59 councils that have been audited as part of that assessment, and subsequent councils assessed using the same methodology. MidCoast Council's score for each category has been highlighted in green.

Figure 3 Asset knowledge/data - results comparison

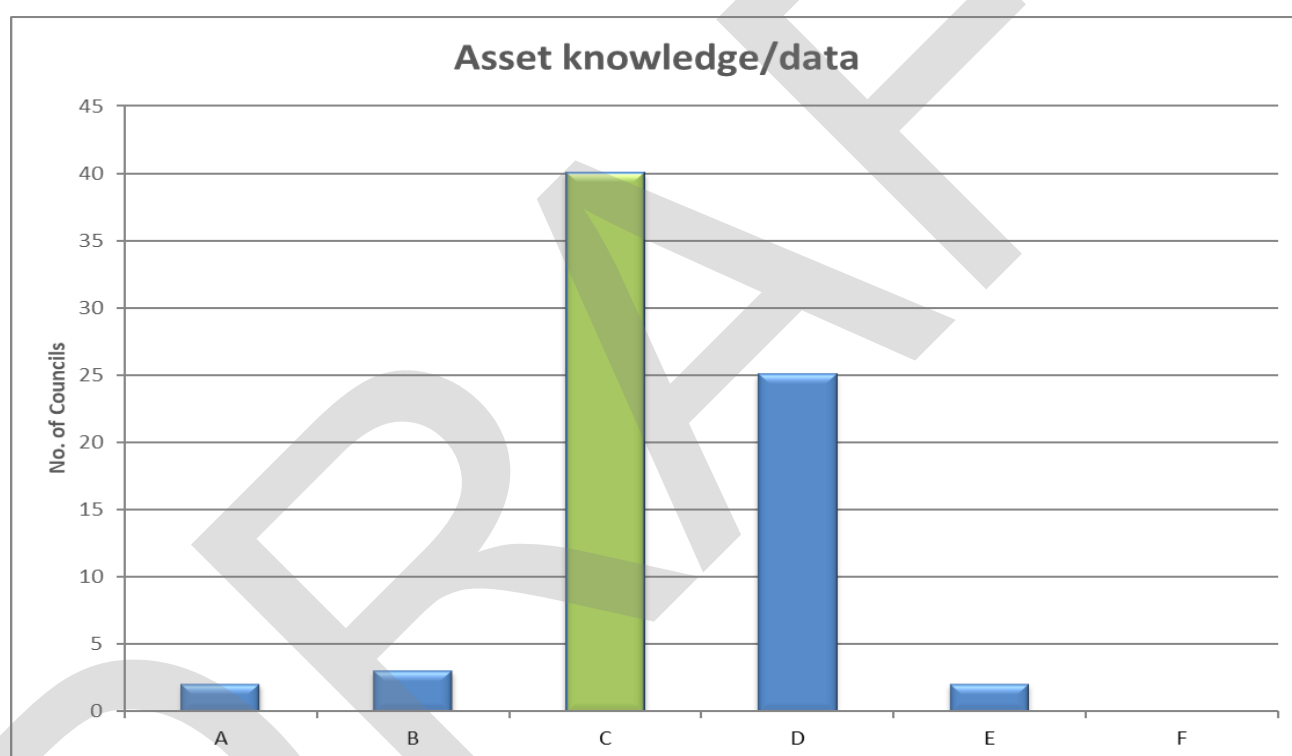


Figure 4 Asset knowledge processes - results comparison

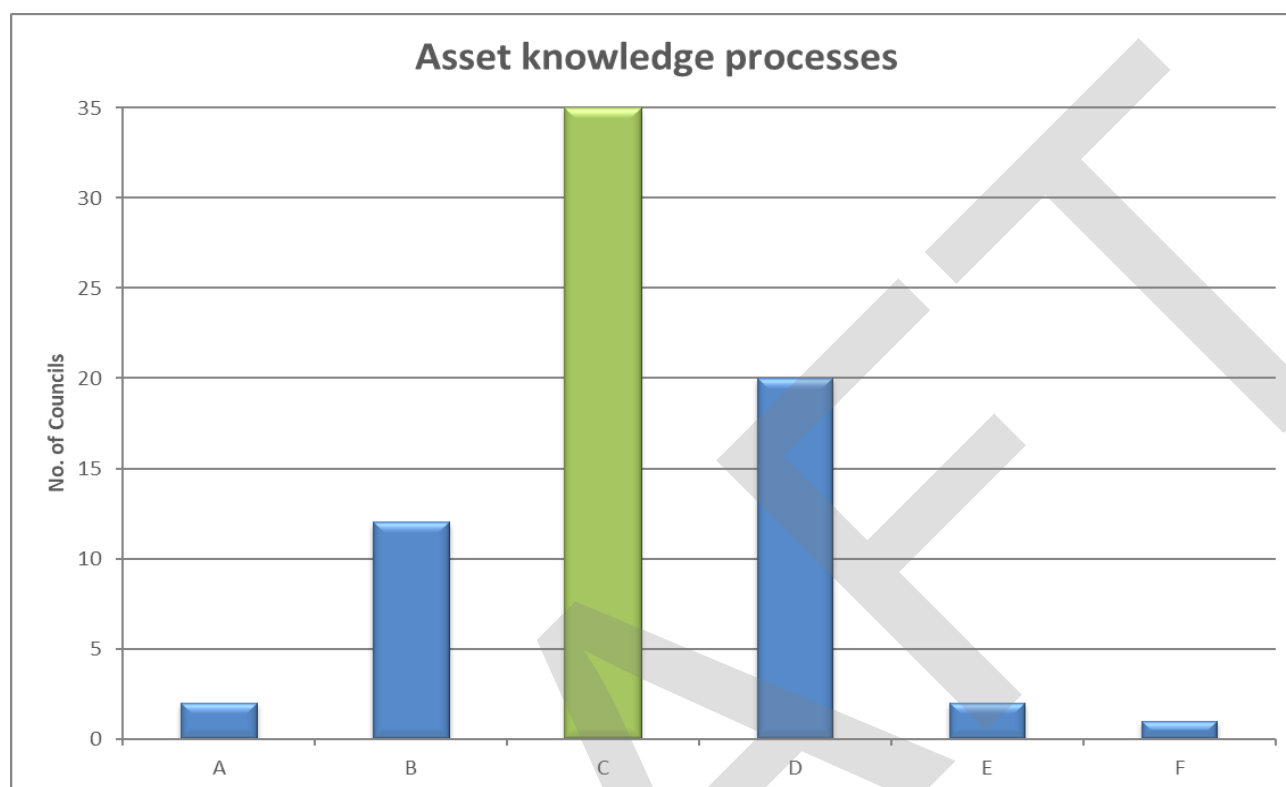


Figure 5 Strategic asset planning process - results comparison



Figure 6 Operations and maintenance work practices - results comparison

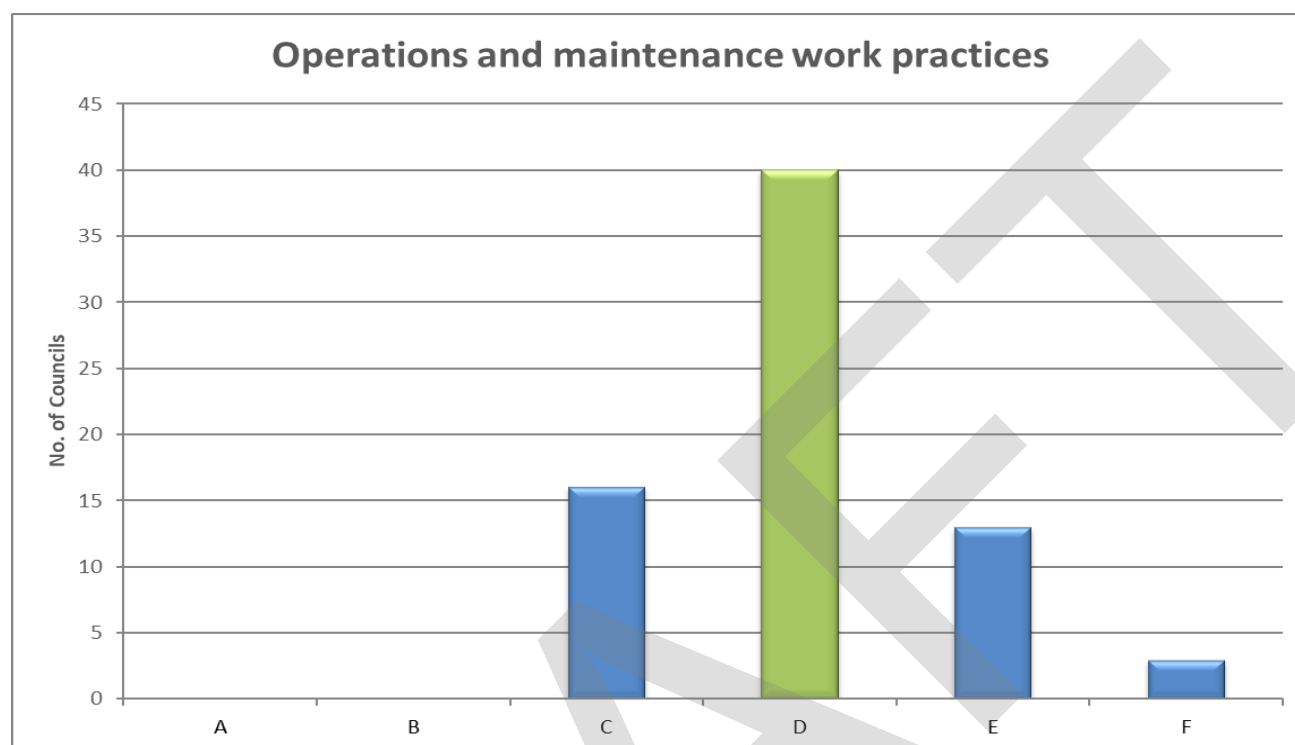


Figure 7 Information systems - results comparison

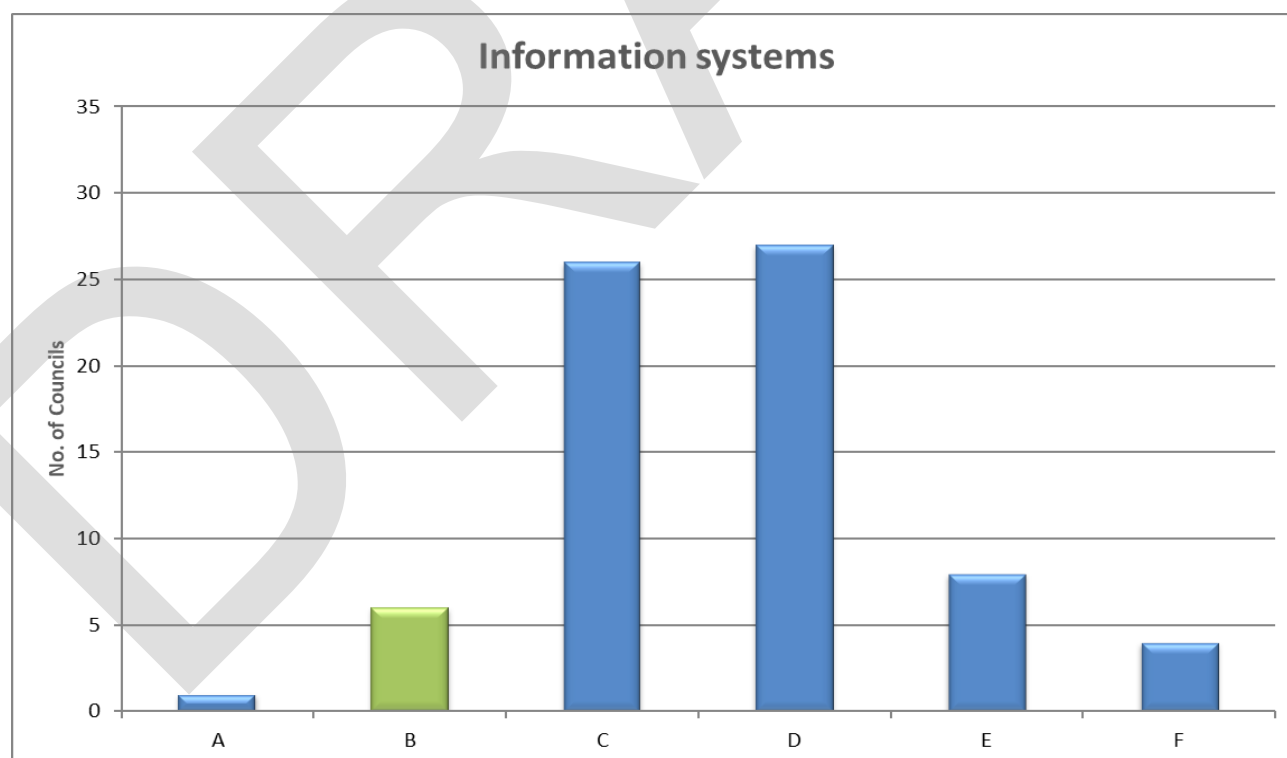
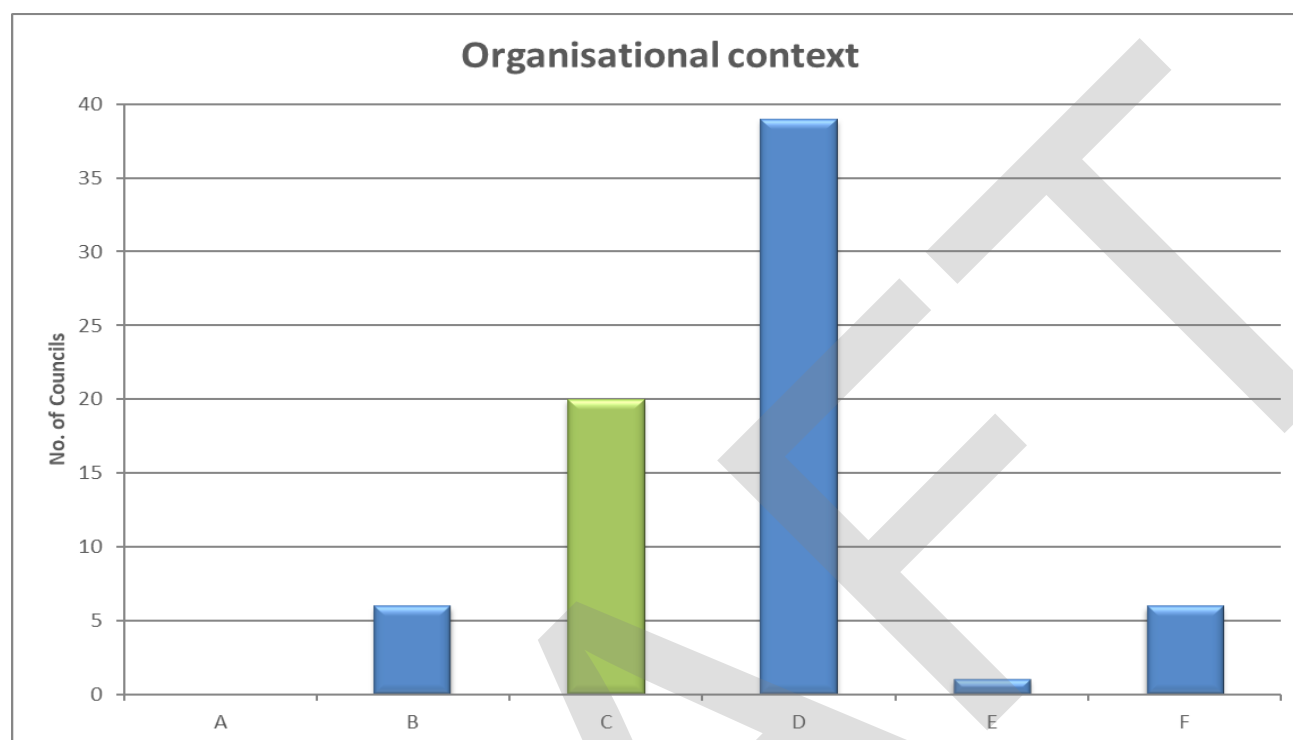


Figure 8 Organisational context - results comparison



## 7 Recommendations and next steps

Based on the on-site reviews of Council asset related documents and our understanding of practices and processes, we consider the following steps should be considered in the next iteration of Council's asset management improvement plan.

## Council to adopt a goal of being at core level of asset management by 2023

Table 2 Recommendations and next steps

Action	Priority	Resourcing	Timing	Responsibility
<b>Asset data and knowledge</b>				
Council to document clear asset lifecycle strategy for all assets, which is to be supported by Council's LTFP.	H	Internal/external	Year 1	AMWG
Council to review asset hierarchy for all asset classes to map parent/child relationship.	VH	Internal/external	Year 1	AMWG
Develop an asset condition inspection strategy that ensures all assets are inspected on a regular basis.	M	Internal	Year 2	Asset Class Custodians
Council to document spatial mapping templates, guidelines and procedures and move all asset classes to same platform. A methodology is needed to identify how we are including/disposing assets into GIS	M	Internal	Year 2	GIS and AMWG
<b>Asset knowledge processes</b>				
Council to develop asset accounting processes to identify all asset expenditure requirements into renewal, growth, maintenance or operational.	VH	Internal	Year 1	AMWG & Finance
Review the current rate of depreciation to determine whether the annual depreciation expense is a true reflection of the loss in value of Council's asset portfolio.	VH	Internal/external	Year 1	Finance and Asset Class Custodians
Adopt consistent reporting methodology for Special Schedule 7 across all asset classes informed by current asset data.	VH	external	Year 1	Finance AMWG
Formally undertake an annual review of fair value for all infrastructure assets.	M	Internal	Year 2	Finance and Asset Class Custodians

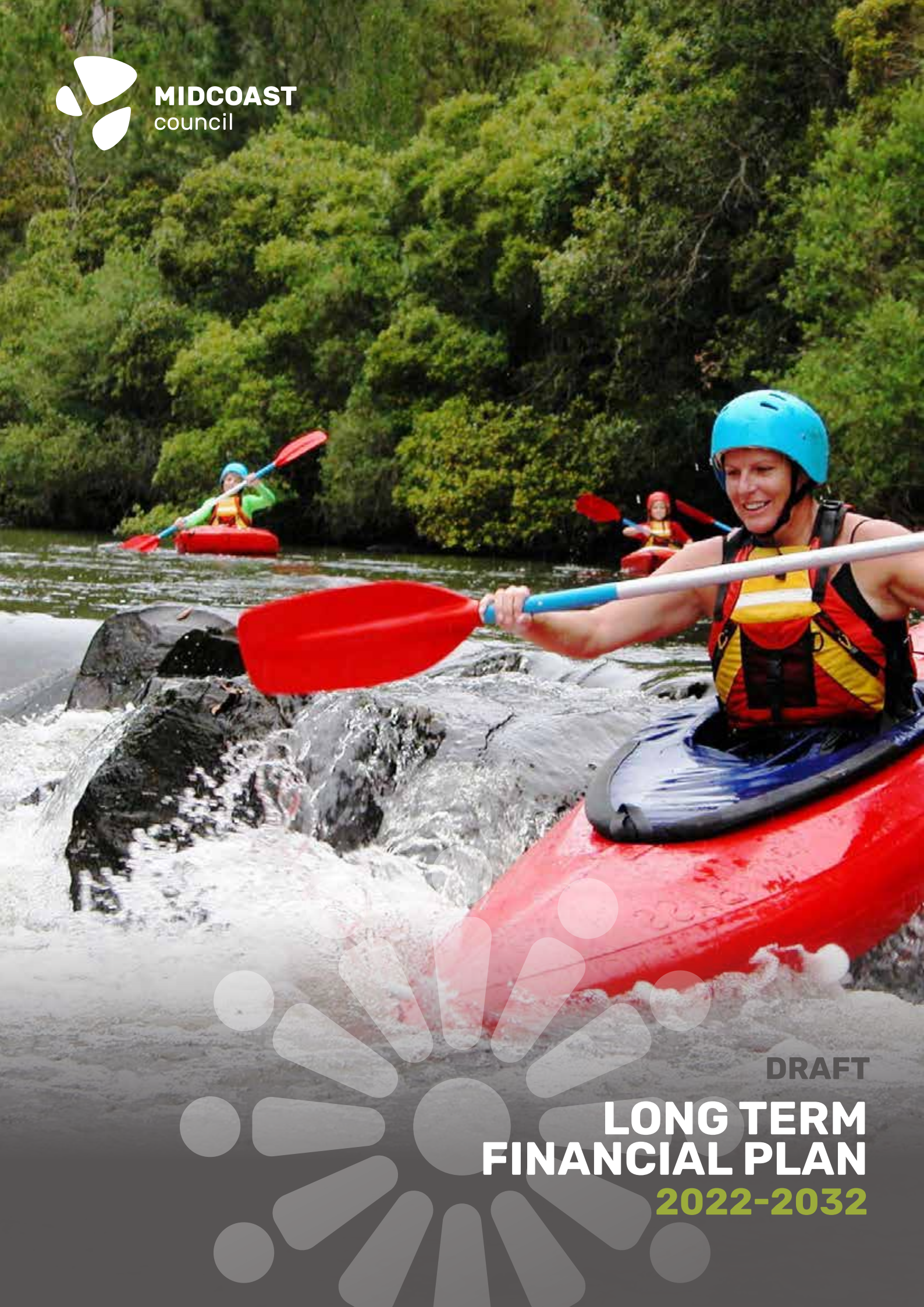
Action	Priority	Resourcing	Timing	Responsibility
<b>Strategic asset planning processes</b>				
Develop and update all asset class management plans with individual asset improvement plans and prepare asset improvement roadmap for all asset classes.	H	Internal/external	1 Year	Asset Class Custodians
Determine the long-term expenditure requirements for Council's assets based on a sustainable asset approach and incorporate findings in the Council's LTFP.	VH	Internal/external	6 months	AMWG Finance Asset Class Custodians
Develop and update Asset Management Strategy and LTFPs after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	VH	Internal/external	Year 1	AMWG Finance
Develop asset-based service levels for the existing asset portfolio, initially based on existing service delivery expectations. Once existing service levels have been developed, undertake community consultation to determine community-based service levels.	H	Internal	Year 1 Year 2	Asset Class Custodians
Council is to monitor and report on levels of service in Operational Plan.	H	Internal	Annually and Ongoing	AMWG
Council is to review risk treatment/minimisation strategy for its high-risk assets annually.	M	Internal	Annually and Ongoing	AMWG Risk Management Team
Council is to review emergency/disaster response and recovery plans for its critical assets and services.	M	Internal	Year 2	Asset Class Custodians Directors
<b>Operations and maintenance work practices</b>				

Action	Priority	Resourcing	Timing	Responsibility
Council to review and document electronic works order management system process to ensure data capture meets individual asset class plans for operational and financial reporting.	H	Internal	Year 2	Finance
Council is to formalise and document procedures for managing its critical assets.	M	Internal	Year 2	Asset Class Custodians
<b>Information systems</b>				
Council to ensure corporate asset register supports hierarchical definition of assets, so data can be linked to alternative levels and aggregation capabilities exist.	VH	Internal/external	6 months	AMWG and MC1 Systems support
Corporate GIS maintains functionality of existing GIS systems in use, for operational asset maintenance and planning.	H	Internal	Year 1 Year 2	AMWG and GIS
<b>Organisational context</b>				
Council to map out the organisation's asset management roles and responsibilities and formalise/clarify asset management functions ensuring the asset management practices are accurately reflected in Council's financial management and financial modelling.	VH	External	Year 1	Asset Class Custodians
Asset management working group to continue to lead and report on asset management progress and improvement plan status and create a process for bi-annual reporting to senior management.	H	Internal/external	6 months	AMWG Asset Class Custodians
Council is to determine asset management skills and training requirements.	H	Internal	Annually	AMWG
Council is to formalise and document asset handover processes and capitalisation processes.	VH	Internal	Year 1	Finance Asset Class Custodians





**MIDCOAST**  
council



**DRAFT**

**LONG TERM  
FINANCIAL PLAN**  
**2022-2032**

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Version	Purpose of Document	Reviewed by	Date
1	Internal Review	xxx	xxx
2	-	xxx	xxx

# Introduction

On 12 May 2016 the NSW Government proclaimed the creation of Mid-Coast Council. This was the result of the amalgamation of the former Gloucester Shire Council, Great Lakes Council and Greater Taree City Council.

This was followed by a further Proclamation that took effect on 1 July 2017 that saw the former MidCoast County Council (MidCoast Water) dissolved with its functions and responsibilities transferred to Mid-Coast Council.

The new Council operated under a period of administration until local government elections took place in September 2017.

That election saw 11 new Councillors elected to Mid-Coast Council for an initial period of 3 years. That period was extended due to the COVID-19 pandemic with elections eventually held in December 2021.

At the December 2021 election a new Council was elected and they will serve a shortened term through to September 2024.

Each new Council is required to prepare the full suite of Integrated Planning and Reporting documents that will guide the Council during its term.

Those documents are:

- A Community Strategic Plan which identifies the long term aspirations our communities want to see delivered in the Mid-Coast Council area. The Strategic Plan stretches across 20 years, identifying the outcomes and long term strategic responses needed to achieve the agreed directions. It demands strong leadership from Council in working with others to grow our area into the future.
- A 4 year Delivery Program which links the 'planning' in the long term Strategic Plan with the 'implementing' in the annual Operational Plan. It is the strategic document that guides the organisation's work program over the term of Council. The Delivery Program sets out clear priorities, ongoing activities and specific actions Council will undertake, within its responsibilities and capacity, towards achieving the community's outcomes.
- An annual Operational Plan which is the 'implementing' part of Council's key strategic documents, and outlines all of Council's services. All services deliver a range of ongoing service activities, and may also identify specific tasks to be undertaken in the year ahead. Both ongoing activities and specific tasks contribute to the implementation of Council's Delivery Program.
- A Resourcing Strategy which outlines Council's capacity to manage assets and deliver services over the next ten years. The Strategy includes three key elements - a Workforce Management Plan, an Asset Management Plan, and a Long Term Financial Plan. To prepare the Resourcing Strategy, Council determines its capacity and how to effectively manage its finances, the sustainability of its workforce, and the overall cost and condition of its community assets.

The Long Term Financial Plan contains guiding philosophies to promote a consistent financial direction spanning multiple financial years and council terms.

The Plan is reviewed and updated annually as part of the development of the annual Operational Plan and multi-year Delivery Program. Other scenarios are also developed and considered where proposals are likely to have a major impact on the Council's overall financial sustainability.

This is the third major review of the Long Term Financial Plan developed by Mid-Coast Council and covers a ten year timeframe commencing in the 2021/2022 financial year.

## Objectives and Structure of the Plan

The objectives of the Long Term Financial Plan are to:

- Provide a transparent account of Council's financial position to the community
- Analyse the cumulative financial effects of Council's high level plans and policies
- Identify the financial opportunities and challenges confronting Council
- Provide a basis for sound and strategic decision making
- Achieve a balanced budget over the long term, and
- Meet the requirements of the Office of Local Government's (OLG) Integrated Planning and Reporting Framework

The Plan has been structured in five main sections.

Section 1 - Provides a brief introduction to the Plan, the objectives it aims to meet and the service structure and costs of Council.

Section 2 - Details the policy context within which the Long Term Financial Plan has been developed. It provides an overview of other strategies, plans, policies and other documents which have implications for the long term financial future of the Council.

Section 3 - Details the financial scenarios developed by Council. A single scenario for General Fund has been developed using the 2021/2022 budget as the starting position. The draft 2022-2023 budget has been included in the modelling with all indexation projected forward based on this draft budget. A single scenario for both the water and sewer funds has been developed.

This Section sets out:

- the assumptions by which each scenario was created
- the value added by each scenario
- the financial outcomes which result from the application of the relevant assumptions
- any opportunities and threats which may make the scenario sensitive to variation

Section 4 - Draws conclusions from the financial modelling and proposes methods for resolving financial shortfalls.

Section 5 – Provides the principal Financial Statements (Income Statement, Balance Sheet, Cash Flow Statement, Financial Performance Indicators) on a Consolidated basis as well as for each of the 3 Funds operated by Council. These cover the 10 year period from 2021/2022 to 2031/2032.

# Section 1

## Current Financial Position of Council

As mentioned above Mid-Coast Council was created on 12 May 2016, being an amalgamation of 3 former councils. Responsibility for the provision of water and sewerage services was transferred to Council from 1 July 2017 following the dissolution of the former MidCoast County Council (Midcoast Water).

Council is required to produce Consolidated Financial Reports that comply with Australian Accounting Standards, the Local Government Act 1993 and associated Regulations and the Office of Local Government's Code of Accounting Practice and Financial Reporting.

Council is also required to prepare Special Purpose Financial Reports that provide relevant stakeholders and users with financial information about its Water and Sewer operations.

To enable this separate reporting (and to comply with legislative requirements) Council operates 3 Funds – a General Fund, Water Fund and Sewer Fund.

The Consolidated result is the sum of the individual fund results. The Fund results for the financial period to 30 June 2021 are set out in the tables below.

This indicates that the General Fund recorded a deficit Net Operating Result before Capital Grants & Contributions. The modelling conducted over the term of this Long Term Financial Position (set out in Section 5) confirms that this is a long term trend. The Financial Performance Indicators that flow from this modelling highlight that Council will not meet the OLG Operating Performance Ratio benchmark.

The Operating Performance Ratio is the key indicator for long term financial sustainability. Action is required over the term of this Long Term Financial Plan to address this position.

The Water and Sewer Funds recorded positive (or surplus) Net Operating Results before Capital Grants & Contributions during 2020-2021. This is projected to continue across the term of the Long Term Financial Plan. However those funds have large capital works programs to be delivered over a long period of time and this will require careful management of ongoing budgets to ensure that funding is available when required.

**Table 1: Income Statement by Fund at 30 June 2021**

	General Fund	Water Fund	Sewer Fund
<b>Income from Continuing Operations</b>	\$'000	\$'000	\$'000
Rates & Annual Charges	106,176	13,082	38,022
User Charges & Fees	24,137	28,016	3,264
Interest & Investment Revenue	1,771	91	882
Other Revenues	3,925	63	268
Operating Grants & Contributions	31,341	520	483
Capital Grants & Contributions	41,619	11,422	4,967
Other Income	5,136	0	0
<b>Total Income from Operations</b>	<b>214,105</b>	<b>53,194</b>	<b>47,886</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & On-Costs	72,103	7,122	5,667
Materials & Services	55,494	12,882	13,542
Borrowing Costs	2,242	5,237	3,852
Depreciation, Amortisation & Impairments	55,992	13,713	10,450
Other Expenses	9,121	330	115
Net Losses from Disposal of Assets	8,867	781	598
<b>Total Expenses from Continuing Operations</b>	<b>203,819</b>	<b>40,065</b>	<b>34,224</b>
<b>Net Operating Result for the Year</b>	<b>10,286</b>	<b>13,129</b>	<b>13,662</b>
<b>Net Operating Result before Capital Grants &amp; Contributions</b>	<b>(31,333)</b>	<b>1,707</b>	<b>8,695</b>

**Table 2: Statement of Financial Position by Fund at 30 June 2021**

	General Fund	Water Fund	Sewer Fund
Assets	\$'000	\$'000	\$'000
<b>Current Assets</b>			
Cash & Cash Equivalents	18,197	28,792	24,403
Investments	52,050	2,500	27,000
Receivables	29,122	10,793	8,528
Inventories	5,322	0	0
Other	798	0	0
Non-current Assets held for Sale	0	1,375	1,375
<b>Total Current Assets</b>	<b>105,489</b>	<b>43,460</b>	<b>61,306</b>
<b>Non-Current Assets</b>			
Investments	86,360	3,000	33,250
Receivables	664	0	0
Inventories	1,034	0	0
Infrastructure, property, plant & equipment	2,539,419	558,100	552,384
Investments – Equity Method	298	0	0
Investment property	21,855	1,155	1,155
Right of Use Assets	2,608	0	0
<b>Total Non-Current Assets</b>	<b>2,652,238</b>	<b>562,255</b>	<b>556,789</b>
<b>TOTAL ASSETS</b>	<b>2,757,727</b>	<b>605,715</b>	<b>618,095</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	26,080	2,047	1,573
Contract Liabilities	14,028	0	0
Lease Liabilities	588	0	0
Borrowings	9,668	4,914	5,662
Employee Benefit Provision	20,971	3,414	3,414
Provisions	300	0	0
<b>Total Current Liabilities</b>	<b>71,635</b>	<b>10,375</b>	<b>10,649</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	2,267	0	0
Borrowings	48,081	76,202	50,357
Employee Benefit Provision	417	70	70
Provisions	14,687	0	0
<b>Total Non-Current Liabilities</b>	<b>65,452</b>	<b>76,272</b>	<b>61,076</b>
<b>TOTAL LIABILITIES</b>	<b>137,087</b>	<b>86,647</b>	<b>61,076</b>
<b>Net Assets</b>	<b>2,620,640</b>	<b>519,068</b>	<b>557,019</b>



	General Fund	Water Fund	Sewer Fund
<b>Equity</b>			
Accumulated Surplus	2,091,735	435,049	424,212
Revaluation Reserves	528,905	84,019	132,807
<b>Council Equity Interest</b>	<b>2,620,640</b>	<b>519,068</b>	<b>557,019</b>
<b>Total Equity</b>	<b>2,620,640</b>	<b>519,068</b>	<b>557,019</b>

## Section 2

### Policy Context

#### Historical Circumstances & Actions

Mid-Coast Council was created by the NSW State Government on 12 May 2016.

It was an amalgamation of the former Gloucester Shire Council, Great Lakes Council and Greater Taree City Council. On 1 July 2017 the former Mid Coast County Council (Midcoast Water) was dissolved and its functions were assumed by MidCoast Council.

Since the mergers, Long Term Financial Plans have been prepared to assess the combined position of the new Council on Day 1 of operations (by remodelling the existing LTFPs and using common indexation factors) and an LTFP that modelled a proposed special rate variation.

The next review of the LTFP consisted of a General Fund Base Case and a scenario that modelled the impact of a \$100 million road program which was funded on a 50 / 50 basis with the State Government. It also included a Base Case scenario for both the water and sewer funds that was prepared drawing information from the 'Future Directions (2018 - 2048) Financial Plan" for the Water Services Division.

A further scenario of the General Fund LTFP was later developed to model a funding strategy associated with the development of a new Council Administration Centre located at Biripi Way, Taree.

The latest review of the LTFP was conducted in June/July 2021 which reduced the indexation assumptions being projected across the model. This was based on the prevailing economic conditions that had been and were being experienced at the time.

#### Existing Special Rate Variations at Merger

Each of the former councils had an existing special rate variation within their rate structures.

Gloucester Shire Council had received approval for a 3 X 13% permanent increase in its general income base covering the period from 2015/2016 to 2017/2018.

Great Lakes Council had received approval for a 13.92% increase in 2013/2014. This amount included a temporary 6% Environmental / Dredging Levy that would expire after 7 years (2019/2020). The balance of the increase was a permanent addition to council's general income base.

Greater Taree City Council had received approval for a 7.30% increase in 2014/2015 (including the rate peg of 2.30%). This included a temporary 5.00% Environmental Levy that would expire after 5 years (2018/2019).

In addition both Great Lakes Council and Greater Taree City Council had lodged special rate variation applications with the IPART that would have taken effect in 2016/2017 if approved. Gloucester Shire Council had also given notice to their community that they would be seeking a second 3 X 13% variation at the expiry of the existing approval.

All of these applications were targeted at addressing infrastructure renewal works and infrastructure backlogs.

The announcement of the amalgamation preceded the IPART's determination of these applications and as a result no determination was made in respect of the Great Lakes & Greater Taree applications.

### **2016/2017 Special Rate Variation**

During 2016/2017 Council received approval to lodge an application with IPART for a special rate variation. A section 508A multi-year special variation application was prepared that sought to address several issues. The application sought approval to increase general income by the following amounts (including an assumed rate peg of 2.5%):

2017/2018 - 11%

2018/2019 - 5%

2019/2020 - 5%

2020/2021 - 5%

The application also sought to harmonise the existing environmental levies (and extend into the former Gloucester area) at 6% of general income and raise funds for infrastructure works on the sealed rural road network (2.5% per year for 4 years).

Council was successful with its application with a 1% reduction to the amount sought in the first year i.e. 10% approved.

In conjunction with this application Council was pursuing opportunities to source additional funding from the NSW Government to address Council's significant road infrastructure backlog. A proposal to partner with the NSW Government whereby Council would match any funding provided was developed. The proposal was that Council would borrow funds and utilise the revenue generated from the road component of the special rate variation to meet the repayments.

These discussions were subsequently successful with the State Government providing \$50 million of funding over 5 years for capital works projects targeting the Regional Road network. Council is required to contribute a matching amount and this is being met from the annual borrowings. The repayment of these borrowings are being met with funds raised through the Special Rate Variation (which raises an annual amount of \$7.338 million per annum).

### **2021/2022 Additional Special Variation**

On 13 December 2021 the Independent Pricing & Regulatory Tribunal (IPART) announced that the rate peg for the 2022-2023 rating period would be 0.7%. It also introduced a population factor and provided MidCoast Council with an additional 0.2% increase to provide a total rate peg increase of 0.9%. This represented the lowest rate announced in many years and will have a significant financial impact on all councils and their ability to deliver services to their communities.

Sector wide lobbying to the Minister for Local Government has resulted in an Additional Special Variation process being introduced. The IPART will accept and assess a one-off round of special variation applications for 2022-2023. The additional round is only for councils that can demonstrate a financial need i.e. without the additional special variation (ASV) the council will not meet their 2021-2022 Long Term Financial Plan (LTFP) obligations in 2022-2023. The ASV would be the lower of 2.5% or the council's assumed 2022-2023 rate peg as exhibited in its LTFP (both including population factor).

Council had projected a rate peg of 2.25% in its July 2021 review of the LTFP and as such has lodged an ASV with the IPART so as to be able to continue to fund essential services to the MidCoast community. Council has requested that this be a permanent increase to its general income. The shortfall in ongoing rate revenue from the lower rate peg across the life of that LTFP was approximately \$14 million.

## Asset Management

Council's Asset Management 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 Strategy also includes an Asset Management Improvement Plan (developed with assistance from Morrison Low), which details a program of tasks and nominated resources as part of our commitment to reach a core level of asset management practice across the organisation by 2023. It includes outcomes from Council's service delivery practices, financial sustainability indicators, asset management maturity and the objectives and strategies identified in the Community Strategic Plan. The Asset Management Strategy enables Council to show the link between the Community Strategic Plan and the day-to-day management of our assets by providing;

- a basis for the management of building, recreation, roads & transport, stormwater drainage, water & sewer assets;
- identify 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, and
- identify actions to achieve the objectives of the Improvement Plan.

The financial information contained in the Asset Management Strategy has been developed based on a review of asset data by Morrison Low. The overarching asset management financial model was developed using asset values from 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 2020/2021. 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

The Asset Management Strategy highlights that Council has a shortfall in funding that is required to meet the maintenance and renewal requirements of its asset base. This shortfall is commonly known as the funding gap. In order to respond to the funding gap during the term of the 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.

It is important to note that the figures contained within this LTFP are based on existing funding levels and allocations ie a Business as Usual scenario. The information modelled within the Asset Management Strategy is at a level that does not allow for its detailed modelling within the current LTFP.

The development of detailed Asset Management Plans for each asset class and sub-class will provide information at the required level to develop separate scenarios that will allow for comparison.

The Asset Management Strategy does contain an external analysis of Council's current asset position that it confirms and supports other reports that highlight the challenges that Council faces in ensuring that it meets its financial and asset sustainability responsibilities over the short, medium and long term.

## Performance Measures

To assess its long term financial sustainability, Council will refer to a series of performance indicators. These indicators are based on Council's financial strategies as identified in the Long Term Financial Plan and provide a benchmark for Council's performance.

For the purposes of this LTFP the following performance ratios have been calculated.

### Operating Performance Ratio

This ratio is a core measure of a Council's financial sustainability. It measures Council's ability to contain operating expenditure within operating revenue.

It is important to note that this ratio focusses on operating performance and hence capital grants and contributions, fair value adjustments and reversal of revaluation decrements are excluded.

The ratio is calculated as follows:

$$\frac{(\text{Operating revenue excluding capital grants \& contributions} - \text{operating expenses})}{\text{operating revenue excluding capital grants \& contributions}}$$

The OLG benchmark is that Council should record a breakeven operating position or better (over 0%).

### Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves the higher the level of its own source revenue.

The ratio is calculated as follows:

$$\frac{\text{Rates \& Annual Charges}}{\text{Income from Continuing Operations}}$$

The OLG benchmark is for own source revenue to be greater than 60%.

### Unrestricted Current Ratio

This ratio is a measure of Council's ability to meet its financial obligations such as paying for goods and services supplied. It assesses the level of liquidity and the ability to satisfy obligations as they fall due in the short term.

The ratio is calculated as follows:

Current assets less all external restrictions / current liabilities less specific purpose liabilities.

The OLG determines that a ratio of greater than 1.5:1 is satisfactory and shows that Council has sufficient liquid assets on hand to meet its short term liabilities.

### **Debt Service Cover Ratio**

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.

The ratio is calculated as follows:

Operating results before capital excluding interest and depreciation / Principal repayments (source: Statement of Cash Flows) + borrowing costs (source: Income Statement)

The OLG benchmark is greater than 2.

### **Debt Service Ratio**

This ratio assesses the degree to which revenues from continuing operations are committed to the repayment of debt. The ratio is generally higher for councils in growth areas where loans have been required to fund infrastructure such as roads. The Office of Local Government accepted that a benchmark of <10% is satisfactory, 10% to 20% is fair and >20% is of concern.

### **Cash Expense Cover Ratio**

This ratio is a measure of Council's liquidity and indicates the number of months that Council can continue to pay its immediate expenses without additional cashflow.

The ratio is calculated as follows:

Current year cash & cash equivalents / monthly average payments for operating and investing activities.

The OLG benchmark is for greater than 3 months.

## Section 3

### Scenarios

#### Current Situation

This Long Term Financial Plan is being prepared at a time where economic conditions are changing rapidly. Leading into and through the COVID-19 pandemic period (2020-2022), economic conditions could be described as being a low interest rate, inflation, wage growth environment. The June/July 2021 review of the LTFP reflected this environment with a reduction in revenue and expenditure assumptions which were informed by experienced and forecast economic projections eg the Reserve Bank of Australia projecting that there would be no increase to the official cash rate until mid 2024.

April / May 2022 has seen a quarterly Consumer Price Index figure of 5.1% announced and the Reserve Bank has increased the official cash rate by 25 basis points to 0.35%. Economists are predicting a period of volatility as the global economy recovers from the impacts of the COVID-19 pandemic and deals with increasing global tension particularly with the current invasion of Ukraine by Russia.

This will mean that this LTFP will require frequent revision as better information becomes available.

#### 2021/2022 General Fund Base Case Scenario

The Base Case scenario has been developed on the premise of carrying on business as usual. It reflects Council's modelling of its future financial position based on the draft 2022/202319 budget.

The projections made in this scenario include adjustments made to ensure that time specific projects only impact on the model for the appropriate period (i.e. a three year funded project only impacts on the model for three years and is not projected out for the entire duration of the model.)

The model has been prepared at the lowest accounting level within Council's financial accounting system. At this level, certain accounts are coded for manual adjustment rather than global percentage increases. It is therefore not possible to simply multiply the previous year's base by a percentage and achieve the same outcomes as presented.

A number of assumptions have been made for the indexation of the various revenue and expenditure items that form Council's budget. These assumptions are outlined below:

#### Revenue Assumptions

**Ordinary Rates** - based on the assumption that following the expiry of the current special rate variation and for the remaining duration of the Plan the rating pegging limit will generally reflect the OLG & IPART advised index of 2.5%.

This index has been applied from 2023/2024 with the 2022/2023 rate income projected to increase by the announced rate peg of 0.9%.

A small annual allowance has been made for the growth in rateable properties across the duration of the Plan. A growth amount of \$40,000 per annum has been incorporated into the Plan.



Growth in rateable assessments has remained slow for a considerable period of time. While there is some movement in the property development area which may indicate that activity is starting to increase there is not enough evidence of a significant change at this point in time that warrants a larger projected increase.

**Annual Charges** for Waste Management Services have been projected to increase by 2.0% across the duration of the Plan.

Stormwater Levy charges are projected to increase by 0.25% per annum. It is not anticipated that there will be an increase in the legislated charge and the indexation is based on growth in rateable properties.

**User Charges & Fees and Charges** - These revenues for the next twelve months are detailed in Council's Fees and Charges Schedule and Statement of Revenue Policy, both of which form part of Council's Delivery Program and Operational Plan. The Base Case model generally provides for an increase of between 2.0% and 2.5% per annum for discretionary fees and charges across the life of the Plan. These fees represent a small component of the total.

Regulatory fees and charges, being set by State Government, have shown little movement and are indexed to increase by 0.25% per annum.

**General and Specific Purpose Operating Grants** - These grants represent a significant proportion of Council's operating revenue. They include the Financial Assistance Grant from the Commonwealth Government which is affected by movements in the Consumer Price Index and Estimated Resident Population.

The amount estimated for 2022/2023 has been indexed to grow based on information provided by the NSW Grants Commission. From 2023/2024 an indexation figure of 0.2% has been applied consistently over the life of the plan.

This is considered to be a reasonable position given the NSW Grants Commission's position of reallocating FAG funding from regional councils to smaller rural councils.

Operational grants have been increased by 1.5% across the life of the plan.

**Interest of Investments** - This scenario assumes that Council will continue to have a level of invested funds similar to that currently under investment. It is anticipated that there will be modest growth in interest income across the 10 years of the Plan due to a rise in interest rates and some growth over time in the quantum of invested funds held. An increase of 0.3% for 2023/2024 and 0.4% for 2024/2025 have been projected given recent increases in interest rates before a standard 0.2% being applied across the balance of the model. Discussions with Council's financial institutions indicate a market expectation of an increasing yield curve for a period of time, noting that this appears to be the start of a cycle of higher interest rates.

**Capital Grants & Contributions** - Council has generally taken a very conservative approach to its estimation of capital grants and contributions on the basis that there is no guarantee that these funds will be received from year to year. Council's budget has also included non-cash contributions that are received each year (like developer contributed infrastructure and RFS equipment)..

An indexation factor of between 0.5% and 1.0% has been applied to these items across the duration of the Plan.

## **Expenditure Assumptions**

**Employee Benefits & On-costs** - Employee costs for 2022/2023 and future years have been indexed to take into account anticipated Local Government Award movements and Salary



System Performance Review progressions. The Plan reflects an annualised wage increase of 2.20% for 2022/2023 and beyond. This consists of 2 components being 2.00% Award increase which has been based on assessment of costs and current inflation and 0.20% Enterprise Agreement increases.

This scenario is based on the current staff structures for Council and existing salary systems.

Council's commitment to meet its Superannuation obligations continues to increase as it meets its obligations under the Commonwealth Government's decision to increase the superannuation guarantee from 9% to 12%.

The total amount of superannuation payable is indexed to grow at 2.50% per annum in 2023/2024, 2024/2025 and 2025/2026 before returning to 2.20% in line with wages growth. This reflects the additional 0.5% contribution to superannuation required to lift superannuation to 12.0%

**Borrowings** – The Base Case provides that Council will continue to meet its contribution to the \$100million Road Program from loan borrowings. In 2022/2023 this is projected to be \$8.625 million with a further \$16.01 million required in 2023/2024. There are no borrowings projected after these and Council focus on paying down existing debt.

The interest rate forecast to be payable on borrowings for 2022/2023 is 2.50% rising to 3.00% for 2023/2024.

**Materials & Contracts** – This is one of the largest items on Council's Income Statement. It covers all materials used in operational activities along with major ongoing operational contracts such as the domestic waste collection contract.

Budgets in the operational plan reflect all known information in relation to contracts and the Plan assumes a 2.5% increase in these expenses across the life of the Plan. Actual cost increases may in fact be greater than the inflation index.

**Depreciation & Amortisation** – The former councils had completed the process of valuing all of their assets classes at fair value.

Mid-Coast Council is now going through a process of reviewing all of its asset information and harmonising the policies and practices that impact on recording and measurement of asset information.

For the purposes of this plan the asset values and depreciation of the former councils have been consolidated and projected forward at a rate of 0.25% growth per year. This recognises the general growth in the asset base over time.

However it is expected that there will be changes to the underlying depreciation expense moving forward as data is reviewed. Proposed changes to accounting standards, valuation and depreciation methods are also likely to impact on the current estimate of depreciation across the term of the Plan.

**Other Expenses** – This category includes a number of utility expense items including electricity costs, water and sewerage charges, waste charges etc. In general the Plan provides that these utility expenses will increase by 2.5%, insurances by 5.0% and contracts by 3.0% per annum for the life of the Plan. Other general expenses are projected to increase by 2.5% per annum.

## 2021/2022 Water Fund Base Case Scenario

The Water Fund Base Case has been developed on a Business as Usual basis. Capital expenditure has been forecast across the 10 year horizon of this Plan based on the current reviews of detail contained within the 30 year Integrated Water Cycle Management plan.

Indexation has been applied to the 2018/2019 draft budget as follows:

- Annual Charges: 2.0% for the duration of the Plan
- User Charges: 2.0% for the duration of the Plan
- Fees & Charges: 2.0% for the duration of the Plan
- Interest: 0.2% for the duration of the Plan
- Other Revenues: 1.0% for the duration of the Plan
- Operating Grants: 1.5% for the duration of the Plan
- Employee Costs: 2.2% for the duration of the Plan
- Materials & Contracts: 1.0% to 1.2% for the duration of the Plan
- Other Expenses: 1.2% for the duration of the Plan
- Depreciation: 0.25% for the duration of the Plan
- Interest on Borrowings: Actual repayments

## 2021/2022 Sewer Fund Base Case Scenario

The Sewer Fund Base Case has been developed on a Business as Usual basis. Capital expenditure has been forecast across the 10 year horizon based on the current reviews of detail contained within the 30 year Integrated Water Cycle Management plan.

Indexation has been applied to the 2022/2023 draft budget as follows:

- Annual Charges: 2.0% for the duration of the Plan
- User Charges: 1.5% for the duration of the Plan
- Interest: 0.2% for the duration of the Plan
- Fees & Charges: 2.0% for the duration of the Plan
- Other Revenues: 1.0% for the duration of the Plan
- Operating Grants: 1.0% for the duration of the Plan
- Employee Costs: 2.2% for the duration of the Plan
- Materials & Contracts: 1.0% to 1.2% for the duration of the Plan
- Other Expenses: 1.2% for the duration of the Plan
- Depreciation: 0.25% for the duration of the Plan
- Interest on Borrowings: Actual repayments

## Section 4

### Modelling

#### Consolidated Fund Result

The Consolidated Fund Result for MidCoast Council indicates that over the 10 year life of this Long Term Financial Plan that Council will generate surplus Operating Results before Capital Grants and Contributions from 2026/2027 onwards. The average surplus over the 10 year period is approximately \$2.2 million.

It is important to note that the Consolidated Result is the aggregate of the results of the 3 Funds. However legislation requires that Water and Sewer operations are kept separate and are not available for use in the General Fund. As such the results of the individual Funds are important in considering the long-term financial sustainability of the organisation.

Commentary on the results of modelling of the 3 Funds is provided below.

#### General Fund Base Case Scenario

The General Fund Base Case model indicates that Council will continue to record Operating Deficits before capital grants and contribution across the time horizon of this Plan.

The projected General Fund deficits average \$16.7 million per year and are increasing in size across the LTFP time horizon. This result is reflected in the key Financial Performance Indicator of financial sustainability – the Operating Performance Ratio. The benchmark required is 0% with the preference being a continued reasonable surplus.

The Fit for the Future benchmark set for this ratio is greater than 0% on a rolling 3 year average.

Council faces a challenge to address this issue and return the General Fund to a surplus position.

While not modelled the Financial Projections that are contained within the Asset Management Strategy align with the results of the LTFP modelling.

There are a number of areas that Council will need to review and change. A body of work is required to ensure that asset data is accurate and compete, service reviews will be required and significant engagement and conversations with the community will be required to set service levels that are affordable and deliverable and meet community expectations.

#### Water Fund Base Case Scenario

The Water Fund base case indicates that it will record increasing surpluses over the 10 year timeframe of the LTFP. These will be required to fund the large and ongoing capital works program that is envisaged within the Integrated Water Cycle Management Plan.

That Plan is currently under review and any amendments will need to be reflected in future LTFPs.

While the results of the modelling appear to indicate that longer term financial sustainability is not a significant concern, the Water Fund continues to pay down large borrowings taken out for previous capital works projects and there are large scale future projects that will need commencement during the life of this Plan. That needs to be considered in conjunction with significant increases in prices of materials and contractors that are being experienced which

means that prior estimates of the cost to deliver projects may be understated by a material amount. This may impact on the ability to deliver the desired capital works program in the desired timeframe.

### **Sewer Fund Base Case Scenario**

The Sewer Fund base case indicates that it will record increasing surpluses over the 10 year timeframe of the LTFP. These will be required to fund the large and ongoing capital works program that is envisaged within the Integrated Water Cycle Management Plan.

That Plan is currently under review and any amendments will need to be reflected in future LTFPs.

While the results of the modelling appear to indicate that longer term financial sustainability is not a significant concern, the Sewer Fund continues to pay down large borrowings taken out for previous capital works projects and there are large scale future projects that will need commencement during the life of this Plan. That needs to be considered in conjunction with significant increases in prices of materials and contractors that are being experienced which means that prior estimates of the cost to deliver projects may be understated by a material amount. This may impact on the ability to deliver the desired capital works program in the desired timeframe.

### **Sensitivity Analysis**

Long term financial plans are inherently uncertain. They contain a wide range of assumptions, including assumptions about interest rates and the potential effect of inflation on revenues and expenditure. Some of these assumptions have a relatively limited impact if they are wrong, others can have a major impact on future financial plans. If the assumptions above are found to be inaccurate then it will be necessary for Council to reconsider current strategies on expenditure and revenue and realign the Plan to fund any changes in costs or revenues.

At the present time growth in rate revenue is projected to increase at the rate of 2.5% per annum. It should be noted that the 'rate peg' as announced by the IPART has not, until recently, not matched this estimate. This has an impact on Council's long term forecasts and should this trend continue into the future it will be necessary to revise this major driver of the Plan.

By way of example each 0.1% of rate peg below the estimate equates to approximately \$87,000. Over the life of the Plan this equates to in excess of \$900,000.

As highlighted earlier in this LTFP, economic conditions are becoming more volatile at present with price, wage and monetary indexes increasing in response to global and national influences. This will necessitate more regular reviews of the LTFP where significant movements occur during a financial period.

Council will also review and update relevant sections and projections of the Long Term Financial Plan on an annual basis.

## Section 5

### 2021-2022 Consolidated Budget – 10 Year Financial Projections

#### Income Statement

<b>MidCoast Council</b> <b>10 Year Financial Plan for the Years ending 30 June 2032</b> <b>INCOME STATEMENT - CONSOLIDATED</b>											
Scenario: Base Case	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
						\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	160,015,773	163,940,335	167,662,700	171,470,217	175,364,857	179,348,636	183,423,620	187,591,923	191,855,706	196,217,183	200,678,620
User Charges & Fees	56,188,498	56,246,275	57,177,977	58,128,896	59,099,166	60,089,325	61,099,789	62,130,981	63,183,337	64,257,916	65,354,039
Other Revenues	4,483,992	4,671,632	4,764,673	4,859,574	4,956,373	5,055,108	5,155,818	5,258,542	5,363,320	5,470,194	5,579,205
Grants & Contributions provided for Operating Purposes	46,813,723	35,968,087	36,185,981	35,730,927	35,926,210	36,142,836	36,362,523	36,585,328	36,811,303	37,040,501	37,189,179
Grants & Contributions provided for Capital Purposes	35,814,928	43,027,386	43,587,508	20,674,568	19,745,181	19,755,848	19,766,566	19,777,340	19,788,166	19,799,046	19,809,982
Interest & Investment Revenue	2,408,216	3,000,209	3,007,953	3,017,466	3,023,501	3,029,548	3,035,607	3,041,678	3,047,761	3,053,857	3,059,965
<b>Other Income:</b>											
Other Income	2,041,700	2,103,600	2,118,975	2,137,213	2,161,162	2,185,553	2,210,393	2,235,693	2,261,462	2,287,707	2,314,440
<b>Total Income from Continuing Operations</b>	<b>307,766,830</b>	<b>308,957,523</b>	<b>314,505,767</b>	<b>296,018,861</b>	<b>300,276,450</b>	<b>305,606,853</b>	<b>311,054,316</b>	<b>316,621,485</b>	<b>322,311,054</b>	<b>328,126,405</b>	<b>333,985,430</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	79,096,852	85,771,909	89,162,368	92,386,635	94,475,435	96,436,119	98,489,053	100,563,458	102,737,192	104,958,765	107,130,091
Borrowing Costs	9,513,785	8,893,172	8,048,004	7,713,214	6,839,767	6,104,872	5,506,552	4,917,329	4,326,994	3,733,531	3,117,133
Materials & Contracts	83,010,371	80,901,637	83,164,301	86,141,985	87,372,140	89,426,749	91,583,410	94,659,068	96,199,218	98,549,644	100,419,951
Depreciation & Amortisation	84,323,567	80,301,300	80,500,496	80,700,190	80,796,382	80,578,076	80,679,271	80,880,969	81,083,172	81,285,880	81,489,094
Other Expenses	10,779,025	10,250,112	10,495,135	10,746,148	11,003,299	11,266,742	11,536,631	11,813,126	12,096,390	12,386,591	12,683,901
Net Losses from the Disposal of Assets	923,500	923,500	923,500	923,500	923,500	923,500	923,500	923,500	923,500	923,500	923,500
<b>Total Expenses from Continuing Operations</b>	<b>267,647,100</b>	<b>267,041,630</b>	<b>272,293,803</b>	<b>278,611,670</b>	<b>281,410,524</b>	<b>284,736,058</b>	<b>288,718,418</b>	<b>293,757,451</b>	<b>297,366,466</b>	<b>301,837,912</b>	<b>305,763,670</b>
<b>Operating Result from Continuing Operations</b>	<b>40,119,730</b>	<b>41,915,893</b>	<b>42,211,964</b>	<b>17,407,191</b>	<b>18,865,926</b>	<b>20,870,796</b>	<b>22,335,898</b>	<b>22,864,034</b>	<b>24,944,589</b>	<b>26,288,493</b>	<b>28,221,759</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>4,304,802</b>	<b>(1,111,493)</b>	<b>(1,375,545)</b>	<b>(3,267,377)</b>	<b>(879,255)</b>	<b>1,114,948</b>	<b>2,569,332</b>	<b>3,086,694</b>	<b>5,156,423</b>	<b>6,489,447</b>	<b>8,411,777</b>

## Balance Sheet

**MidCoast Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**BALANCE SHEET - CONSOLIDATED**

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	46,176,830	29,517,257	23,221,639	29,868,221	45,300,370	77,292,047	107,770,976	140,040,518	178,164,305	206,313,387	218,046,633
Investments	128,796,675	128,796,675	128,796,675	125,604,490	125,604,490	125,604,490	125,604,490	125,604,490	125,604,490	125,604,490	125,604,490
Receivables	37,951,162	36,835,954	37,778,377	35,870,055	36,438,031	37,172,486	37,915,077	38,674,757	39,458,880	40,228,516	40,983,957
Inventories	4,393,898	4,285,555	4,334,241	4,399,231	4,424,260	4,468,094	4,514,226	4,581,322	4,613,300	4,663,757	4,703,210
Other	1,297,227	1,189,318	1,234,658	1,294,068	1,319,359	1,360,865	1,404,454	1,466,113	1,497,814	1,545,464	1,583,813
Non-current assets classified as "held for sale"	687,500	687,500	687,500	687,500	687,500	687,500	687,500	687,500	687,500	687,500	687,500
<b>Total Current Assets</b>	<b>219,303,293</b>	<b>201,312,259</b>	<b>196,053,090</b>	<b>197,723,565</b>	<b>213,774,010</b>	<b>246,585,482</b>	<b>277,896,723</b>	<b>311,054,701</b>	<b>350,026,289</b>	<b>379,043,115</b>	<b>391,609,603</b>
<b>Non-Current Assets</b>											
Investments	74,398,382	74,398,382	74,398,382	73,130,158	73,130,158	73,130,158	73,130,158	73,130,158	73,130,158	73,130,158	73,130,158
Receivables	301,794	314,426	320,688	327,076	333,592	340,238	347,017	353,932	360,985	368,179	375,517
Inventories	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318
Infrastructure, Property, Plant & Equipment	3,684,067,156	3,733,122,392	3,782,296,668	3,780,758,567	3,768,460,908	3,744,258,044	3,724,497,261	3,703,595,819	3,679,767,733	3,666,817,687	3,672,321,900
Investment Property	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000
Right of use assets	2,488,000	1,865,000	1,242,000	619,000	100,000	-	-	-	-	-	-
Investments Accounted for using the equity method	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000
Non-current assets classified as "held for sale"	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500
<b>Total Non-Current Assets</b>	<b>3,789,900,150</b>	<b>3,838,345,018</b>	<b>3,886,902,556</b>	<b>3,883,479,619</b>	<b>3,870,669,476</b>	<b>3,846,373,258</b>	<b>3,826,619,255</b>	<b>3,805,724,727</b>	<b>3,781,903,694</b>	<b>3,768,960,841</b>	<b>3,774,472,393</b>
<b>TOTAL ASSETS</b>	<b>4,009,203,442</b>	<b>4,039,657,277</b>	<b>4,082,955,646</b>	<b>4,081,203,184</b>	<b>4,084,443,485</b>	<b>4,092,958,740</b>	<b>4,104,515,978</b>	<b>4,116,779,428</b>	<b>4,131,929,983</b>	<b>4,148,003,956</b>	<b>4,166,081,996</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	31,399,556	30,813,554	31,334,707	31,908,913	32,212,247	32,672,606	33,163,308	33,806,195	34,210,922	34,747,933	35,212,416
Contract liabilities	9,381,386	7,862,119	8,333,389	5,405,519	5,311,746	5,338,327	5,365,269	5,392,581	5,420,267	5,448,333	5,466,295
Borrowings	19,510,153	18,015,360	18,915,240	17,954,564	14,972,210	13,436,612	13,421,901	12,388,613	12,953,055	12,811,161	9,385,647
Provisions	30,475,509	32,544,110	34,622,307	36,710,311	38,808,338	40,916,608	43,035,347	45,164,784	47,305,156	49,456,703	51,619,670
<b>Total Current Liabilities</b>	<b>90,766,604</b>	<b>89,235,143</b>	<b>93,205,643</b>	<b>91,979,308</b>	<b>91,304,541</b>	<b>92,364,153</b>	<b>94,985,825</b>	<b>96,752,173</b>	<b>99,889,400</b>	<b>102,464,130</b>	<b>101,684,027</b>
<b>Non-Current Liabilities</b>											
Lease liabilities	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000
Borrowings	163,760,489	153,808,848	150,903,608	132,949,044	117,976,834	104,540,222	91,118,321	78,729,708	65,776,654	52,965,493	43,579,846
Provisions	14,974,619	14,995,663	15,016,808	15,038,055	15,059,407	15,080,866	15,102,434	15,124,114	15,145,909	15,167,820	15,189,851
<b>Total Non-Current Liabilities</b>	<b>181,590,108</b>	<b>171,659,511</b>	<b>168,775,416</b>	<b>150,842,099</b>	<b>135,891,241</b>	<b>122,476,088</b>	<b>109,075,755</b>	<b>96,708,822</b>	<b>83,777,563</b>	<b>70,988,313</b>	<b>61,624,697</b>
<b>TOTAL LIABILITIES</b>	<b>272,356,712</b>	<b>260,894,654</b>	<b>261,981,059</b>	<b>242,821,407</b>	<b>227,195,782</b>	<b>214,840,241</b>	<b>204,061,580</b>	<b>193,460,995</b>	<b>183,666,963</b>	<b>173,452,443</b>	<b>163,308,724</b>
<b>Net Assets</b>	<b>3,736,846,730</b>	<b>3,778,762,623</b>	<b>3,820,974,587</b>	<b>3,838,381,778</b>	<b>3,857,247,704</b>	<b>3,878,118,499</b>	<b>3,900,454,398</b>	<b>3,923,318,432</b>	<b>3,948,263,020</b>	<b>3,974,551,513</b>	<b>4,002,773,273</b>
<b>EQUITY</b>											
Retained Earnings	2,991,115,730	3,033,031,623	3,075,243,587	3,092,650,778	3,111,516,704	3,132,387,499	3,154,723,398	3,177,587,432	3,202,532,020	3,228,820,513	3,257,042,273
Revaluation Reserves	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000
Council Equity Interest	3,736,846,730	3,778,762,623	3,820,974,587	3,838,381,778	3,857,247,704	3,878,118,499	3,900,454,398	3,923,318,432	3,948,263,020	3,974,551,513	4,002,773,273
<b>Total Equity</b>	<b>3,736,846,730</b>	<b>3,778,762,623</b>	<b>3,820,974,587</b>	<b>3,838,381,778</b>	<b>3,857,247,704</b>	<b>3,878,118,499</b>	<b>3,900,454,398</b>	<b>3,923,318,432</b>	<b>3,948,263,020</b>	<b>3,974,551,513</b>	<b>4,002,773,273</b>



## Cash Flow Statement

**MidCoast Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**CASH FLOW STATEMENT - CONSOLIDATED**

Scenario: Base Case	Current Year 2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	Projected Years		2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$
<b>Cash Flows from Operating Activities</b>													
<b>Receipts:</b>													
Rates & Annual Charges	166,209,154	163,709,737	167,476,219	171,279,598	175,170,006	179,149,460	183,220,021	187,383,801	191,642,959	195,999,708	200,456,310		
User Charges & Fees	56,801,276	56,548,459	56,988,053	57,926,655	58,892,915	59,878,973	60,885,254	61,912,179	62,960,182	64,030,278	65,121,907		
Investment & Interest Revenue Received	2,203,092	2,966,070	2,991,039	3,011,434	2,937,178	2,889,952	2,900,391	2,902,161	2,896,865	2,930,920	2,955,922		
Grants & Contributions	78,764,345	72,271,672	73,670,460	49,242,405	49,392,147	49,656,973	49,887,491	50,121,185	50,358,103	50,598,300	50,754,762		
Other	6,612,666	6,908,026	6,748,007	7,380,414	7,065,725	7,169,016	7,293,079	7,419,583	7,548,577	7,680,033	7,815,828		
<b>Payments:</b>													
Employee Benefits & On-Costs	(77,886,655)	(83,688,218)	(86,994,632)	(90,207,484)	(92,284,620)	(94,233,381)	(96,274,132)	(98,336,085)	(100,497,092)	(102,705,659)	(104,863,693)		
Materials & Contracts	(81,291,483)	(81,275,904)	(82,868,124)	(85,760,305)	(87,196,742)	(89,152,840)	(91,296,572)	(94,262,473)	(95,983,694)	(98,237,202)	(100,163,474)		
Borrowing Costs	(9,497,759)	(8,970,669)	(8,087,017)	(7,818,865)	(6,939,828)	(6,185,427)	(5,578,153)	(4,989,708)	(4,395,648)	(3,805,619)	(3,189,933)		
Other	(10,827,126)	(10,275,276)	(10,488,991)	(10,739,851)	(10,996,845)	(11,260,126)	(11,529,850)	(11,806,175)	(12,089,266)	(12,379,289)	(12,676,416)		
<b>Net Cash provided (or used in) Operating Activities</b>	131,087,509	118,193,897	119,435,013	94,314,001	96,039,936	97,912,599	99,507,530	100,344,470	102,440,986	104,111,470	106,211,215		
<b>Cash Flows from Investing Activities</b>													
<b>Receipts:</b>													
Sale of Investment Securities	964,943	-	-	4,460,409	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,530,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000		
<b>Payments:</b>													
Purchase of Infrastructure, Property, Plant & Equipment	(147,184,263)	(124,907,036)	(125,225,271)	(74,712,589)	(64,153,223)	(52,448,712)	(57,091,989)	(56,153,027)	(53,428,586)	(64,509,333)	(83,166,808)		
<b>Net Cash provided (or used in) Investing Activities</b>	(144,689,320)	(123,407,036)	(123,725,271)	(68,752,180)	(62,653,223)	(50,948,712)	(55,591,989)	(54,653,027)	(51,928,586)	(63,009,333)	(81,666,808)		
<b>Cash Flows from Financing Activities</b>													
<b>Receipts:</b>													
Proceeds from Borrowings & Advances	8,625,000	8,625,000	16,010,000	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>													
Repayment of Borrowings & Advances	(20,238,358)	(20,071,434)	(18,015,360)	(18,915,240)	(17,954,564)	(14,972,210)	(13,436,612)	(13,421,901)	(12,388,613)	(12,953,055)	(12,811,161)		
<b>Net Cash Flow provided (used in) Financing Activities</b>	(11,613,358)	(11,446,434)	(2,005,360)	(18,915,240)	(17,954,564)	(14,972,210)	(13,436,612)	(13,421,901)	(12,388,613)	(12,953,055)	(12,811,161)		
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	(25,215,170)	(16,659,574)	(6,295,618)	6,646,582	15,432,149	31,991,677	30,478,929	32,269,542	38,123,787	28,149,083	11,733,246		
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	71,392,000	46,176,830	29,517,257	23,221,639	29,868,221	45,300,370	77,292,047	107,770,976	140,040,518	178,164,305	206,313,387		
<b>Cash &amp; Cash Equivalents - end of the year</b>	46,176,830	29,517,257	23,221,639	29,868,221	45,300,370	77,292,047	107,770,976	140,040,518	178,164,305	206,313,387	218,046,633		
<b>Cash &amp; Cash Equivalents - end of the year</b>	46,176,830	29,517,257	23,221,639	29,868,221	45,300,370	77,292,047	107,770,976	140,040,518	178,164,305	206,313,387	218,046,633		
<b>Investments - end of the year</b>	203,195,057	203,195,057	203,195,057	198,734,648	198,734,648	198,734,648	198,734,648	198,734,648	198,734,648	198,734,648	198,734,648		
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	249,371,887	232,712,314	226,416,696	228,602,868	244,035,018	276,026,694	306,505,624	338,775,166	376,898,952	405,048,035	416,781,281		

## Financial Performance Indicators

**MidCoast Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**FINANCIAL PERFORMANCE INDICATORS - CONSOLIDATED**

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	1.92%	-0.07%	-0.17%	-0.85%	0.02%	0.71%	1.20%	1.35%	2.01%	2.40%	2.97%
Own Source Operating Revenue Ratio	73.15%	74.43%	74.64%	80.95%	81.46%	81.71%	81.96%	82.20%	82.44%	82.68%	82.93%
Unrestricted Current Ratio	2.51	2.31	2.25	1.84	1.73	1.62	1.49	1.36	1.22	1.08	1.10
Debt Service Cover Ratio	3.33	3.07	3.38	3.23	3.54	4.21	4.73	4.90	5.47	5.54	5.90
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	7.60%	7.90%	7.90%	7.89%	7.89%	7.89%	7.89%	7.88%	7.88%	7.88%	7.88%
Cash Expense Cover Ratio	2.77	1.73	1.35	1.68	2.52	4.30	5.93	7.54	9.49	10.76	11.20
Debt Service Ratio	12.14%	11.58%	10.22%	10.24%	9.36%	7.80%	6.88%	6.53%	5.84%	5.72%	5.35%

Indicator Description	Target / Benchmark
Operating Performance Ratio	>0.00%
Own Source Operating Revenue Ratio	>60%
Unrestricted Current Ratio	> 1.5 x
Debt Service Cover Ratio	>2. x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	<10%
Cash Expense Cover Ratio	> 3 months
Debt Service Ratio	N/A



# 2021-2022 General Fund Budget – 10 Year Financial Projections

## Income Statement

### MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - GENERAL FUND

Scenario: Base Case	Current Year					Projected Years					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations											
Revenue:											
Rates & Annual Charges	108,355,195	110,175,413	112,822,480	115,533,192	118,309,091	121,151,755	124,062,802	127,043,888	130,096,711	133,223,008	136,424,561
User Charges & Fees	23,588,298	23,973,575	24,274,644	24,582,444	24,896,862	25,218,183	25,546,565	25,882,169	26,225,161	26,576,328	26,934,712
Other Revenues	4,482,992	4,670,632	4,763,663	4,858,554	4,955,343	5,054,068	5,154,767	5,257,480	5,362,248	5,469,111	5,578,111
Grants & Contributions provided for Operating Purposes	45,856,723	35,011,087	35,214,626	34,745,002	34,925,496	35,127,111	35,331,562	35,538,903	35,749,181	35,962,448	36,094,955
Grants & Contributions provided for Capital Purposes	32,564,928	31,277,386	34,837,508	11,924,568	10,995,181	11,005,848	11,016,566	11,027,340	11,038,166	11,049,046	11,059,982
Interest & Investment Revenue	1,534,674	2,168,862	2,174,943	2,182,790	2,187,156	2,191,530	2,195,913	2,200,305	2,204,706	2,209,115	2,213,533
Other Income:											
Other Income	2,041,700	2,103,600	2,118,975	2,137,213	2,161,162	2,185,553	2,210,393	2,235,693	2,261,462	2,287,707	2,314,440
Total Income from Continuing Operations	218,424,510	209,380,554	216,206,839	195,963,763	198,430,291	201,934,048	205,518,569	209,185,778	212,937,633	216,776,763	220,620,294
Expenses from Continuing Operations											
Employee Benefits & On-Costs	64,253,736	71,014,471	74,167,749	77,149,617	78,990,686	80,698,188	82,492,372	84,302,333	86,205,805	88,151,170	90,040,212
Borrowing Costs	1,630,817	1,649,269	1,444,706	1,769,158	1,524,691	1,298,941	1,089,077	889,943	711,100	549,477	390,126
Materials & Contracts	55,942,514	51,389,378	53,471,657	56,267,019	57,312,893	59,181,241	61,149,639	64,035,011	65,382,830	67,538,858	69,212,677
Depreciation & Amortisation	57,163,567	57,501,300	57,643,496	57,786,047	57,824,955	57,549,220	57,592,843	57,736,825	57,881,167	58,025,870	58,170,934
Other Expenses	10,347,373	9,386,215	9,620,871	9,861,393	10,107,927	10,360,626	10,619,641	10,885,132	11,157,261	11,436,192	11,722,097
Total Expenses from Continuing Operations	189,338,007	190,940,633	196,348,479	202,833,233	205,761,152	209,088,215	212,943,572	217,849,244	221,338,162	225,701,568	229,536,046
Operating Result from Continuing Operations	29,086,503	18,439,921	19,858,360	(6,869,470)	(7,330,861)	(7,154,167)	(7,425,003)	(8,663,465)	(8,400,528)	(8,924,804)	(8,915,752)
Net Operating Result for the Year	29,086,503	18,439,921	19,858,360	(6,869,470)	(7,330,861)	(7,154,167)	(7,425,003)	(8,663,465)	(8,400,528)	(8,924,804)	(8,915,752)
Net Operating Result before Grants and Contributions provided for Capital Purposes											
	(3,478,425)	(12,837,465)	(14,979,149)	(18,794,038)	(18,326,042)	(18,160,015)	(18,441,569)	(19,690,805)	(19,438,694)	(19,973,851)	(19,975,734)

## Balance Sheet

**MidCoast Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**BALANCE SHEET - GENERAL FUND**

Scenario: Base Case	Current Year					Projected Years					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	-	210,769	8,652,430	7,641,050	12,475,206	17,335,720	22,236,697	26,133,246	31,094,587	35,305,391	39,894,747
Investments	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207
Receivables	22,194,154	21,196,612	21,913,408	19,713,176	19,954,513	20,293,303	20,639,021	20,987,497	21,348,330	21,713,528	22,079,337
Inventories	4,285,890	4,181,857	4,229,434	4,293,304	4,317,201	4,359,890	4,404,865	4,470,792	4,501,588	4,550,850	4,589,095
Other	1,297,227	1,189,318	1,234,658	1,294,068	1,319,359	1,360,865	1,404,454	1,466,113	1,497,814	1,545,464	1,583,813
<b>Total Current Assets</b>	<b>109,594,478</b>	<b>108,595,763</b>	<b>117,847,138</b>	<b>114,758,806</b>	<b>119,883,487</b>	<b>125,166,987</b>	<b>130,502,245</b>	<b>134,874,854</b>	<b>140,259,526</b>	<b>144,932,440</b>	<b>149,964,200</b>
<b>Non-Current Assets</b>											
Investments	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850
Receivables	301,794	314,426	320,688	327,076	333,592	340,238	347,017	353,932	360,985	368,179	375,517
Inventories	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318
Infrastructure, Property, Plant & Equipment	2,589,667,656	2,608,801,392	2,631,496,168	2,619,550,710	2,601,737,978	2,584,137,470	2,566,711,617	2,549,477,819	2,532,425,238	2,515,558,702	2,498,854,575
Investment Property	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000
Right of use assets	2,488,000	1,865,000	1,242,000	619,000	100,000	-	-	-	-	-	-
Investments Accounted for using the equity method	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000
<b>Total Non-Current Assets</b>	<b>2,672,357,618</b>	<b>2,690,880,986</b>	<b>2,712,959,024</b>	<b>2,700,396,954</b>	<b>2,682,071,738</b>	<b>2,664,377,877</b>	<b>2,646,958,802</b>	<b>2,629,731,919</b>	<b>2,612,686,391</b>	<b>2,595,827,049</b>	<b>2,579,130,260</b>
<b>TOTAL ASSETS</b>	<b>2,781,952,096</b>	<b>2,799,476,749</b>	<b>2,830,806,162</b>	<b>2,815,155,759</b>	<b>2,801,955,225</b>	<b>2,789,544,863</b>	<b>2,777,461,047</b>	<b>2,764,606,773</b>	<b>2,752,945,918</b>	<b>2,740,759,488</b>	<b>2,729,094,460</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	25,182,358	24,367,072	24,894,832	25,474,422	25,777,702	26,218,637	26,681,937	27,298,125	27,675,697	28,187,085	28,627,605
Contract liabilities	9,381,386	7,862,119	8,333,389	5,405,519	5,311,746	5,338,327	5,365,269	5,392,581	5,420,267	5,448,333	5,466,295
Borrowings	8,293,344	7,186,888	8,081,563	7,728,091	7,372,621	6,797,966	6,483,218	5,314,496	5,449,991	4,856,667	2,058,170
Provisions	23,161,372	24,793,797	26,426,223	28,058,649	29,691,075	31,323,500	32,955,926	34,588,352	36,220,778	37,853,203	39,485,629
<b>Total Current Liabilities</b>	<b>66,018,460</b>	<b>64,209,876</b>	<b>67,736,007</b>	<b>66,666,681</b>	<b>68,153,143</b>	<b>69,678,430</b>	<b>71,486,350</b>	<b>72,593,553</b>	<b>74,766,732</b>	<b>76,345,289</b>	<b>75,637,698</b>
<b>Non-Current Liabilities</b>											
Lease liabilities	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000
Borrowings	48,453,973	49,330,804	57,259,241	49,531,150	42,158,529	35,360,563	28,877,345	23,562,849	18,112,859	13,256,192	11,198,022
Provisions	14,898,161	14,914,645	14,931,130	14,947,615	14,964,099	14,980,584	14,997,069	15,013,554	15,030,038	15,046,523	15,063,008
<b>Total Non-Current Liabilities</b>	<b>66,207,134</b>	<b>67,100,449</b>	<b>75,045,371</b>	<b>67,333,765</b>	<b>59,977,628</b>	<b>53,196,147</b>	<b>46,729,414</b>	<b>41,431,403</b>	<b>35,997,897</b>	<b>31,157,715</b>	<b>29,116,030</b>
<b>TOTAL LIABILITIES</b>	<b>132,225,593</b>	<b>131,310,325</b>	<b>142,781,378</b>	<b>134,000,446</b>	<b>128,130,772</b>	<b>122,874,577</b>	<b>118,215,764</b>	<b>114,024,956</b>	<b>110,764,629</b>	<b>107,503,004</b>	<b>104,753,728</b>
<b>Net Assets</b>	<b>2,649,726,503</b>	<b>2,668,166,424</b>	<b>2,688,024,784</b>	<b>2,681,155,314</b>	<b>2,673,824,453</b>	<b>2,666,670,286</b>	<b>2,659,245,283</b>	<b>2,650,581,817</b>	<b>2,642,181,289</b>	<b>2,633,256,485</b>	<b>2,624,340,732</b>
<b>EQUITY</b>											
Retained Earnings	2,120,821,503	2,139,261,424	2,159,119,784	2,152,250,314	2,144,919,453	2,137,765,286	2,130,340,283	2,121,676,817	2,113,276,289	2,104,351,485	2,095,435,732
Revaluation Reserves	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000
Council Equity Interest	2,649,726,503	2,668,166,424	2,688,024,784	2,681,155,314	2,673,824,453	2,666,670,286	2,659,245,283	2,650,581,817	2,642,181,289	2,633,256,485	2,624,340,732
<b>Total Equity</b>	<b>2,649,726,503</b>	<b>2,668,166,424</b>	<b>2,688,024,784</b>	<b>2,681,155,314</b>	<b>2,673,824,453</b>	<b>2,666,670,286</b>	<b>2,659,245,283</b>	<b>2,650,581,817</b>	<b>2,642,181,289</b>	<b>2,633,256,485</b>	<b>2,624,340,732</b>

# Cash Flow Statement

## MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 CASH FLOW STATEMENT - GENERAL FUND

Scenario: Base Case	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates & Annual Charges	111,087,590	110,105,991	112,721,522	115,429,807	118,203,220	121,043,338	123,951,776	126,930,191	129,980,278	133,103,773	136,302,456
User Charges & Fees	23,925,566	23,946,564	24,253,537	24,560,865	24,874,819	25,195,656	25,523,543	25,858,640	26,201,114	26,551,708	26,909,586
Investment & Interest Revenue Received	1,511,236	2,117,185	2,096,741	2,167,548	2,120,394	2,134,448	2,138,225	2,146,330	2,144,992	2,151,940	2,153,745
Grants & Contributions	74,557,345	62,314,672	66,699,105	42,256,480	42,391,433	42,641,248	42,856,530	43,074,760	43,295,981	43,520,247	43,660,538
Other	6,611,666	6,907,026	6,746,997	7,379,393	7,064,695	7,167,975	7,292,028	7,418,522	7,547,505	7,678,950	7,814,735
<b>Payments:</b>											
Employee Benefits & On-Costs	(63,705,920)	(69,312,687)	(72,467,685)	(75,448,428)	(77,288,347)	(78,994,674)	(80,787,655)	(82,596,389)	(84,498,606)	(86,442,689)	(88,330,421)
Materials & Contracts	(56,436,942)	(52,064,766)	(53,191,746)	(55,901,780)	(57,154,113)	(58,924,129)	(60,879,779)	(63,655,577)	(65,184,653)	(67,243,950)	(68,973,923)
Borrowing Costs	(1,523,103)	(1,650,174)	(1,409,923)	(1,801,018)	(1,555,157)	(1,328,006)	(1,115,877)	(915,502)	(732,051)	(570,963)	(409,272)
Other	(10,395,475)	(9,411,379)	(9,614,727)	(9,855,096)	(10,101,473)	(10,354,010)	(10,612,860)	(10,878,182)	(11,150,136)	(11,428,890)	(11,714,612)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>85,631,963</b>	<b>72,952,430</b>	<b>75,833,820</b>	<b>48,787,772</b>	<b>48,555,470</b>	<b>48,581,847</b>	<b>48,365,931</b>	<b>47,382,794</b>	<b>47,604,424</b>	<b>47,320,127</b>	<b>47,412,832</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Investment Securities	964,943	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,530,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Payments:</b>											
Purchase of Infrastructure, Property, Plant & Equipment	(105,322,223)	(74,012,036)	(77,715,271)	(43,217,589)	(37,493,223)	(37,848,712)	(38,166,989)	(38,503,027)	(38,828,586)	(39,159,333)	(39,466,808)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(102,827,280)</b>	<b>(72,512,036)</b>	<b>(76,215,271)</b>	<b>(41,717,589)</b>	<b>(35,993,223)</b>	<b>(36,348,712)</b>	<b>(36,666,989)</b>	<b>(37,003,027)</b>	<b>(37,328,586)</b>	<b>(37,659,333)</b>	<b>(37,966,808)</b>
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
Proceeds from Borrowings & Advances	8,625,000	8,625,000	16,010,000	-	-	-	-	-	-	-	-
<b>Payments:</b>											
Repayment of Borrowings & Advances	(9,626,683)	(8,854,625)	(7,186,888)	(8,081,563)	(7,728,091)	(7,372,621)	(6,797,966)	(6,483,218)	(5,314,496)	(5,449,991)	(4,856,667)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>(1,001,683)</b>	<b>(229,625)</b>	<b>8,823,112</b>	<b>(8,081,563)</b>	<b>(7,728,091)</b>	<b>(7,372,621)</b>	<b>(6,797,966)</b>	<b>(6,483,218)</b>	<b>(5,314,496)</b>	<b>(5,449,991)</b>	<b>(4,856,667)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(18,197,000)</b>	<b>210,769</b>	<b>8,441,661</b>	<b>(1,011,380)</b>	<b>4,834,156</b>	<b>4,860,514</b>	<b>4,900,977</b>	<b>3,896,549</b>	<b>4,961,342</b>	<b>4,210,803</b>	<b>4,589,357</b>
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	<b>18,197,000</b>	<b>-</b>	<b>210,769</b>	<b>8,652,430</b>	<b>7,641,050</b>	<b>12,475,206</b>	<b>17,335,720</b>	<b>22,236,697</b>	<b>26,133,246</b>	<b>31,094,587</b>	<b>35,305,391</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>-</b>	<b>210,769</b>	<b>8,652,430</b>	<b>7,641,050</b>	<b>12,475,206</b>	<b>17,335,720</b>	<b>22,236,697</b>	<b>26,133,246</b>	<b>31,094,587</b>	<b>35,305,391</b>	<b>39,894,747</b>
Cash & Cash Equivalents - end of the year	-	210,769	8,652,430	7,641,050	12,475,206	17,335,720	22,236,697	26,133,246	31,094,587	35,305,391	39,894,747
Investments - end of the year	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>137,445,057</b>	<b>137,655,826</b>	<b>146,097,487</b>	<b>145,086,107</b>	<b>149,920,264</b>	<b>154,780,777</b>	<b>159,681,754</b>	<b>163,578,303</b>	<b>168,539,644</b>	<b>172,750,448</b>	<b>177,339,804</b>

## Financial Performance Indicators

**MidCoast Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**FINANCIAL PERFORMANCE INDICATORS - GENERAL FUND**

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	-1.87%	-7.21%	-8.26%	-10.21%	-9.78%	-9.51%	-9.48%	-9.94%	-9.63%	-9.71%	-9.53%
Own Source Operating Revenue Ratio	64.10%	68.34%	67.60%	76.18%	76.86%	77.15%	77.45%	77.74%	78.03%	78.31%	78.63%
Unrestricted Current Ratio	2.51	2.31	2.25	1.84	1.73	1.62	1.49	1.36	1.22	1.08	1.10
Debt Service Cover Ratio	4.91	4.41	5.11	4.14	4.43	4.69	5.10	5.28	6.50	6.43	7.35
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	6.59%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.76%	6.76%
Cash Expense Cover Ratio	0.00	0.02	0.72	0.61	0.97	1.33	1.67	1.91	2.24	2.48	2.75
Debt Service Ratio	7.08%	6.47%	5.22%	5.84%	5.38%	4.95%	4.42%	4.05%	3.25%	3.17%	2.72%

Indicator Description	Target / Benchmark
Operating Performance Ratio	>0.00%
Own Source Operating Revenue Ratio	>60%
Unrestricted Current Ratio	> 1.5 x
Debt Service Cover Ratio	>2. x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	<10%
Cash Expense Cover Ratio	> 3 months
Debt Service Ratio	N/A

# 2021-2022 Water Fund Budget – 10 Year Financial Projections

## Income Statement

### MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - WATER FUND

Scenario: Base Case	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	13,500,578	14,129,488	14,412,078	14,700,319	14,994,326	15,294,212	15,600,096	15,912,098	16,230,340	16,554,947	16,886,046
User Charges & Fees	29,306,000	30,003,500	30,600,820	31,210,086	31,831,538	32,465,419	33,111,977	33,771,467	34,444,146	35,130,279	35,830,135
Other Revenues	1,000	1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094
Grants & Contributions provided for Operating Purposes	495,000	495,000	502,425	509,961	517,611	525,375	533,256	541,254	549,373	557,614	565,978
Grants & Contributions provided for Capital Purposes	2,250,000	7,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000
Interest & Investment Revenue	169,689	166,365	166,698	167,031	167,365	167,700	168,035	168,371	168,708	169,046	169,384
<b>Total Income from Continuing Operations</b>	<b>45,722,267</b>	<b>52,045,353</b>	<b>49,933,030</b>	<b>50,838,418</b>	<b>51,761,870</b>	<b>52,703,747</b>	<b>53,664,416</b>	<b>54,644,253</b>	<b>55,643,640</b>	<b>56,662,968</b>	<b>57,702,636</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	7,264,398	8,182,915	8,218,714	8,255,300	8,292,692	8,330,905	8,369,960	8,409,874	8,450,666	8,492,355	8,534,962
Borrowing Costs	4,508,652	4,227,995	3,940,105	3,625,641	3,322,787	3,064,434	2,828,489	2,586,533	2,330,647	2,061,728	1,777,718
Materials & Contracts	13,977,006	14,184,547	14,267,692	14,351,734	14,436,683	14,522,548	14,609,339	14,697,067	14,785,741	14,875,372	14,965,970
Depreciation & Amortisation	13,800,000	12,900,000	12,932,250	12,964,581	12,996,992	13,029,485	13,062,058	13,094,713	13,127,450	13,160,269	13,193,170
Other Expenses	307,008	772,683	781,955	791,339	800,835	810,445	820,170	830,012	839,972	850,052	860,253
Net Losses from the Disposal of Assets	728,500	728,500	728,500	728,500	728,500	728,500	728,500	728,500	728,500	728,500	728,500
<b>Total Expenses from Continuing Operations</b>	<b>40,585,565</b>	<b>40,996,640</b>	<b>40,869,216</b>	<b>40,717,095</b>	<b>40,578,488</b>	<b>40,486,317</b>	<b>40,418,517</b>	<b>40,346,699</b>	<b>40,262,976</b>	<b>40,168,276</b>	<b>40,060,572</b>
<b>Operating Result from Continuing Operations</b>	<b>5,136,702</b>	<b>11,048,713</b>	<b>9,063,814</b>	<b>10,121,323</b>	<b>11,183,382</b>	<b>12,217,430</b>	<b>13,245,899</b>	<b>14,297,553</b>	<b>15,380,664</b>	<b>16,494,693</b>	<b>17,642,065</b>
<b>Net Operating Result for the Year</b>	<b>5,136,702</b>	<b>11,048,713</b>	<b>9,063,814</b>	<b>10,121,323</b>	<b>11,183,382</b>	<b>12,217,430</b>	<b>13,245,899</b>	<b>14,297,553</b>	<b>15,380,664</b>	<b>16,494,693</b>	<b>17,642,065</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>2,886,702</b>	<b>3,798,713</b>	<b>4,813,814</b>	<b>5,871,323</b>	<b>6,933,382</b>	<b>7,967,430</b>	<b>8,995,899</b>	<b>10,047,553</b>	<b>11,130,664</b>	<b>12,244,693</b>	<b>13,392,065</b>

## Balance Sheet

**MidCoast Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**BALANCE SHEET - WATER FUND**

Scenario: Base Case	Current Year					Projected Years					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	20,857,002	8,955,569	12,613,559	22,227,171	31,738,333	41,602,993	51,024,047	61,529,965	76,888,082	88,430,832	83,742,794
Investments	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294
Receivables	9,189,014	9,434,811	9,618,021	9,820,586	10,026,830	10,237,395	10,451,401	10,670,765	10,900,092	11,129,046	11,342,807
Inventories	107,280	102,776	103,875	104,985	106,108	107,242	108,389	109,548	110,720	111,904	113,101
Non-current assets classified as "held for sale"	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750
<b>Total Current Assets</b>	<b>34,357,340</b>	<b>22,697,200</b>	<b>26,539,498</b>	<b>36,356,786</b>	<b>46,075,315</b>	<b>56,151,674</b>	<b>65,787,882</b>	<b>76,514,322</b>	<b>92,102,939</b>	<b>103,875,826</b>	<b>99,402,747</b>
<b>Non-Current Assets</b>											
Investments	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706
Infrastructure, Property, Plant & Equipment	569,096,500	586,903,000	587,002,250	582,094,169	578,518,677	576,460,693	576,030,134	575,356,921	570,750,971	570,812,202	587,990,533
Investment Property	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000
Non-current assets classified as "held for sale"	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250
<b>Total Non-Current Assets</b>	<b>572,922,456</b>	<b>590,728,956</b>	<b>590,828,206</b>	<b>585,920,125</b>	<b>582,344,633</b>	<b>580,286,649</b>	<b>579,856,090</b>	<b>579,182,877</b>	<b>574,576,927</b>	<b>574,638,158</b>	<b>591,816,488</b>
<b>TOTAL ASSETS</b>	<b>607,279,796</b>	<b>613,426,156</b>	<b>617,367,704</b>	<b>622,276,912</b>	<b>628,419,948</b>	<b>636,438,323</b>	<b>645,643,972</b>	<b>655,697,199</b>	<b>666,679,865</b>	<b>678,513,984</b>	<b>691,219,235</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	3,211,536	3,281,972	3,280,320	3,278,675	3,278,762	3,284,980	3,292,868	3,300,062	3,306,905	3,312,694	3,317,355
Borrowings	5,193,157	5,345,830	5,440,641	5,275,666	4,445,682	4,293,837	4,502,624	4,661,468	4,928,638	5,209,518	4,557,107
Provisions	3,657,069	3,875,156	4,098,042	4,325,831	4,558,632	4,796,554	5,039,710	5,288,216	5,542,189	5,801,750	6,067,020
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>12,061,761</b>	<b>12,502,958</b>	<b>12,819,003</b>	<b>12,880,172</b>	<b>12,283,076</b>	<b>12,375,371</b>	<b>12,835,203</b>	<b>13,249,746</b>	<b>13,777,732</b>	<b>14,323,962</b>	<b>13,941,483</b>
<b>Non-Current Liabilities</b>											
Borrowings	70,975,104	65,629,274	60,188,633	54,912,967	50,467,285	46,173,448	41,670,824	37,009,356	32,080,718	26,871,200	22,314,093
Provisions	38,229	40,509	42,839	45,220	47,654	50,141	52,683	55,280	57,935	60,649	63,422
<b>Total Non-Current Liabilities</b>	<b>71,013,333</b>	<b>65,669,783</b>	<b>60,231,472</b>	<b>54,958,187</b>	<b>50,514,939</b>	<b>46,223,589</b>	<b>41,723,507</b>	<b>37,064,636</b>	<b>32,138,653</b>	<b>26,931,849</b>	<b>22,377,515</b>
<b>TOTAL LIABILITIES</b>	<b>83,075,094</b>	<b>78,172,741</b>	<b>73,050,475</b>	<b>67,838,359</b>	<b>62,798,014</b>	<b>58,598,959</b>	<b>54,558,709</b>	<b>50,314,383</b>	<b>45,916,385</b>	<b>41,255,811</b>	<b>36,318,997</b>
<b>Net Assets</b>	<b>524,204,702</b>	<b>535,253,415</b>	<b>544,317,229</b>	<b>554,438,552</b>	<b>565,621,934</b>	<b>577,839,364</b>	<b>591,085,263</b>	<b>605,382,816</b>	<b>620,763,480</b>	<b>637,258,173</b>	<b>654,900,238</b>
<b>EQUITY</b>											
Retained Earnings	440,185,702	451,234,415	460,298,229	470,419,552	481,602,934	493,820,364	507,066,263	521,363,816	536,744,480	553,239,173	570,881,238
Revaluation Reserves	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000
Council Equity Interest	524,204,702	535,253,415	544,317,229	554,438,552	565,621,934	577,839,364	591,085,263	605,382,816	620,763,480	637,258,173	654,900,238
<b>Total Equity</b>	<b>524,204,702</b>	<b>535,253,415</b>	<b>544,317,229</b>	<b>554,438,552</b>	<b>565,621,934</b>	<b>577,839,364</b>	<b>591,085,263</b>	<b>605,382,816</b>	<b>620,763,480</b>	<b>637,258,173</b>	<b>654,900,238</b>

# Cash Flow Statement

## MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 CASH FLOW STATEMENT - WATER FUND

Scenario: Base Case	Current Year					Projected Years					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates & Annual Charges	14,406,026	14,117,304	14,406,603	14,694,735	14,988,630	15,288,402	15,594,170	15,906,054	16,224,175	16,548,658	16,879,632
User Charges & Fees	30,031,731	29,806,156	30,449,116	31,046,815	31,665,002	32,295,552	32,938,713	33,594,738	34,263,882	34,946,410	35,642,589
Investment & Interest Revenue Received	155,115	174,473	160,607	153,660	154,099	153,972	154,803	153,796	148,266	153,154	172,946
Grants & Contributions	2,745,000	6,495,000	3,502,425	3,509,961	3,517,611	3,525,375	3,533,256	3,541,254	3,549,373	3,557,614	3,565,978
Other	1,000	1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094
<b>Payments:</b>											
Employee Benefits & On-Costs	(6,803,872)	(7,946,791)	(7,985,948)	(8,017,413)	(8,049,571)	(8,082,436)	(8,116,025)	(8,150,352)	(8,185,434)	(8,221,288)	(8,257,931)
Materials & Contracts	(13,138,963)	(14,135,490)	(14,262,675)	(14,346,662)	(14,431,555)	(14,517,364)	(14,604,098)	(14,691,769)	(14,780,385)	(14,869,957)	(14,960,496)
Borrowing Costs	(4,551,288)	(4,262,246)	(3,975,363)	(3,661,525)	(3,357,582)	(3,093,755)	(2,856,809)	(2,616,230)	(2,361,392)	(2,094,235)	(1,812,077)
Other	(307,008)	(772,683)	(781,955)	(791,339)	(800,835)	(810,445)	(820,170)	(830,012)	(839,972)	(850,052)	(860,253)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>22,537,741</b>	<b>23,476,724</b>	<b>21,513,820</b>	<b>22,589,253</b>	<b>23,686,829</b>	<b>24,760,342</b>	<b>25,824,891</b>	<b>26,908,541</b>	<b>28,019,586</b>	<b>29,171,387</b>	<b>30,371,481</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
<b>Payments:</b>											
Purchase of Infrastructure, Property, Plant & Equipment	(25,525,000)	(30,185,000)	(12,510,000)	(7,535,000)	(8,900,000)	(10,450,000)	(12,110,000)	(11,900,000)	(8,000,000)	(12,700,000)	(29,850,000)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(25,525,000)</b>	<b>(30,185,000)</b>	<b>(12,510,000)</b>	<b>(7,535,000)</b>	<b>(8,900,000)</b>	<b>(10,450,000)</b>	<b>(12,110,000)</b>	<b>(11,900,000)</b>	<b>(8,000,000)</b>	<b>(12,700,000)</b>	<b>(29,850,000)</b>
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
<b>Payments:</b>											
Repayment of Borrowings & Advances	(4,947,739)	(5,193,157)	(5,345,830)	(5,440,641)	(5,275,666)	(4,445,682)	(4,293,837)	(4,502,624)	(4,661,468)	(4,928,638)	(5,209,518)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>(4,947,739)</b>	<b>(5,193,157)</b>	<b>(5,345,830)</b>	<b>(5,440,641)</b>	<b>(5,275,666)</b>	<b>(4,445,682)</b>	<b>(4,293,837)</b>	<b>(4,502,624)</b>	<b>(4,661,468)</b>	<b>(4,928,638)</b>	<b>(5,209,518)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(7,934,998)</b>	<b>(11,901,433)</b>	3,657,990	9,613,612	9,511,163	9,864,660	9,421,054	10,505,917	15,358,118	11,542,749	<b>(4,688,037)</b>
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	<b>28,792,000</b>	<b>20,857,002</b>	<b>8,955,569</b>	<b>12,613,559</b>	<b>22,227,171</b>	<b>31,738,333</b>	<b>41,602,993</b>	<b>51,024,047</b>	<b>61,529,965</b>	<b>76,888,082</b>	<b>88,430,832</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>20,857,002</b>	<b>8,955,569</b>	<b>12,613,559</b>	<b>22,227,171</b>	<b>31,738,333</b>	<b>41,602,993</b>	<b>51,024,047</b>	<b>61,529,965</b>	<b>76,888,082</b>	<b>88,430,832</b>	<b>83,742,794</b>
Cash & Cash Equivalents - end of the year	20,857,002	8,955,569	12,613,559	22,227,171	31,738,333	41,602,993	51,024,047	61,529,965	76,888,082	88,430,832	83,742,794
Investments - end of the year	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>26,357,002</b>	<b>14,455,569</b>	<b>18,113,559</b>	<b>27,727,171</b>	<b>37,238,333</b>	<b>47,102,993</b>	<b>56,524,047</b>	<b>67,029,965</b>	<b>82,388,082</b>	<b>93,930,832</b>	<b>89,242,794</b>

## Financial Performance Indicators

**MidCoast Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**FINANCIAL PERFORMANCE INDICATORS - WATER FUND**

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	8.32%	10.11%	12.13%	14.17%	16.13%	17.95%	19.68%	21.38%	23.08%	24.75%	26.42%
Own Source Operating Revenue Ratio	94.00%	85.12%	90.48%	90.64%	90.79%	90.94%	91.09%	91.23%	91.37%	91.52%	91.65%
Unrestricted Current Ratio	3.20	1.90	2.26	3.30	4.68	5.86	6.74	7.72	9.06	9.91	10.04
Debt Service Cover Ratio	2.32	2.30	2.41	2.56	2.79	3.30	3.60	3.73	3.91	4.03	4.16
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	8.22%	8.76%	8.74%	8.74%	8.74%	8.74%	8.74%	8.74%	8.74%	8.74%	8.74%
Cash Expense Cover Ratio	8.41	3.33	4.68	8.27	11.93	16.13	19.95	23.98	29.93	34.27	32.31
Debt Service Ratio	21.75%	21.03%	20.33%	19.46%	18.10%	15.50%	14.41%	14.07%	13.61%	13.34%	13.07%

Indicator Description	Target / Benchmark
Operating Performance Ratio	>0.00%
Own Source Operating Revenue Ratio	>60%
Unrestricted Current Ratio	> 1.5 x
Debt Service Cover Ratio	>2. x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	<10%
Cash Expense Cover Ratio	> 3 months
Debt Service Ratio	N/A



# 2021-2022 Sewer Fund Budget – 10 Year Financial Projections

## Income Statement

### MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - SEWER FUND

Scenario: Base Case	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	38,160,000	39,635,434	40,428,143	41,236,706	42,061,440	42,902,668	43,760,722	44,635,936	45,528,655	46,439,228	47,368,013
User Charges & Fees	3,294,200	2,269,200	2,302,513	2,336,365	2,370,765	2,405,723	2,441,246	2,477,346	2,514,030	2,551,309	2,589,193
Grants & Contributions provided for Operating Purposes	462,000	462,000	468,930	475,964	483,103	490,350	497,705	505,171	512,748	520,440	528,246
Grants & Contributions provided for Capital Purposes	1,000,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Interest & Investment Revenue	703,853	664,982	666,312	667,645	668,980	670,318	671,658	673,002	674,348	675,696	677,048
<b>Total Income from Continuing Operations</b>	<b>43,620,053</b>	<b>47,531,616</b>	<b>48,365,898</b>	<b>49,216,679</b>	<b>50,084,288</b>	<b>50,969,059</b>	<b>51,871,332</b>	<b>52,791,455</b>	<b>53,729,781</b>	<b>54,686,673</b>	<b>55,662,499</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	7,578,717	6,574,523	6,775,905	6,981,717	7,192,057	7,407,025	7,626,722	7,851,252	8,080,722	8,315,240	8,554,917
Borrowing Costs	3,374,316	3,015,908	2,663,193	2,318,415	1,992,289	1,741,497	1,588,986	1,440,853	1,285,247	1,122,326	949,289
Materials & Contracts	13,090,851	15,327,712	15,424,951	15,523,232	15,622,564	15,722,961	15,824,432	15,926,991	16,030,647	16,135,414	16,241,304
Depreciation & Amortisation	13,360,000	9,900,000	9,924,750	9,949,562	9,974,436	9,999,372	10,024,370	10,049,431	10,074,555	10,099,741	10,124,991
Other Expenses	124,643	91,214	92,309	93,416	94,537	95,672	96,820	97,982	99,157	100,347	101,551
Net Losses from the Disposal of Assets	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000
<b>Total Expenses from Continuing Operations</b>	<b>37,723,528</b>	<b>35,104,357</b>	<b>35,076,108</b>	<b>35,061,342</b>	<b>35,070,884</b>	<b>35,161,526</b>	<b>35,356,330</b>	<b>35,561,508</b>	<b>35,765,328</b>	<b>35,968,069</b>	<b>36,167,052</b>
<b>Operating Result from Continuing Operations</b>	<b>5,896,525</b>	<b>12,427,259</b>	<b>13,289,790</b>	<b>14,155,337</b>	<b>15,013,405</b>	<b>15,807,533</b>	<b>16,515,002</b>	<b>17,229,946</b>	<b>17,964,453</b>	<b>18,718,604</b>	<b>19,495,447</b>
<b>Net Operating Result for the Year</b>	<b>5,896,525</b>	<b>12,427,259</b>	<b>13,289,790</b>	<b>14,155,337</b>	<b>15,013,405</b>	<b>15,807,533</b>	<b>16,515,002</b>	<b>17,229,946</b>	<b>17,964,453</b>	<b>18,718,604</b>	<b>19,495,447</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>4,896,525</b>	<b>7,927,259</b>	<b>8,789,790</b>	<b>9,655,337</b>	<b>10,513,405</b>	<b>11,307,533</b>	<b>12,015,002</b>	<b>12,729,946</b>	<b>13,464,453</b>	<b>14,218,604</b>	<b>14,995,447</b>

## Balance Sheet

**MidCoast Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**BALANCE SHEET - SEWER FUND**

Scenario: Base Case	Current Year					Projected Years					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	25,319,828	20,350,919	1,955,651	-	1,086,830	18,353,334	34,510,232	52,377,308	70,181,635	82,577,165	94,409,091
Investments	43,119,174	43,119,174	43,119,174	39,926,989	39,926,989	39,926,989	39,926,989	39,926,989	39,926,989	39,926,989	39,926,989
Receivables	6,567,994	6,204,531	6,246,948	6,336,293	6,456,688	6,641,788	6,824,654	7,016,495	7,210,457	7,385,942	7,561,813
Inventories	728	922	931	941	951	962	972	982	992	1,003	1,014
Non-current assets classified as "held for sale"	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750
<b>Total Current Assets</b>	<b>75,351,474</b>	<b>70,019,296</b>	<b>51,666,454</b>	<b>46,607,973</b>	<b>47,815,208</b>	<b>65,266,821</b>	<b>81,606,597</b>	<b>99,665,524</b>	<b>117,663,823</b>	<b>130,234,849</b>	<b>142,242,657</b>
<b>Non-Current Assets</b>											
Investments	17,130,826	17,130,826	17,130,826	15,862,602	15,862,602	15,862,602	15,862,602	15,862,602	15,862,602	15,862,602	15,862,602
Infrastructure, Property, Plant & Equipment	525,303,000	537,418,000	563,798,250	579,113,688	588,204,252	583,659,880	581,755,510	578,761,079	576,591,524	580,446,783	585,476,792
Investment Property	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000
Non-current assets classified as "held for sale"	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250
<b>Total Non-Current Assets</b>	<b>544,620,076</b>	<b>556,735,076</b>	<b>583,115,326</b>	<b>597,162,540</b>	<b>606,253,104</b>	<b>601,708,733</b>	<b>599,804,362</b>	<b>596,809,931</b>	<b>594,640,376</b>	<b>598,495,635</b>	<b>603,525,644</b>
<b>TOTAL ASSETS</b>	<b>619,971,550</b>	<b>626,754,372</b>	<b>634,781,780</b>	<b>643,770,513</b>	<b>654,068,312</b>	<b>666,975,554</b>	<b>681,410,959</b>	<b>696,475,455</b>	<b>712,304,200</b>	<b>728,730,484</b>	<b>745,768,301</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	3,005,663	3,164,510	3,159,555	3,155,816	3,155,783	3,168,989	3,188,503	3,208,008	3,228,321	3,248,153	3,267,455
Borrowings	6,023,652	5,482,642	5,393,036	4,950,807	3,153,907	2,344,809	2,436,059	2,412,649	2,574,426	2,744,976	2,770,370
Provisions	3,657,069	3,875,156	4,098,042	4,325,831	4,558,632	4,796,554	5,039,710	5,288,216	5,542,189	5,801,750	6,067,020
<b>Total Current Liabilities</b>	<b>12,686,383</b>	<b>12,522,309</b>	<b>12,650,633</b>	<b>12,432,454</b>	<b>10,868,322</b>	<b>10,310,352</b>	<b>10,664,273</b>	<b>10,908,873</b>	<b>11,344,936</b>	<b>11,794,879</b>	<b>12,104,846</b>
<b>Non-Current Liabilities</b>											
Borrowings	44,331,412	38,848,770	33,455,734	28,504,927	25,351,020	23,006,211	20,570,152	18,157,503	15,583,077	12,838,101	10,067,731
Provisions	38,229	40,509	42,839	45,220	47,654	50,141	52,683	55,280	57,935	60,649	63,422
<b>Total Non-Current Liabilities</b>	<b>44,369,641</b>	<b>38,889,279</b>	<b>33,498,573</b>	<b>28,550,147</b>	<b>25,398,674</b>	<b>23,056,352</b>	<b>20,622,835</b>	<b>18,212,783</b>	<b>15,641,012</b>	<b>12,898,750</b>	<b>10,131,153</b>
<b>TOTAL LIABILITIES</b>	<b>57,056,025</b>	<b>51,411,588</b>	<b>46,149,206</b>	<b>40,982,601</b>	<b>36,266,995</b>	<b>33,366,704</b>	<b>31,287,107</b>	<b>29,121,656</b>	<b>26,985,949</b>	<b>24,693,629</b>	<b>22,235,998</b>
<b>Net Assets</b>	<b>562,915,525</b>	<b>575,342,784</b>	<b>588,632,574</b>	<b>602,787,912</b>	<b>617,801,317</b>	<b>633,608,850</b>	<b>650,123,852</b>	<b>667,353,798</b>	<b>685,318,251</b>	<b>704,036,856</b>	<b>723,532,303</b>
<b>EQUITY</b>											
Retained Earnings	430,108,525	442,535,784	455,825,574	469,980,912	484,994,317	500,801,850	517,316,852	534,546,798	552,511,251	571,229,856	590,725,303
Revaluation Reserves	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000
Council Equity Interest	562,915,525	575,342,784	588,632,574	602,787,912	617,801,317	633,608,850	650,123,852	667,353,798	685,318,251	704,036,856	723,532,303
<b>Total Equity</b>	<b>562,915,525</b>	<b>575,342,784</b>	<b>588,632,574</b>	<b>602,787,912</b>	<b>617,801,317</b>	<b>633,608,850</b>	<b>650,123,852</b>	<b>667,353,798</b>	<b>685,318,251</b>	<b>704,036,856</b>	<b>723,532,303</b>

## Cash Flow Statement

**MidCoast Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**CASH FLOW STATEMENT - SEWER FUND**

Scenario: Base Case	Current Year 2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	Projected Years					
						2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates & Annual Charges	40,715,538	39,486,442	40,348,094	41,155,055	41,978,157	42,817,720	43,674,074	44,547,556	45,438,507	46,347,277	47,274,222
User Charges & Fees	2,843,979	2,795,740	2,285,400	2,318,975	2,353,094	2,387,765	2,422,998	2,458,802	2,495,185	2,532,159	2,569,732
Investment & Interest Revenue Received	536,741	674,412	733,691	690,227	662,684	601,532	607,363	602,035	603,607	625,825	629,231
Grants & Contributions	1,462,000	3,462,000	3,468,930	3,475,964	3,483,103	3,490,350	3,497,705	3,505,171	3,512,748	3,520,440	3,528,246
<b>Payments:</b>											
Employee Benefits & On-Costs	(7,376,864)	(6,428,741)	(6,540,999)	(6,741,643)	(6,946,702)	(7,156,271)	(7,370,452)	(7,589,344)	(7,813,052)	(8,041,681)	(8,275,341)
Materials & Contracts	(11,715,578)	(15,075,648)	(15,413,703)	(15,511,863)	(15,611,074)	(15,711,347)	(15,812,694)	(15,915,127)	(16,018,656)	(16,123,295)	(16,229,054)
Borrowing Costs	(3,423,369)	(3,058,248)	(2,701,731)	(2,356,323)	(2,027,088)	(1,763,666)	(1,605,468)	(1,457,976)	(1,302,206)	(1,140,422)	(968,584)
Other	(124,643)	(91,214)	(92,309)	(93,416)	(94,537)	(95,672)	(96,820)	(97,982)	(99,157)	(100,347)	(101,551)
<b>Net Cash provided (or used in) Operating Activities</b>	22,917,804	21,764,743	22,087,374	22,936,976	23,797,637	24,570,410	25,316,708	26,053,135	26,816,976	27,619,956	28,426,902
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Investment Securities	-	-	-	4,460,409	-	-	-	-	-	-	-
<b>Payments:</b>											
Purchase of Infrastructure, Property, Plant & Equipment	(16,337,040)	(20,710,000)	(35,000,000)	(23,960,000)	(17,760,000)	(4,150,000)	(6,815,000)	(5,750,000)	(6,600,000)	(12,650,000)	(13,850,000)
<b>Net Cash provided (or used in) Investing Activities</b>	(16,337,040)	(20,710,000)	(35,000,000)	(19,499,591)	(17,760,000)	(4,150,000)	(6,815,000)	(5,750,000)	(6,600,000)	(12,650,000)	(13,850,000)
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
<b>Payments:</b>											
Repayment of Borrowings & Advances	(5,663,936)	(6,023,652)	(5,482,642)	(5,393,036)	(4,950,807)	(3,153,907)	(2,344,809)	(2,436,059)	(2,412,649)	(2,574,426)	(2,744,976)
<b>Net Cash Flow provided (used in) Financing Activities</b>	(5,663,936)	(6,023,652)	(5,482,642)	(5,393,036)	(4,950,807)	(3,153,907)	(2,344,809)	(2,436,059)	(2,412,649)	(2,574,426)	(2,744,976)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	916,828	(4,968,909)	(18,395,268)	(1,955,651)	1,086,830	17,266,503	16,156,899	17,867,076	17,804,327	12,395,530	11,831,926
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	24,403,000	25,319,828	20,350,919	1,955,651	0	1,086,830	18,353,334	34,510,232	52,377,308	70,181,635	82,577,165
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>25,319,828</b>	<b>20,350,919</b>	<b>1,955,651</b>	<b>0</b>	<b>1,086,830</b>	<b>18,353,334</b>	<b>34,510,232</b>	<b>52,377,308</b>	<b>70,181,635</b>	<b>82,577,165</b>	<b>94,409,091</b>
Cash & Cash Equivalents - end of the year	25,319,828	20,350,919	1,955,651	0	1,086,830	18,353,334	34,510,232	52,377,308	70,181,635	82,577,165	94,409,091
Investments - end of the year	60,250,000	60,250,000	60,250,000	55,789,591	55,789,591	55,789,591	55,789,591	55,789,591	55,789,591	55,789,591	55,789,591
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>85,569,828</b>	<b>80,600,919</b>	<b>62,205,651</b>	<b>55,789,591</b>	<b>56,876,421</b>	<b>74,142,924</b>	<b>90,299,823</b>	<b>108,166,898</b>	<b>125,971,226</b>	<b>138,366,756</b>	<b>150,198,682</b>

## Financial Performance Indicators

### MidCoast Council

10 Year Financial Plan for the Years ending 30 June 2032

### FINANCIAL PERFORMANCE INDICATORS - SEWER FUND

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	11.95%	18.88%	20.48%	22.03%	23.49%	24.75%	25.78%	26.76%	27.75%	28.72%	29.69%
Own Source Operating Revenue Ratio	96.65%	89.56%	89.73%	89.89%	90.05%	90.21%	90.37%	90.52%	90.67%	90.82%	90.97%
Unrestricted Current Ratio	7.48	7.18	5.30	4.84	6.12	9.36	11.47	13.95	15.95	17.07	18.39
Debt Service Cover Ratio	2.41	2.33	2.65	2.87	3.27	4.75	6.06	6.30	6.77	6.93	7.11
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	10.04%	10.70%	10.68%	10.68%	10.68%	10.68%	10.68%	10.68%	10.68%	10.68%	10.68%
Cash Expense Cover Ratio	10.73	7.96	0.78	0.00	0.44	7.90	15.21	22.86	30.46	35.42	40.00
Debt Service Ratio	21.21%	21.01%	18.57%	17.25%	15.23%	10.53%	8.30%	8.03%	7.51%	7.37%	7.22%

Indicator Description	Target / Benchmark
Operating Performance Ratio	>0.00%
Own Source Operating Revenue Ratio	>60%
Unrestricted Current Ratio	> 1.5 x
Debt Service Cover Ratio	>2. x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	<10%
Cash Expense Cover Ratio	> 3 months
Debt Service Ratio	N/A



**MIDCOAST**  
council

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