

29 May 2020

**ASSET MANAGEMENT PLAN
OPEN SPACE AND RECREATIONAL
AREAS**

2019/20 to 2048/49

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Executive summary

Warren Shire Council owns and manages a range of open space and recreational areas assets on behalf of the community. These assets include ovals, parks, the showground and the swimming pool complex.

The estimated gross replacement cost of our open space and recreational areas assets is \$4.2m.

Council’s strategic objective for its open space and recreational areas assets is to maintain the parks, gardens and reserves in a safe and attractive condition.

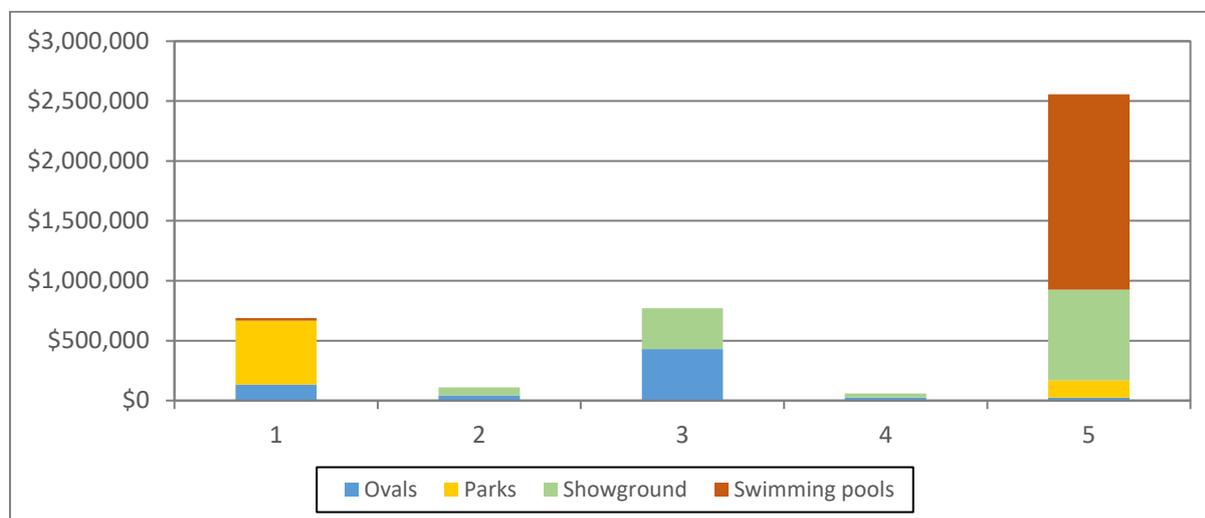
Council plans to undertake a number of projects which will provide the community with upgraded and new recreational facilities.

One project will be the upgrade the Warren War Memorial swimming pool facilities. Another major project will be the redevelopment of Carter Oval and caravan park site. This redevelopment will include a new skate park, a splash park, a bike park and playground, new lighting, seating and amenities for the oval, a new soccer field and an upgrade to the toilets. A third project is the development of a new equestrian centre at the showground.

The community has certain expectations as to the level of service it requires from the open space and recreational areas assets. These expectations are classified under the categories of ovals, parks, showground and swimming pools. This asset management plan outlines how Council delivers against these expectations and how we measure our performance.

Overall, most of our open space and recreational areas assets are not in an acceptable condition, i.e., they have a condition rating below 3 on a scale of 1 to 5. 62.5% of these assets are in condition 4 and 5. See figure ES1 below.

Figure ES1: Condition ratings, open space and recreational areas assets (estimated gross replacement cost) as at 30 June 2019



Condition scale: 1=Excellent; 2=Good; 3=Average; 4=Poor; 5=Very poor

The assets in condition 4 and 5 are providing a poor level of service and will need to be renewed in the short- to medium-term. These assets include:

- Some facilities at the showground
- The pools at the swimming pool complex.

In this asset management plan, the lifecycle costs of the open space and recreational areas assets are estimated and projected. There are four lifecycle categories. These categories are operations, maintenance, capital renewal and capital expansion.

A summary of the operational and maintenance activities which are undertaken is provided together with the frequency in which these activities are undertaken.

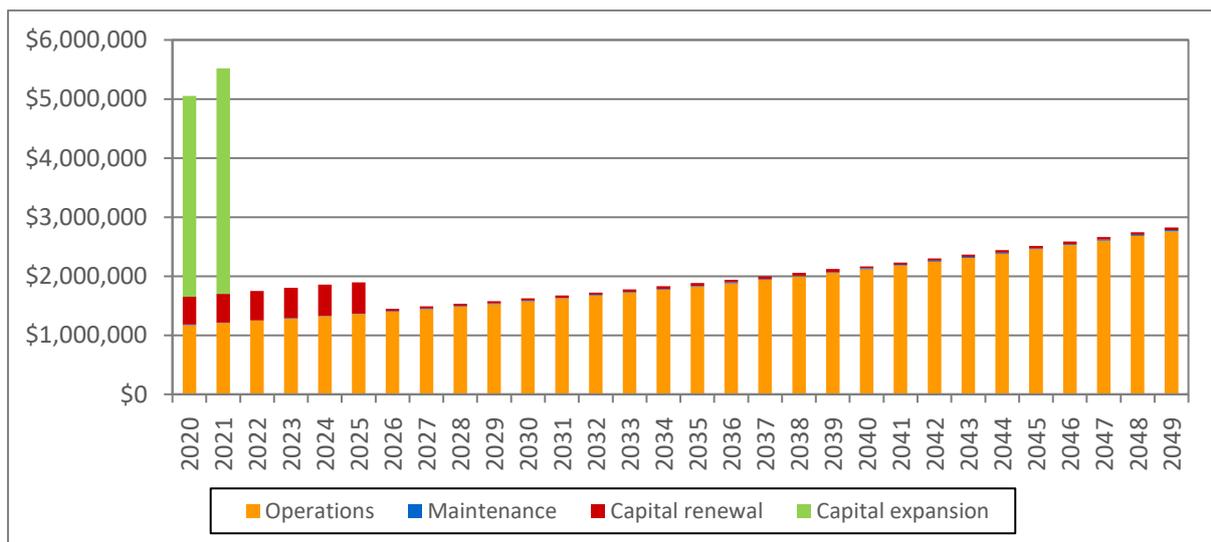
An analysis of the capital renewal funding needs over the next thirty years has been undertaken. Council will be allocating funds to an asset renewal reserve each year to ensure that it is saving money from the day it purchases an asset to allow it to replace the asset at the end of its life.

Funds also need to be allocated to the net cost of the proposed capital expansion projects that Council will be undertaking over the next thirty years (i.e. the costs over and above the grant funding that Council will receive for these projects). Some of the capital expansion projects that are currently planned over the next thirty years include the upgrade of the Warren pool facilities, the redevelopment of Carter Oval and the development of an equestrian centre at the showground.

The estimated gross cost of these projects totals approximately \$7.2m. This includes \$1.5m for the upgrade to the Warren pool facilities, \$3.1m for the redevelopment of Carter Oval and \$2.0m for the new equestrian centre. These projects will be undertaken over the 2020 and 2021 financial years.

The projected lifecycle expenditure on operations, maintenance, renewal and expansion activities for the open space and recreational areas assets over the next thirty years is shown in the following graph.

Figure ES2: Thirty-year projected lifecycle expenditure on Council’s open space and recreational areas assets, 2020 to 2049



Once the new capital expansion projects have been completed in 2021, our annual operations and maintenance costs are not expected to fluctuate significantly over the next thirty years as the quantity of our open space and recreational areas assets is not expected to change due to our relatively stable population. However, these costs have been indexed by 3.0% p.a. for inflation.

Our open space and recreational areas assets generally have long estimated useful lives. Most of the open space and recreational areas assets will not need to be renewed over the next thirty years. However, the projected lifecycle expenditure includes funds to be allocated to an asset renewal reserve each year to ensure that assets can be replaced when they reach the end of their life. As with operations and maintenance costs, this asset renewal reserve allocation has been indexed by 3.0% p.a. for inflation.

Estimates for capital expansion projects for the open space and recreational areas assets have also been included in the thirty-year expenditure analysis.

Funding for our open space and recreational areas assets is derived from various sources. These include:

- Rent and fees generated from the assets
- Grants
- General funds
- Borrowings.

Income such as rent and fees are mostly user charges including entry fees for the Warren pools and usage fees for the sporting ovals and the showground.

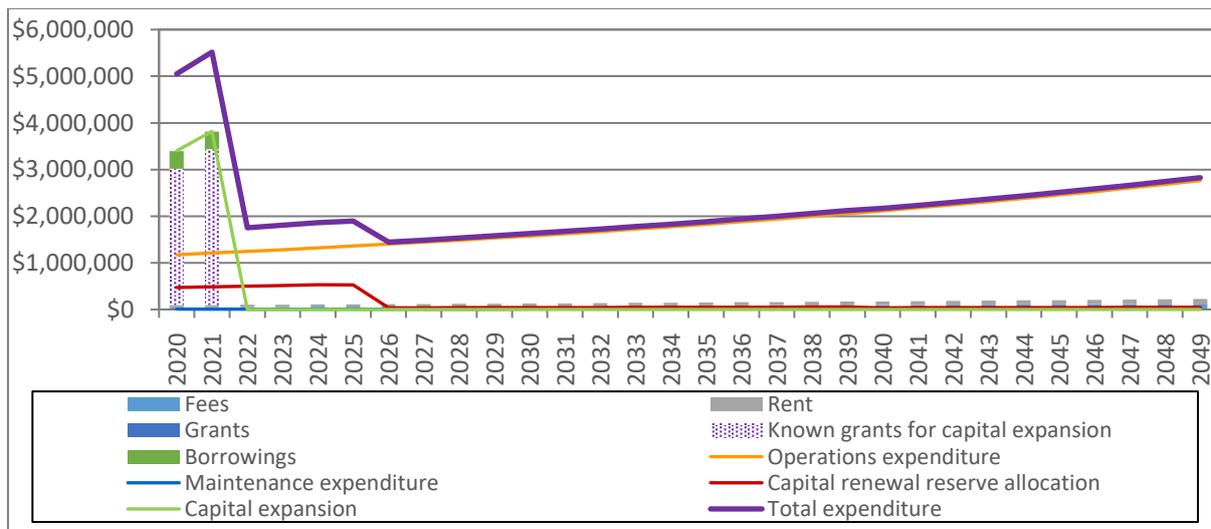
Grant funding is required when major projects need to be undertaken.

General funds are used in two ways for our open space and recreational areas assets. Firstly, they are used to support the maintenance of our open space and recreational areas assets. Secondly, they are used to build an asset renewal reserve each year. This will help in reducing Council’s reliance on grant funding for renewal projects.

Council also has the option of borrowing to support investments in our open space and recreational areas assets.

The projected expenditure and funding picture for the open space and recreational areas assets over the next thirty years is shown in figure ES3 below.

Figure ES3: Thirty-year financial plan for Council’s open space and recreational areas assets, 2020 to 2049



This graph highlights the gap in the required funding for open space and recreational areas assets over the next thirty years.

It is anticipated that there will be a shortfall, i.e. total income will be less than our operations, maintenance and capital expenses. This is shown in figure ES3 as the gap between the purple total expenditure line and the top of the income bars. Whilst both income and total expenditure are indexed at 3.0% p.a. for inflation, the gap widens over time as income starts from a lower base.

Council has developed a series of performance benchmarks to help in assessing how well it is meeting the community’s expectations in relation to the condition of its assets.

Critical risks have been identified for the open space and recreational areas assets. These include the risk that equipment is damaged by fire or a severe storm, that equipment is damaged by vandals and that equipment deteriorates over time to unacceptable levels and cannot be used. Risk treatment plans have been developed to reduce the likelihood of these risks and to limit their impact.

Several initiatives have been identified to improve Council's asset management capabilities in relation to its open space and recreational areas assets. These include:

- Implementing an integrated asset management system and associated processes to support Council's engineering and finance functions; this will also provide Council with much needed predictive capabilities to assist with decisions on where it should be allocating asset funding or if it should be seeking additional funding
- Regularly capturing accurate and complete asset condition data
- Tracking Council's performance against relevant community expectation benchmarks
- Implementing a productivity improvement program.

1 Introduction and strategic objectives

1.1 Introduction

Warren Shire is located in Central West NSW and covers an area of 10,860 square kilometres. Within the Shire is the town of Warren and the villages of Nevertire and Collie. According to the 2016 census, the total population for the Shire is 2,732 with 1,530 people living in Warren. In 2019 it is estimated that 92 people live in Nevertire and 46 people live in Collie.

The town of Warren is situated on the banks of the Macquarie River and is located 120 km from the regional centre of Dubbo and 515 km from Sydney. Nevertire is 20 km to the south west of Warren. Collie is located 51 km to the east of Warren.

Warren Shire Council owns and maintains \$247.0m (estimated gross replacement cost as at 30 June 2019) of community assets including roads, bridges, public buildings, the water supply network, the sewerage network and recreational assets. Council's open space and recreational areas assets comprise \$4.2m of this asset base. The open space and recreational areas assets include ovals, parks, the showground and the swimming pool complex.

The efficient management of our assets is vital to ensure that Council provides safe and reliable services for the community. To achieve this, Council has developed several integrated tools. These tools form the Integrated Planning and Reporting (IP&R) framework which includes Council's:

- Community strategic plan (CSP)
- Resourcing strategy
 - Long-term financial planning (LTFP)
 - Asset management planning
 - Asset management policy
 - Asset management strategy
 - Asset management plans (of which this is one).

Together, these tools guide Council and hold it to account with respect to delivering on its asset management strategic objectives.

Council has developed asset management plans for each class of asset under its control. This asset management plan for our open space and recreational areas assets identifies our asset service standards and contains the long-term projected costs for the operations, maintenance, renewal and expansion of our assets.

1.2 Strategic objective for the open space and recreational areas assets

The strategic objective of Council in operating, maintaining and improving its open space and recreational areas assets is as follows.

Table 1.1: Strategic objective for the open space and recreational areas assets

No.	Strategic objective for the open space and recreational areas assets	Link with the CSP
1	Maintain parks, gardens and reserves in a safe and attractive condition	Strategy 3.2.1

1.3 Definitions

To ensure consistency between this document and the other documents in Council's IP&R framework, the following definitions are used.

Accumulated depreciation – The total depreciation of an asset's estimated replacement cost. Depreciation of an asset will continue to be accumulated until it is replaced. At this point, the original asset will be written off and the depreciation of the new asset will commence from zero.

Asset – A physical facility, which has value, and enables services to be provided to the community. The economic life of an asset is greater than twelve months.

Asset management – The combination of management, financial, economic and engineering practices applied to a physical asset with the objective of providing the required levels of service in the most cost-effective manner.

Estimated gross replacement cost – The estimated cost of replacing an asset calculated by multiplying estimated unit rates for each component of an asset by the size of the asset. Estimated gross replacement costs are calculated every five years when Council's assets are revalued.

Expansion – Activities associated with upgrading or improving an asset or creating a new asset.

Level of service – The ability of an asset to provide services to the community. A minimum level of service is set by Council for each asset. Community levels of service are based around the minimum required condition rating of an asset. Technical levels of service refer to the frequency in which maintenance and capital works are undertaken on an asset by Council.

Lifecycle – The phases in the life of an asset from acquisition, operations, maintenance, renewal and disposal.

Maintenance – Planned or unplanned activities required to ensure that the asset can continue to deliver the services required of it by the community.

Net carrying value – Estimated gross replacement cost minus accumulated depreciation. This is the equivalent of the written down value of an asset.

Operations – Regular, planned activities to keep the asset in service.

Renewal – Activities which involve restoring, refurbishing or replacing an asset to bring it back to its original capacity and performance capability. Renewal costs are treated as capital expenditure.

Renewal backlog – The cost to renew those assets within the Shire that do not achieve the required minimum level of service.

Useful life – The period over which an asset is expected to be available for use by Council (in the context of its service to Council, not to its actual physical life). The useful life of each asset is used by Council to determine the depreciation of the asset.

2 Services provided and classification

2.1 Open space and recreational areas assets: categories and value

The open space and recreational areas assets in the Warren Shire are comprised of ovals, parks, the showground and the swimming pool complex. The components of the open space and recreational areas assets are summarised in the following table.

Table 2.1: Council's open space and recreational areas assets (and value) as at 30 June 2019

Open space and recreational areas category	Net carrying value \$	Estimated gross replacement cost \$
Ovals	386,335	659,325
Parks	511,162	676,113
Showground	249,933	1,197,706
Swimming pools	52,040	1,653,861
Total open space and recreational areas	1,199,469	4,187,005
Total all Council assets	179,662,545	247,025,077
Percent of all Council assets	0.7%	1.7%

2.2 Overview of the open space and recreational areas assets

This asset management plan only deals with the infrastructure components of the open space and recreational areas assets. The land on which these assets are located are dealt with in the asset management plan for Other Assets.

Ovals

Ovals includes lighting, portable seating, the cricket pitches, goal posts and outdoor fitness equipment at Victoria Park, Carter Oval and Noel Waters Oval.

Parks

Parks includes soft fall, shade shelters, playground equipment, the cenotaph layback and fencing at Macquarie Park, Lions Park, Ravenswood Park, Oxley Park, Rotary Park and Tiger Bay.

Showground

The showground includes the stables and outer stable complex, the undercover betting ring, the pony club shed, the judge's box, lighting in the arena, the lower bar area, the rodeo yards, the track surface and the track rails. Many of these assets have been significantly depreciated.

Swimming pools

Swimming pools includes the main pool and the toddler's pool, pool relining, shade shelters, cyclone fencing and playground equipment at the Warren swimming pool complex. Many of these assets have been significantly depreciated.

2.3 Managing future demand for the Shire’s open space and recreational areas assets

2.3.1 Drivers of demand for the open space and recreational areas assets

A flat or declining demographic trend

The main driver affecting the demand for our open space and recreational areas assets would be any change in the population of Warren and the two villages of Nevertire and Collie. As is the case with the majority of rural inland local government areas, the population of the Warren Shire has been declining steadily for several years as a result of outward migration from the Shire (especially amongst young adults). Over the long-term, this flat to declining population is likely to result in little change in the demand on our open space and recreational areas assets.

2.3.2 Factors affecting the supply of the open space and recreational areas assets

Funding uncertainties

Warren Shire Council is highly reliant on grant funding and its rates revenues are limited.

Based on the size of our communities, it is difficult to fund the provision of our open space and recreational areas assets. We need to seek ongoing government funding, where available, to maintain and enhance our open space and recreational areas assets.

Council’s asset renewal backlog

Assets that are below the minimum condition rating do not meet Council’s minimum levels of service. Such assets will require renewal. These assets form part of Council’s renewal backlog and Council should be ensuring that these assets are brought up to the agreed levels of service.

Council’s asset renewal backlog will need to be funded.

Staff and resource shortages

As with financial constraints on the funding of our open space and recreational areas assets, difficulties in recruiting and retaining staff has been a challenge for Council in recent years. Council, as a western rural Council, often faces challenges in filling technical and managerial positions. When technical or managerial positions are vacant it can affect Council’s ability to provide some of the services expected by the community.

3 Levels of service

The strategic objective for our open space and recreational areas assets is to maintain parks, gardens and reserves in a safe and attractive condition.

Council has defined a set of measurable levels of service that are used to assess its performance in meeting this objective. Levels of service are grouped into:

- **Community levels of service** – These relate to what the community wants from our open space and recreational areas assets in terms of the minimum required condition rating for each asset
- **Technical levels of service** – These refer to how the services will be delivered to the community.

Table 3.1 outlines what the community desires from our open space and recreational areas assets and how Council will deliver against this. Key performance benchmarks are also provided. These benchmarks will enable us to determine whether we are delivering on what the community wants.

Table 3.1: Community expectations, open space and recreational areas assets

The community wants (Community level of service)	How Council delivers this (Technical level of service)	Key performance benchmark
Ovals Infrastructure at our ovals remains operational and ready for use	Damage to these structures is repaired within 30 days of notification	95% of repair work is completed on time
Parks Infrastructure at our parks remains operational and ready for use	Damage to these structures is repaired within 30 days of notification	95% of repair work is completed on time
Showground Infrastructure at the showground remains operational and ready for use	Damage to these structures is repaired within 30 days of notification	95% of repair work is completed on time
Swimming pools Infrastructure at the swimming pool complex remains operational and ready for use	Damage to these structures is repaired within 30 days of notification	95% of repair work is completed on time

4 Condition of our assets

The condition of Council's assets is currently assessed every five years. This asset condition information is then used to plan the timing of our maintenance and capital renewal activities.

The current condition of Council's open space and recreational areas assets is provided in this section of this plan.

Assets are rated from condition 1 to condition 5, as shown in table 4.1 below.

Table 4.1: Condition ratings for assessing the condition of our assets

Condition rating	Condition	Description
1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal / upgrading required

The intent of Council is not to undertake renewal on an asset until it reaches its intervention level. The intervention level is the condition level below which renewal is required based on the community's level of service expectations.

Typically, open space and recreational areas assets in condition 4 will provide a poor level of service and will need to be renewed in the short- to medium- term. Assets in condition 5 may require urgent and immediate renewal or replacement. Funding may be needed to support the required level of renewals each year. Council will be allocating funds to an asset renewal reserve each year to help in managing these funding needs. This is discussed further in section 7 of this plan.

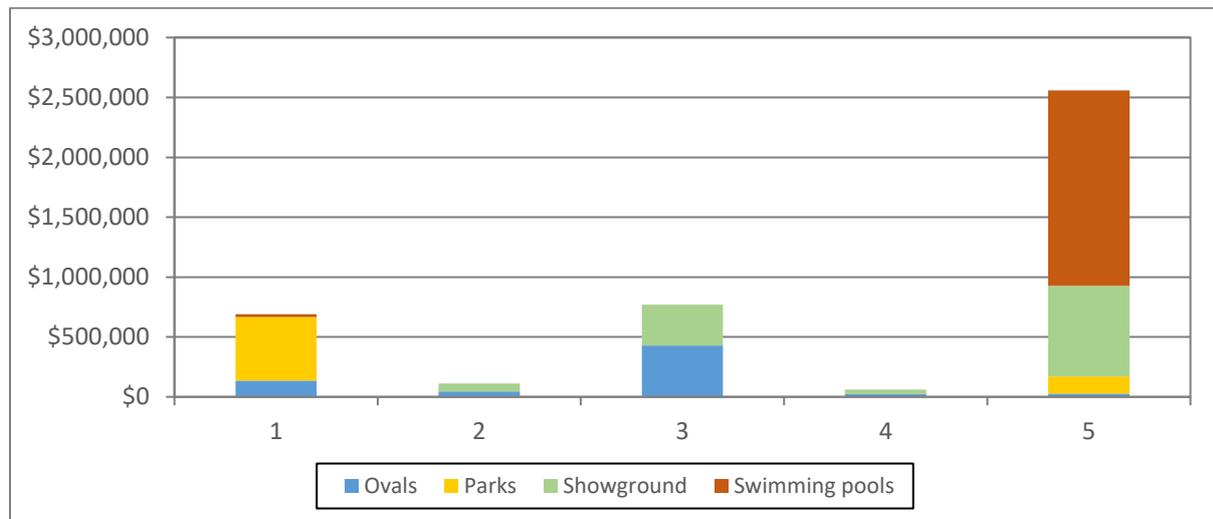
The condition of each open space and recreational areas asset has been assessed by estimating the proportion of each asset's expected useful life that has been consumed

The estimated current condition ratings of Council's open space and recreational areas assets are summarised in the table and graph below.

Table 4.2: Condition ratings, open space and recreational areas assets (estimated gross replacement cost) as at 30 June 2019

Open space and recreational areas category	Condition rating \$					Total \$
	1	2	3	4	5	
Ovals	134,393	44,371	430,097	25,000	25,464	659,325
Parks	531,613	-	-	-	144,500	676,113
Showground	-	66,511	339,850	35,000	756,345	1,197,706
Swimming pools	22,792	-	-	-	1,631,069	1,653,861
Total open space and recreational areas	688,799	110,882	769,947	60,000	2,557,377	4,187,005

Figure 4.1: Condition ratings, open space and recreational areas assets (estimated gross replacement cost) as at 30 June 2019



The table and graph above show that our open space and recreational areas assets are mostly not in an acceptable condition, i.e., they have a condition rating below 3. 62.5% of these assets are in condition 4 and 5. These assets are providing a poor level of service and will need to be renewed in the short- to medium-term. These assets include:

- Some facilities at the showground
- The pools at the swimming pool complex.

5 Operations

5.1 Lifecycle costs

Council allocates the costs associated with the provision of its assets into four lifecycle categories:

Table 5.1: Lifecycle cost allocation for the provision of asset services

Activity	Description
Operations	Regular, planned activities to keep the asset in service
Maintenance	Planned or unplanned activities to ensure that the asset reaches its useful life
Renewal	The like-for-like replacement of an asset or asset component
Expansion	The upgrade or improvement of an asset The creation of a new asset

Operations and maintenance costs are current-year expenditure. Renewal and expansion costs are treated as capital expenditure.

5.2 Operational activities

Operational activities are those regular activities that are required to continuously provide the service expected of the asset. For our open space and recreational areas assets, these activities include the following.

Table 5.2: Operational activities, open space and recreational areas assets

Activity	Frequency
Mowing	Varies by site and season
Paying utilities (e.g. electricity, telephone, rates)	Ongoing
Supervising activities	Daily when in operation
Maintaining security services	Daily
Responding to customer complaints	When received

Projected operational expenditure for the next thirty years is provided in table 10.1.

6 Maintenance

Routine maintenance is the regular ongoing work that is necessary to keep assets operating to ensure they reach their useful life. It includes work on an asset where a portion may fail and needs immediate repair to make it operational again.

Council's maintenance activities for our open space and recreational areas assets include the following.

Table 6.1: Maintenance activities, open space and recreational areas assets

Activity	Frequency
Inspecting and maintaining ovals	Weekly
Inspecting and maintaining parks	Weekly
Inspecting and maintaining the showground	Monthly
Inspecting and maintaining the swimming pools	Monthly during summer months

In addition to planned maintenance, which is defined and scheduled over the medium-term, Council must also repair unforeseen damage caused by storms or accidents. This type of maintenance is referred to as either unplanned or reactive maintenance.

Council's unplanned maintenance work is often carried out because of issues identified through customer requests.

Projected maintenance expenditure for the next thirty years is provided in table 10.2.

7 Capital renewal / rehabilitation

Capital renewal activities involve restoring, refurbishing or replacing an asset to bring it back to its original capacity and performance capability.

Renewal costs are treated as capital expenditure.

The annual required renewal costs reflect the amount needed to be spent on assets that have deteriorated to a point at which renewal is required based on the community's level of service expectations.

Typically, open space and recreational areas assets in condition 4 will provide a poor level of service and will need to be renewed in the short-to medium-term and assets in condition 5 may require urgent and immediate renewal or replacement.

Assessing the condition of our assets is not easy and is based on broad assumptions and the quality of the currently available data. Work will continue to improve the quality of our asset registers and systems to increase the accuracy of our condition data.

The process of assessing the condition of our assets starts by estimating the expected remaining useful life of each asset. This is done using long-term averages and the age of the asset. Useful lives are based on industry standards and are then adjusted, where relevant, to align with local conditions (e.g. ground movements). The range of expected useful lives for our open space and recreational areas asset components is shown below.

Table 7.1: Expected useful life of open space and recreational areas asset components (years)

Open space and recreational areas asset category	Expected useful life (years) of asset components
Ovals	5-50
Parks	10-60
Showground	15-60
Swimming pools	10-60

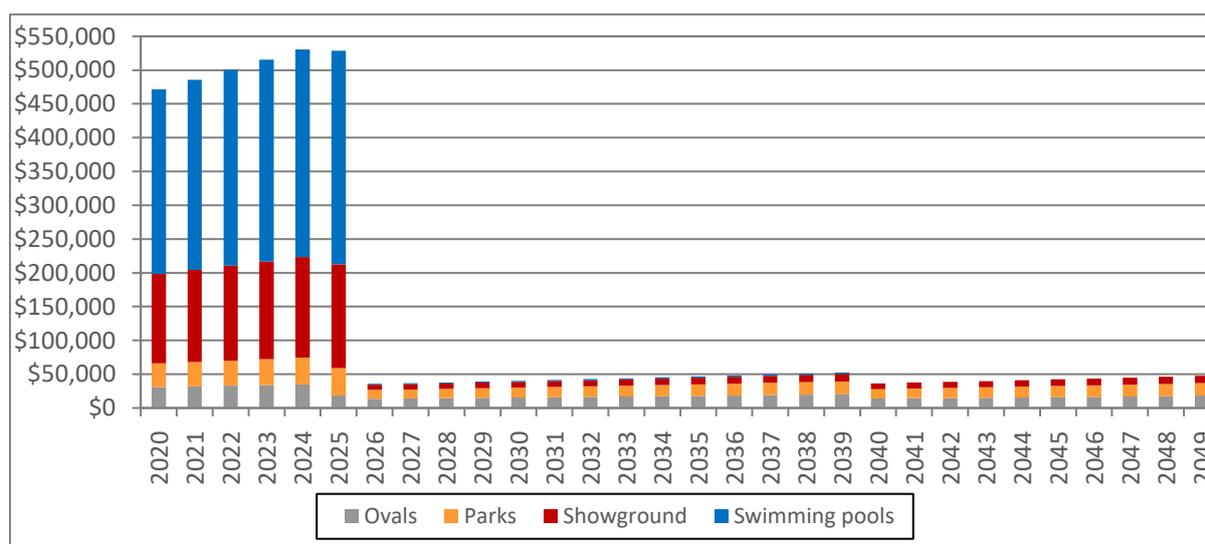
We supplement remaining useful life data with an assessment of each asset's actual condition. This is done through visible inspections.

To manage the funding needs for renewing or replacing assets that are in condition 4 or 5 each year, Council will be allocating funds to an asset renewal reserve each year. This will ensure that we are saving money from the day we purchase an asset to allow us to replace the asset at the end of its life. The allocation will be made against each asset on a sliding scale basis. Assets that are in condition 1 will have a small asset renewal allocation and assets that are in condition 5 will have the highest asset renewal allocation as these assets need urgent renewal or replacement. The sliding scale for the allocation of funds to the asset renewal reserve is shown below.

Table 7.2: Allocation of funds to the asset renewal reserve each year, open space and recreational areas assets

Useful life	Condition rating \$				
	1	2	3	4	5
60	0.833%	0.926%	1.111%	5.000%	16.667%
50	1.000%	1.111%	1.333%	5.000%	16.667%
40	1.250%	1.389%	1.667%	5.000%	16.667%
25	2.000%	2.222%	2.667%	5.000%	16.667%
20	2.500%	2.778%	3.333%	5.000%	16.667%
15	3.333%	3.704%	4.444%	6.667%	16.667%
10	5.000%	5.000%	5.000%	10.000%	16.667%
5	10.000%	11.111%	20.000%	25.000%	33.333%

Using this analysis, Council has identified an asset renewal allocation for each year over the next thirty years. This is summarised in the graph below. Detailed numbers are provided in table 10.3. The asset renewal reserve allocations are indexed by 3.0% p.a. for inflation.

Figure 7.1: Estimated annual required asset renewal reserve allocation for Council's open space and recreational areas assets, 2020 to 2049

Some of the specific capital renewal projects that will be undertaken include the following.

Table 7.3: Specific future capital renewal projects, open space and recreational areas assets

No.	Asset	Comment	Estimated cost* \$
1	Warren Sporting and Cultural Centre	Replacing external shipping container storage at the Warren Sporting and Cultural Centre	71,300
	Total		71,300

* Estimates need to be confirmed

This project will be undertaken during the 2021 financial year.

8 Capital expansion – upgrades and new assets

Capital expansion can refer to either the upgrade of existing assets or the acquisition of new assets.

Upgrades are improvements of existing assets to provide a higher level of service.

New assets are assets that have been built to support growth, new social or environmental needs or to create additional service level capacity.

Council is not anticipating any significant changes in the populations of Warren, Nevertire or Collie. Therefore, there will be little change in the demand for our open space and recreational areas assets. However, Council will be undertaking a number of projects which will provide the community with upgraded and new recreational facilities.

One project will be the upgrade the Warren War Memorial swimming pool facilities.

Another major project will be the redevelopment of Carter Oval and caravan park site. This redevelopment will include a new skate park, a splash park, a bike park and playground, new lighting, seating and amenities for the oval, a new soccer field and an upgrade to the toilets.

A third project is the development of a new equestrian centre at the showground.

The estimated gross and net costs (i.e. costs net of grant funding) of these and other projects are summarised below.

Table 8.1: Future capital expansion projects, open space and recreational areas assets

No.	Asset	Estimated gross cost* \$	Estimated grant funding \$	Co-contribution \$
1	Upgrade of the Warren War Memorial swimming pool facilities	1,485,932	742,966 ⁽¹⁾	742,966 ⁽¹⁾
2	Redevelopment of Carter Oval	3,136,230	3,120,761 ⁽²⁾	15,469 ⁽²⁾
3	Carter Oval sports precinct LED high-speed ball sports lighting	462,220	462,220 ⁽³⁾	-
4	New equestrian centre at the showground	1,953,231	1,755,231 ⁽⁴⁾	198,000 ⁽⁴⁾
5	Lights, bollards and street furniture for the new pathways	115,000	115,000 ⁽⁵⁾	-
6	Walkway structures and art installations	37,292	37,292 ⁽⁶⁾	-
7	Turf surrounding the new synthetic netball courts	30,000	30,000 ⁽⁷⁾	-
	Total	7,219,905	6,263,470	956,435

* Estimates need to be confirmed

- (1) A grant from the Stronger Country Communities Fund will provide funding of \$742,966 for this project and Council will borrow a further \$742,966.
- (2) Grants for this project are:
 \$2,200,000 from the Murray-Darling Basin Economic Development Program for the primary development
 \$608,000 from the Stronger Country Communities Fund for the splash park
 \$172,292 from the Drought Communities Program for shade shelters for the skate park
 \$125,000 from the Cricket Legacy Fund for cricket practice nets and a turf wicket

\$15,469 from the Community Building Partnership Program for shade at Carter Oval; a co-contribution of \$15,469 will be made by Council.

- (3) A grant from the Drought Communities Program will provide funding of \$274,166 for this project. The balance of the project cost of \$188,054 will be funded by grants from the NSW Government Clubgrants Category 3 Fund and the Murray-Darling Basin Economic Development Program.
- (4) A grant from the Regional Sports Infrastructure Fund will provide funding of \$1,755,231 for this project. A further co-contribution of \$198,000 will be made by the community.
- (5) A \$115,000 grant from the Stronger Country Communities Fund will fund new infrastructure along the new pathways in Warren.
- (6) A \$37,292 grant from the Drought Communities Program will fund new walkway structures and art installations.
- (7) A \$30,000 grant from the Drought Communities Program will fund the laying of turf around the new synthetic netball courts.

These capital expansion projects of our open space and recreational areas assets will be undertaken over the 2020 and 2021 financial years.

The timing of this planned capital expansion expenditure is provided in table 10.4.

9 Disposal plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation.

No significant open space and recreational areas assets are identified for possible decommissioning and disposal.

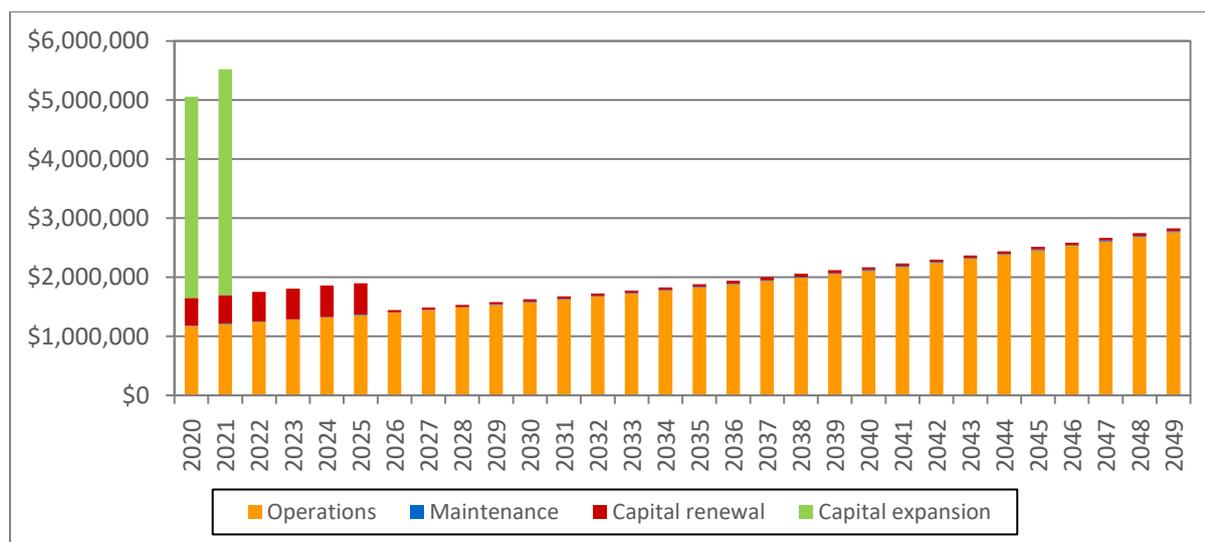
10 Financial plan

The financial plan for our open space and recreational areas assets projects the lifecycle expenditure for these assets over the next thirty years and considers a funding plan to support these costs.

10.1 Open space and recreational areas assets asset lifecycle expenditure

The projected lifecycle expenditure on operations, maintenance, renewal and expansion activities for our open space and recreational areas assets over the next thirty years is shown in the following graph.

Figure 10.1: Thirty-year projected lifecycle expenditure on Council’s open space and recreational areas assets, 2020 to 2049



This graph shows where our funds will be allocated to our open space and recreational areas assets over the next thirty years.

Once the new capital expansion projects have been completed in 2021, our annual operations and maintenance costs are not expected to fluctuate significantly over the next thirty years as the quantity of our open space and recreational areas assets is not expected to change due to our relatively stable population. However, these costs have been indexed by 3.0% p.a. for inflation.

Our open space and recreational areas assets generally have long estimated useful lives. Most of the open space and recreational areas assets will not need to be renewed over the next thirty years. However, the projected lifecycle expenditure includes funds to be allocated to an asset renewal reserve each year to ensure that assets can be replaced when they reach the end of their life. As with operations and maintenance costs, this asset renewal reserve allocation has been indexed by 3.0% p.a. for inflation.

The capital expansion projects that are currently planned over the next thirty years include the upgrade of the Warren pool facilities, the redevelopment of Carter Oval and the development of an equestrian centre at the showground.

The detailed projected lifecycle costs for our open space and recreational areas assets over the next thirty years are shown in the following tables.

Table 10.1: Operations costs for Council’s open space and recreational areas assets, 2020 to 2049 (\$000)

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Operations (1)																														
Ovals	192	197	203	209	216	222	229	236	243	250	257	265	273	281	290	298	307	317	326	336	346	356	367	378	389	401	413	425	438	451
Parks	429	442	455	469	483	498	513	528	544	560	577	594	612	630	649	669	689	710	731	753	775	799	823	847	873	899	926	954	982	1,012
Showground	276	284	292	301	310	320	329	339	349	360	370	382	393	405	417	429	442	456	469	483	498	513	528	544	560	577	595	612	631	650
Swimming pools	276	284	293	301	310	320	329	339	349	360	371	382	393	405	417	430	443	456	470	484	498	513	529	544	561	578	595	613	631	650
Total operations	1,172	1,208	1,244	1,281	1,319	1,359	1,400	1,442	1,485	1,530	1,576	1,623	1,672	1,722	1,773	1,826	1,881	1,938	1,996	2,056	2,117	2,181	2,246	2,314	2,383	2,455	2,528	2,604	2,682	2,763

(1) Operations costs are indexed by 3.0% p.a. for inflation

Table 10.2: Maintenance costs for Council’s open space and recreational areas assets, 2020 to 2049 (\$000)

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Maintenance (1)																														
Ovals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks	7	7	8	8	8	8	9	9	9	9	10	10	10	11	11	11	12	12	12	13	13	14	14	14	15	15	16	16	17	17
Showground	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total maintenance	7	7	8	8	8	8	9	9	9	9	10	10	10	11	11	11	12	12	12	13	13	14	14	14	15	15	16	16	17	

(1) Maintenance costs are indexed by 3.0% p.a. for inflation

Table 10.3: List of capital renewal reserve allocations for Council’s open space and recreational areas assets, 2020 to 2049 (\$000)

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Capital renewal (1)																														
Ovals	31	32	33	34	35	18	14	14	15	15	16	16	16	17	17	18	19	19	20	20	14	14	15	15	16	16	17	17	18	18
Parks	35	36	37	38	39	41	13	13	14	14	15	15	15	16	16	17	17	18	19	19	14	15	15	15	16	16	17	17	18	18
Showground	132	136	141	145	149	154	8	8	8	8	9	9	9	9	10	10	10	11	11	11	8	9	9	9	9	10	10	10	11	11
Swimming pools	273	281	290	298	307	316	1	1	1	1	2	2	2	2	2	2	2	2	2	2	-	-	-	-	-	-	-	-	-	-
Total capital renewal	472	486	500	515	531	529	36	37	38	39	40	41	43	44	45	47	48	50	51	53	36	38	39	40	41	42	43	45	46	48

(1) Capital renewal reserve allocations are indexed by 3.0% p.a. for inflation

Table 10.4: List of capital expansion projects for Council’s open space and recreational areas assets, 2020 to 2049 (\$000)

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Capital expansion																														
Upgrade of the Warren pool facilities	743	743	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redevelopment of Carter Oval	1,568	1,568	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carter Oval LED high-speed ball sports lighting	-	462	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New equestrian centre at the showground	977	977	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lights, bollards and street furniture for the new pathways	115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Walkway structures and art installations	-	37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turf surrounding the new synthetic netball courts	-	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total capital expansion	3,403	3,817	-																											

10.2 Funding plan for open space and recreational areas assets

Funding for our open space and recreational areas assets is derived from various sources. These include:

- Rent and fees generated from the assets
- Grants
- General funds
- Borrowings.

Income such as rent and fees are mostly user charges including entry fees for the Warren pools and usage fees for the sporting ovals and the showground.

Grant funding is required when major projects need to be undertaken.

General funds are used in two ways for our open space and recreational areas assets. Firstly, they are used to support the maintenance of our open space and recreational areas assets. Secondly, they are used to build an asset renewal reserve each year. This will help in reducing Council's reliance on grant funding for renewal projects.

Council also has the option of borrowing to support investments in our open space and recreational areas assets. This option requires careful monitoring of Council's debt service ratio.

10.3 Summary of expenditure and funding sources

Table 10.5 is the financial plan for open space and recreational areas assets for the next thirty years. It summarises the projected asset lifecycle expenditure and projected funding.

Table 10.5: Thirty-year financial plan for Council’s open space and recreational areas assets, 2020 to 2049 (\$000)

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Income																														
Fees (1)	52	54	55	57	59	60	62	64	66	68	70	72	74	77	79	81	84	86	89	91	94	97	100	103	106	109	112	116	119	123
Rent (1)	44	45	46	48	49	51	52	54	55	57	59	60	62	64	66	68	70	72	74	76	79	81	83	86	89	91	94	97	100	103
Grants (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Known grants for capital expansion	2,924	3,339	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowings	371	371	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total income	3,392	3,809	102	105	108	111	114	118	121	125	129	133	136	141	145	149	154	158	163	168	173	178	183	189	195	200	206	213	219	226
Expenditure																														
Operations (2)	1,172	1,208	1,244	1,281	1,319	1,359	1,400	1,442	1,485	1,530	1,576	1,623	1,672	1,722	1,773	1,826	1,881	1,938	1,996	2,056	2,117	2,181	2,246	2,314	2,383	2,455	2,528	2,604	2,682	2,763
Maintenance (3)	7	7	8	8	8	8	9	9	9	9	10	10	10	11	11	11	12	12	12	13	13	14	14	14	15	15	16	16	17	17
Capital renewal (4)	472	486	500	515	531	529	36	37	38	39	40	41	43	44	45	47	48	50	51	53	36	38	39	40	41	42	43	45	46	48
Capital expansion (5)	3,403	3,817	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditure	5,054	5,518	1,752	1,804	1,858	1,896	1,444	1,488	1,532	1,578	1,626	1,674	1,725	1,776	1,830	1,885	1,941	1,999	2,059	2,121	2,167	2,232	2,299	2,368	2,439	2,512	2,587	2,665	2,745	2,827
Surplus / (shortfall)	-1,662	-1,709	-1,650	-1,699	-1,750	-1,785	-1,330	-1,370	-1,411	-1,453	-1,497	-1,541	-1,589	-1,635	-1,685	-1,736	-1,787	-1,841	-1,896	-1,953	-1,994	-2,054	-2,116	-2,179	-2,244	-2,312	-2,381	-2,452	-2,526	-2,601

(1) Income is indexed at 3.0% p.a. for inflation

(2) Details of operations costs are provided in table 10.1 above

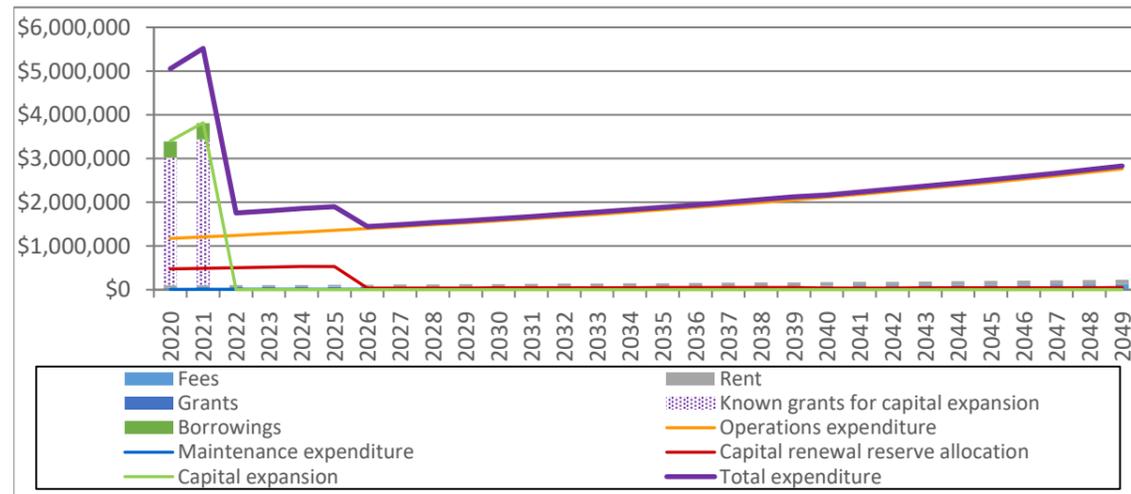
(3) Details of maintenance costs are provided in table 10.2 above

(4) Details of specific capital renewal reserve allocations are provided in table 10.3 above

(5) Details of specific capital expansion projects are provided in table 10.4 above

Figure 10.2 summarises the projected expenditure and funding picture for open space and recreational areas assets over the next thirty years.

Figure 10.2: Thirty-year financial plan for Council’s open space and other recreational areas assets, 2020 to 2049



The table and graph above highlight the gap in the required funding for open space and recreational areas assets over the next thirty years.

It is anticipated that there will be a shortfall, i.e. total income will be less than our operations, maintenance and capital renewal expenses. This is shown in the last line of table 10.5 and in figure 10.2 as the gap between the purple total expenditure line and the top of the income bars. Whilst both income and total expenditure are indexed at 3.0% p.a. for inflation, the gap widens over time as income starts from a lower base. The known grants in this table and graph are from the funding sources shown below table 8.1.

11 Key performance benchmarks

Council monitors and assesses its performance with respect to maintaining and renewing its assets using key performance benchmarks. These benchmarks are used to measure how well Council is meeting the community's expectations in relation to the condition of its assets.

Council recognises the importance of working with the local community when managing the Shire's assets on behalf of the community. Council works with the community in two important ways. Firstly, it creates community service expectations. These summarise what the community wants. Secondly, it measures its progress in meeting these community service expectations against key performance benchmarks.

By using community-focussed performance benchmarks, Council can ensure that everything it does in maintaining and improving its open space and recreational areas assets is directly relevant to the community.

The key performance benchmarks that have been established for the open space and recreational areas assets are outlined in table 3.1.

Council will be incorporating these benchmarks into its Customer Relationship Management (CRM) system so that performance against these benchmarks can be tracked, measured and improved.

12 Risk management plan

12.1 Critical risks

Council is committed to the identification and elimination or reduction of risks associated with hazards that arise throughout Council's operations as far as reasonably practicable. Our risk assessment process:

- Identifies credible risks
- Analyses the likelihood of the risk event occurring
- Assesses the consequences should the event occur
- Develops a risk rating ('likelihood' times 'consequences')
- Evaluates the risk
- Details a risk treatment plan for non-acceptable risks.

The critical risks identified for our open space and recreational areas assets are summarised in the following table. The table includes the risk treatment plans that have been developed to reduce the likelihood of these risks and to limit their impact.

Table 12.1: Critical risks for our open space and recreational areas assets

No.	Description	Likelihood / frequency	Consequence	Risk rating	Risk treatment plan
1	Equipment at the ovals, parks, the showground and swimming pools is damaged by fire or a severe storm	Unlikely / 25 years	<ul style="list-style-type: none"> • Equipment becomes fully or partially unusable 	High	<ul style="list-style-type: none"> • Check adequacy of insurance • Develop business continuity plans
2	Equipment at the ovals, parks, the showground and swimming pools is damaged by vandals	Likely / 2 years	<ul style="list-style-type: none"> • Operational effectiveness is impacted 	Moderate	<ul style="list-style-type: none"> • Install security systems • Check adequacy of insurance
3	Equipment at the ovals, parks, the showground and swimming pools deteriorates over time and cannot be used	Likely / 5 years	<ul style="list-style-type: none"> • Operational effectiveness is disrupted 	Moderate	<ul style="list-style-type: none"> • Conduct routine maintenance • Conduct renewal work as required • Allocate funds to an asset renewal reserve

12.2 Critical assets

Critical assets are specific assets which have a high consequence of failure. For example, failure would cause a financial loss within the community or a marked reduction of service. Generally, critical assets do not necessarily have a high likelihood of failure.

By identifying critical assets and critical failure modes, Council can appropriately target and refine inspection regimes, maintenance plans and capital expenditure plans.

Operations and maintenances activities may also be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency and higher maintenance intervention levels.

Council has determined that our critical open space and recreational areas assets include the following:

Table 12.2: Critical open space and recreational areas assets

No.	Critical asset	Why critical
1	Ovals	Needed to provide the community with healthy, outdoor recreational opportunities
2	Parks	Needed to provide the community with outdoor recreational opportunities
3	Showground	Needed to host significant events throughout the year which bring the community together whilst generating much needed income for the Shire
4	Swimming pools	Needed to provide the community with healthy, outdoor recreational opportunities

13 Asset management improvement program

Council has identified several initiatives to improve its asset management capabilities in relation to its open space and recreational areas assets. These are outlined below.

Table 13.1: Asset management improvement program, open space and recreational areas assets

Area	Task	Who	When
1. Systems and processes	<p>Implement an integrated asset management system and associated processes. This will enable Council to:</p> <ul style="list-style-type: none"> • Integrate its engineering and finance functions • Store and access all asset management data from a single source • Manage, upload and retrieve asset condition ratings more regularly and in a consistent format • Track patterns of asset deterioration • Produce timely and accurate reports including: <ul style="list-style-type: none"> • The annual financial reports • Detailed asset costing and valuation reports • Asset component reports • Financial and sustainability benchmark reports • Reports supporting the LTFP • Simplify all asset management decision making • Enhance Council's predictive capabilities (using up-to-date condition data and unit rates) to assist with decisions on where it should be allocating its asset funding or if it should be seeking additional funding • Support the engineering services division by producing and tracking work orders and then transferring the costs of this work to the general ledger in real time 	Divisional Manager Finance and Administration Services / Divisional Manager Engineering Services	December 2021
2. Accuracy and completeness of asset condition data	<p>Capture accurate and complete asset condition data regularly. This will allow Council to:</p> <ul style="list-style-type: none"> • Improve its understanding of asset deterioration patterns over time • Allocate capital renewal funding according to the actual condition of Council's assets 	Divisional Manager Engineering Services	May 2021
3. Community expectation benchmarks	<p>Track Council's performance against its community expectation benchmarks. This will ensure that it will:</p> <ul style="list-style-type: none"> • Maintain its assets at the level that is required by the community 	Divisional Manager Engineering Services	May 2021
4. Productivity improvements	<p>Implement a productivity improvement program to:</p> <ul style="list-style-type: none"> • Reduce Council's unit rate costs for asset renewal • Increase the time between rehabilitation work • Ensure that Council is only renewing assets that need renewing 	Divisional Manager Engineering Services	December 2021