



RESOURCING STRATEGY

2022-2026

Adopted: June 2022

Resolution Number: 22/058





LONG TERM FINANCIAL PLAN

LONG TERM FINANCIAL PLAN

FUNDING THE DELIVERY PROGRAM

Council has prepared a Long Term Financial Plan (LTFP) to inform decision making and demonstrates how the objectives of the Business Activity Strategic Plan (BASP) and the commitments made in the Delivery Program and Operational Plan will be resourced and funded.

The LTFP captures the financial implications of asset management and workforce planning by identifying how Council's assets will be renewed, upgraded or increased and provisions for maintenance of required service levels.

The LTFP has been developed for a period of 10 years and is based on the required capital upgrades as set out in the Asset Management Strategy and Asset Class plans, as well as potential asset acquisitions required due to service level improvements identified such as the West Wyalong pressure improvements and potential new developments.

Planning assumptions:

- Conservative average water sales projections of 7,250ML per annum
- 3% per annum price increases
- 3% per annum increase in employee costs
- 2.5% per annum increase in other operational expenditure
- Capital Work program based on 10 year asset plan developed by engineering staff

Financial modelling:

The main source of potential budget variance in Council's financial modelling is related to water sales, which is the primary source of Council's operating income. This is due to water sales being dependent on weather conditions – that is, during wet years, demand for water sales will naturally be lower, and during drought or dry conditions, demand for water will be higher. Weather conditions generally run in cycles where there are approximately two years of extremely wet weather conditions out of every seven to ten years, the remaining years are generally average or dry conditions.

In modelling Council's long term financial plan, water sales projections have been modelled on conservative average water sales, to average out the cycles in weather that will occur over the ten year period. Scenarios have been produced which show the results of a wet and also a dry year. During a wet year, it would be anticipated that water sales would be approximately \$1.5 million lower than budget, which reduces the operating result as well as cash and investment balances by this amount. During dry years, water sales could be anywhere up to \$3 million higher than budget, increasing the operating result and cash and investment balances by this amount.

Operating expenditure is stable and does not vary substantially, other than by standard indexation.

Capital expenditure is projected to have a baseline \$8 million of annual expenditure, with some years having additional projects based on Council's asset planning requirements.

10 YEAR BUDGET ESTIMATES & FINANCIAL PLANNING

Scenario 1

GOLDENFIELDS WATER COUNTY COUNCIL											
INCOME STATEMENT	Current Year	Projected Years									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000
Income from Continuing Operations											
Rates & Annual Charges	5,585	5,478	5,642	5,812	5,986	6,166	6,351	6,541	6,737	6,939	7,148
User Charges & Fees	14,347	15,725	16,195	16,680	17,179	17,693	18,222	18,767	19,328	19,907	20,502
Other Revenues	126	145	148	151	154	157	160	163	167	170	173
Grants & Contributions provided by Operating Purposes	85	85	85	85	85	85	85	85	85	85	85
Grants & Contributions provided for Capital Purposes	1,500	6,225	3,563	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873
Interest & Investment Revenue	420	390	210	140	140	140	140	140	140	140	140
Total Income from Continuing Operations	22,064	28,048	25,843	24,443	25,159	25,896	26,655	27,436	28,240	29,069	29,921
Expenses from Continuing Operations											
Employee Benefits & On-Costs	6,885	6,876	6,788	6,986	7,190	7,399	7,615	7,837	8,066	8,301	8,543
Materials & Contracts	7,800	8,015	8,212	8,413	8,620	8,832	9,049	9,272	9,500	9,733	9,973
Depreciation & Amortisation	8,300	8,370	8,537	8,708	8,882	9,060	9,241	9,426	9,614	9,807	10,003
Other Expenses	300	300	306	313	319	325	332	338	345	352	359
Total Expenses from Continuing Operations	23,285	23,561	23,843	24,420	25,011	25,617	26,237	26,873	27,525	28,193	28,878
Net Operating Result for the Year	(1,221)	4,487	2,000	23	148	279	417	563	715	875	1,043
Net Operating Result before Grants and Contributions provided for Capital Purposes	(2,721)	(1,783)	(1,563)	(1,553)	(1,467)	(1,376)	(1,280)	(1,177)	(1,068)	(952)	(830)

10 Year LTFP based on average water sales

Scenario 2

GOLDENFIELDS WATER COUNTY COUNCIL											
INCOME STATEMENT	Current Year	Projected Years									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000
Income from Continuing Operations											
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Net Operating Result for the Year	(1,221)	3,020	2,000	23	148	279	417	563	715	875	1,043
Net Operating Result before Grants and Contributions provided for Capital Purposes	(2,721)	(3,205)	(1,563)	(1,553)	(1,467)	(1,376)	(1,280)	(1,177)	(1,068)	(952)	(830)

10 Year LTFP based on Low water sales for 2022 / 2023 year

Scenario 3

GOLDENFIELDS WATER COUNTY COUNCIL											
INCOME STATEMENT	Current Year	Projected Years									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000
Income from Continuing Operations											
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Total Income from Continuing Operations	22,064	31,238	25,843	24,443	25,159	25,896	26,655	27,436	28,240	29,069	29,921
Expenses from Continuing Operations											
Employee Benefits & On-Costs	6,885	6,876	6,788	6,986	7,190	7,399	7,615	7,837	8,066	8,301	8,543
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Net Operating Result for the Year	(1,221)	7,677	2,000	23	148	279	417	563	715	875	1,043
Net Operating Result before Grants and Contributions provided for Capital Purposes	(2,721)	1,452	(1,563)	(1,553)	(1,467)	(1,376)	(1,280)	(1,177)	(1,068)	(952)	(830)

10 Year LTFP based on Higher than Average water sales for 2022 / 2023 year



WORKFORCE MANAGEMENT PLAN

2022-2026

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WHAT IS THE WORKFORCE PLAN?

Goldenfields Water's Workforce Plan 2022-2026 (the Plan) maximises the capacity of Council's workforce resources to meet the objectives of the Business Activity Strategic Plan (BASP). The Plan complies with the Office of Local Government's Integrated Planning and Reporting requirements and is an integral to ensuring that Goldenfields Water has the right people in the right roles, at the right time to continue to deliver a quality water supply to our customers and constituent councils.

STRATEGY DEVELOPMENT

The key steps in developing this workforce plan:

1. Where are we now?

Initially Goldenfields Water's current workforce profile was documented and analysed. This analysis enabled Council to identify the risks associated with the current structure of the business, and opportunities to optimise the use of current resources to ensure organisational efficiencies and operational effectiveness.

2. Where do we need to be?

Following this, an analysis of the items set out in Council's Delivery Program and Operational Plan was conducted in conjunction with workforce projections as determined by management. This information was then used to gauge the future needs of Council to ensure that our strategic goals could be met in consideration of the Long-Term Financial Plan. The gaps within our current workforce were identified, along with the strategies and potential actions to reduce these issues.

3. How do we get there?

The development of strategies as outlined in this document will ensure that Council has the right people in the right jobs at the right time. Implementation of these strategies will be undertaken over a 4-year period. To ensure relativity and continuous improvement to the identified strategies, and the success of each strategy; this document will be monitored and reviewed on an on-going basis.

ORGANISATIONAL STRUCTURE

Goldenfields Water strives to deliver quality water supply and associated services to our community in line with directives set out in our BASP.

Goldenfields Water's organisational structure as shown below, operates under the direction of our Elected Council who represent our constituent communities, along with five business units being the General Manager's Office, Production & Services, Engineering, Corporate Services and operations.

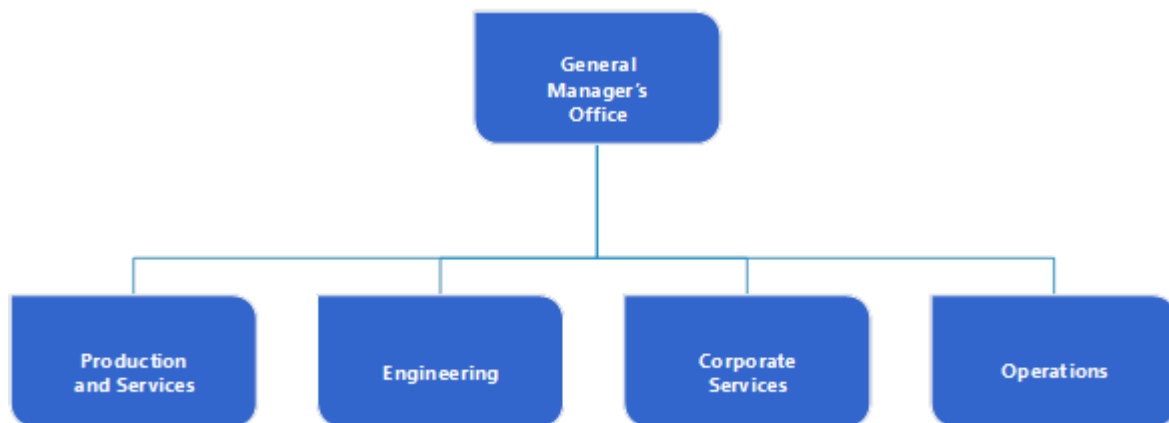


Figure 2: Goldenfields Water Organisational Chart.

OUR WORKFORCE

WORKFORCE PROFILE

As at 30 March 2022, Goldenfields Water has a headcount of 73 staff members. The figures below visualise the current make-up of our workforce.

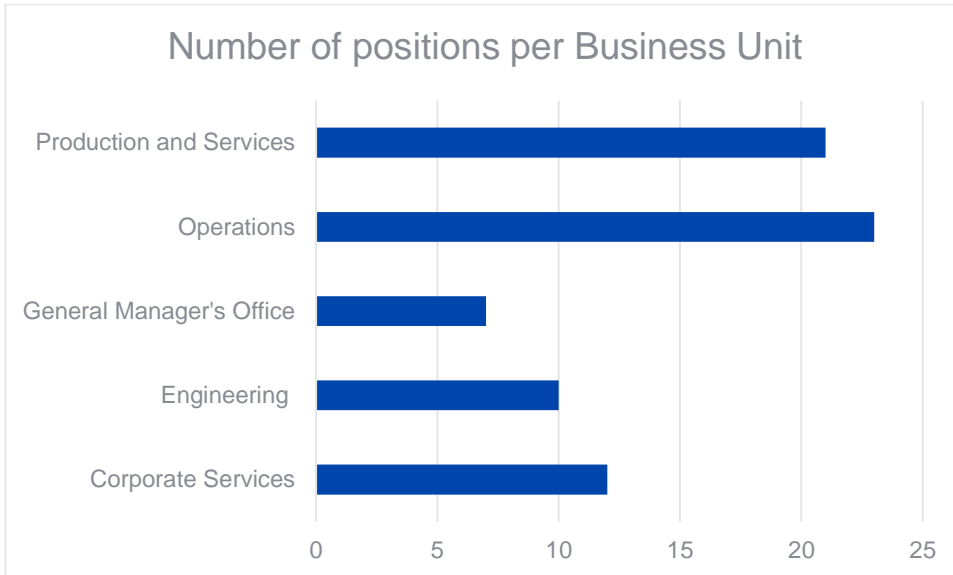


Figure 3: Number of positions per Business Unit.

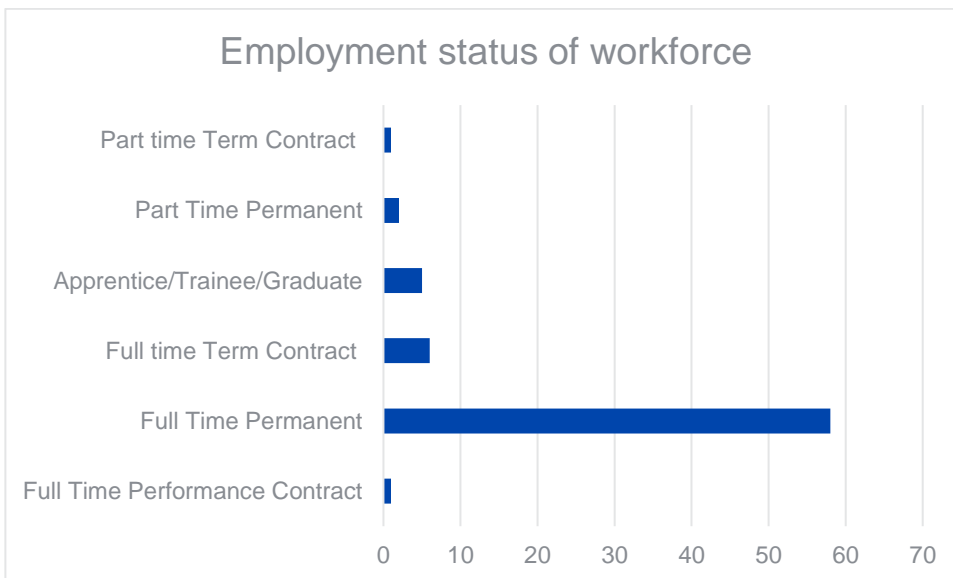


Figure 4: Employment status of workforce.

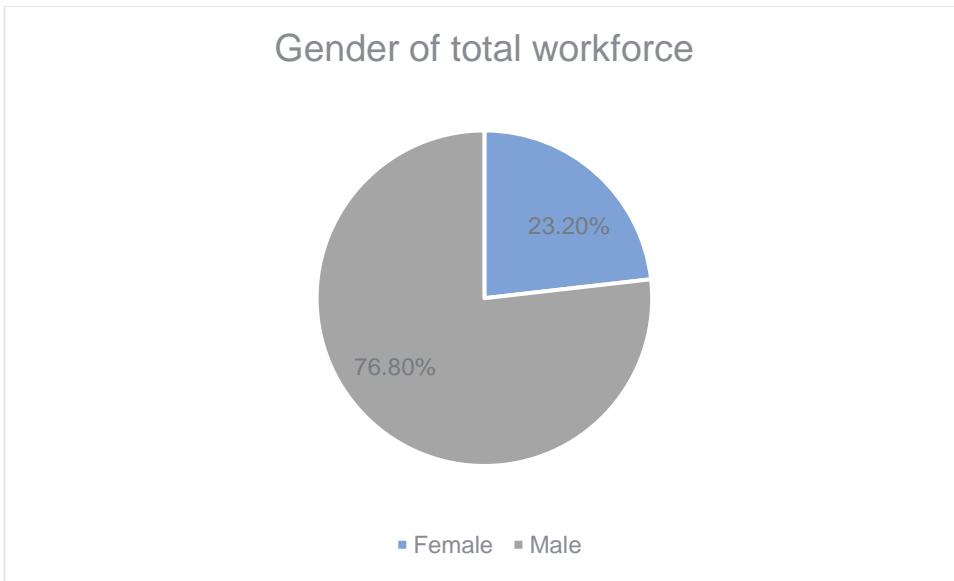


Figure 5: Gender of total workforce.

CORPORATE POSITION	Male	Female	TOTAL
Executive	1	0	1
Manager	2	2	4
Coordinator	7	2	9
Team Leader (Other supervisory)	2	1	3

Gender distribution by position type.

Figure 6:

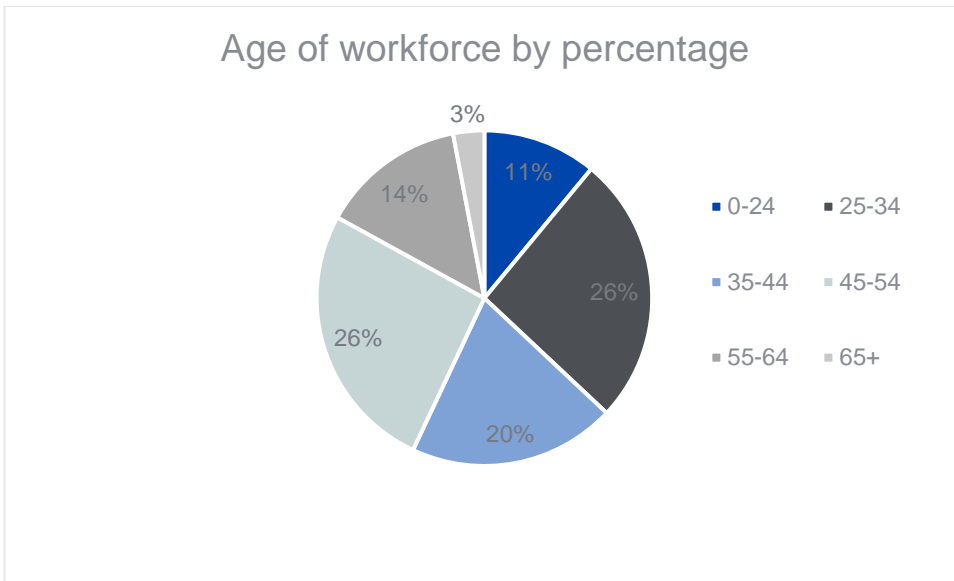


Figure 8: Age of workforce by percentage.

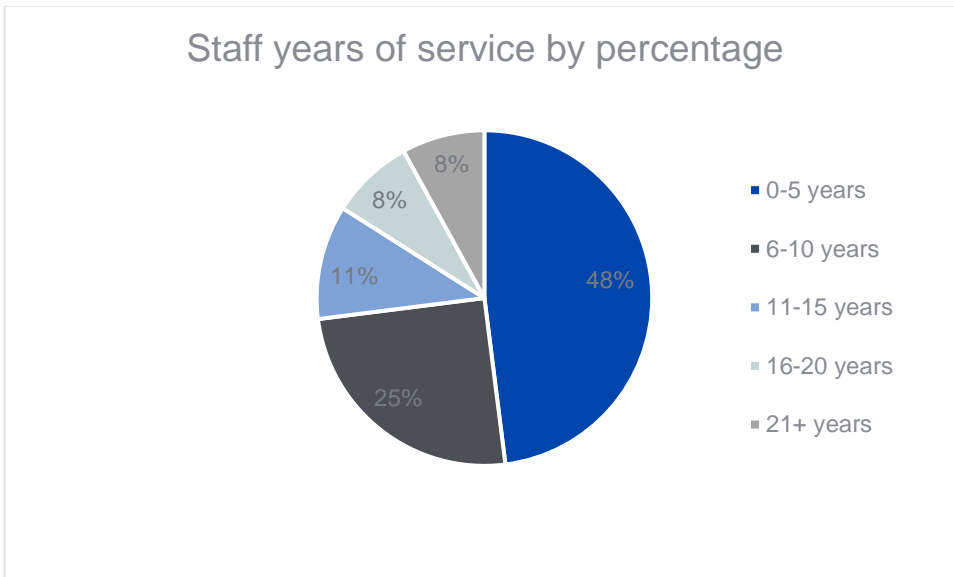


Figure 9: Staff years of service to Goldenfields Water by percentage.

WORKFORCE ANALYSIS

Analysis of the above figures draws a number of broad conclusions:

- Goldenfields Water's current workforce comprises of a total of 73 staff members; 80% of which are employed on a full-time, permanent basis.
- 7% of Goldenfields Water's workforce is made up of trainee/apprentice/cadet positions, making evident Goldenfields Water's commitment to providing learning opportunities to the residents within our constituent communities.

GENDER

- Goldenfields Water's workforce is male dominated with only 23.2% of total employees being female, however further analysis of the types of roles within Goldenfields Water determines that 70% of positions within the organisation are typically 'male dominated' (i.e. roles within Operations, Production & Services and Engineering).
- With the removal of the gender biased roles, women make up approximately half of Goldenfields Water's workforce.
-

AGE & YEARS OF SERVICE OF WORKFORCE

- In contrast to a large majority of local government organisations, Goldenfields Water's workforce is relatively young. The equally largest proportion of the workforce is aged between 25-34 years (26%), with 37% of the total workforce being under the age of 34.
- The youth of Goldenfields Water's workforce is also reflected in the years of service within the workforce where 48% of Goldenfields Water's employees hold less than five years' service and only 8% of employees having exceeded twenty-one years of service.
- 11% of the workforce are anticipated to retire in the next five years. The majority of people whom Goldenfields Water expect to lose as a result of retirement are amongst those who have contributed the most extensive lengths of service to Goldenfields Water.

EQUAL EMPLOYMENT OPPORTUNITY

In accordance with our Equal Employment Opportunity (EEO) Policy, Goldenfields Water is committed to ensuring our status as an EEO Employer.

We recognise the value of a diverse workforce and prohibit discrimination of any form within our workplace. This is supported through a number of workplace policies and procedures, together with embedded practices to ensure that our processes and systems are fair, equitable and do not disadvantage people because they belong or identify to a particular group and/or groups.

Goldenfields Water's Employment Opportunity Policy can be viewed [here](#).

CHALLENGES EXPECTED

Goldenfields Water will face a number of challenges over the coming four-year period that this strategy covers.

The challenges likely to impact Goldenfields Water are set out below:

AGEING WORKFORCE

Whilst the majority of Goldenfields Water's workforce does not fall into age brackets considered to be ageing at the time this document was written, it is noted that throughout the term of this plan a further 11% per cent of our workforce will creep into the 45-54 age bracket, largely shifting our current age distribution as pictured at Figure 8. In addition, approximately 10% of Goldenfields Water's workforce is expected to retire in the next five years. The biggest risk associated with these facts is the loss of critical organisational knowledge. As a result of this, there is a need for Goldenfields Water to focus on transferring key knowledge and skills to our more recently appointed staff to ensure that valuable business knowledge is not lost in transition.

CHANGING NATURE OF WORK

With the progress of Goldenfields Asset management maturity, an increase in the Capital Works program to catch-up on the asset backlog has been essential. In the Financial years 2022/23 and 2023/24 the Capital works program is budgeted at between \$21M and \$23M, with a sudden drop to around \$11M in 2024/25 then \$8.5M by 2027/28.

To achieve this massive increase in the Capital program for the limited period short term Council needs to look at options to increase the staffing levels. The sudden reduction in Capital budgets will then require a comparable reduction in staffing numbers as Goldenfields will no longer be able to support the extra staffing levels. A more reasonable option would be for Goldenfields to engage staff on short term contracts during the higher Capital expenditure periods only. The contracted staff will include the need for specialist contract management and engineering staff, as well as short term contracted labour to assist in delivery.

SKILL SHORTAGES

The National Skills Commission (NSC) produces the Priority List (SPL) annually to review the national skills needs of Australia. The SPL provides a current labour market rating and a future demand rating for occupations nationally. Current labour market ratings are available for occupations at a state and territory level. The future demand rating is a proportional measure that expresses the prospects for an occupation relative to that occupation's size.

Based on the 2021 SPL, areas to undergo skills shortages that may have potential impacts on the operation of Goldenfields Water include:

- Engineering;
- Accounting/Finance Management; and
- Information & Communications Technology.

As a result of the Goldenfields Water's rural location, this challenge will continue to be amplified in comparison to other like organisations in coastal and metropolitan areas. This challenge is driven by a difficulty to attract and maintain skilled personnel to our regional area.

EMPLOYEE ENGAGEMENT & DEVELOPMENT

With over 50% of Goldenfields Water's workforce currently made up of Generation Z (aged from 10 to 25) and Millennials (aged from 26 to 41), it is imperative that our organisation provides training and development opportunities. This is to ensure that our staff are highly skilled in their relevant fields to maintain and promote staff engagement. Equally, it is vital that supervisory staff are competent in the fields of performance management, target setting and driving innovation to ensure that our emerging workforce remains engaged and driven to succeed.

As a result of Goldenfields Water's regional location, it has proven to be difficult for staff to access training and professional development opportunities in a cost-effective way. Being a smaller organisation, the opportunities for staff to act in higher grade roles to attain such development opportunities can be limited. Further, the opportunity to network can also be greatly restricted. As a result of this, Goldenfields Water ought to find more unique ways to ensure staff engagement and loyalty.

HEALTH & WELLBEING

Mentally healthy workplaces are positive and productive. They are environments where people want to come to work. Goldenfields Water is committed to the provision of a safe workplace for all our staff. The growing knowledge surrounding the link between employee health and well-being and employee performance has resulted in the need for Goldenfields Water to invest in the health of our staff. Evidence shows that that this brings about a multitude of benefits to both the organisation and the employee including enhanced performance and productivity, reduced staff-related costs, positive workplace culture and improved wellbeing. Goldenfields Water must ensure that our workforce management encompass health and wellbeing initiatives.



WORKFORCE MANAGEMENT STRATEGIES

Goldenfields Water will implement a number of initiatives, actions and strategies over the next four years to ensure effective workplace planning and efficient resourcing. These initiatives are divided in to two broad areas which link to the BASP.

These are:

1. Well trained and highly motivated workforce
2. Safe healthy and risk managed working environment exists for staff and the community.

Action	Performance target	Measure	Responsibility	22/23	23/24	24/25	25/26
2.1 Well trained highly motivated workforce	Staff professional development opportunities	Staff Development Plan process incorporates employee development through informal and formal professional development and training opportunities.	HR Coordinator	X	X	X	X
	Build a diverse workforce	Action items from Goldenfields Water's EEO Management 2021-2025 implemented	HR Coordinator	X	X	X	X
	Measure and improve employee engagement	Develop, implement, and monitor organisation-wide training plan to ensure available funds for required training focusing on skills gaps and leadership	HR Coordinator	X	X	X	X
		Staff survey undertaken.	HR Coordinator	X		X	
2.2 Safe healthy and risk managed working environment exists for staff and the community	Implement WHS Program	Health and Wellbeing Strategy implemented	HR Coordinator	X	X	X	X

IMPLEMENTATION & MONITORING

Implementation of the Plan is directly aligned with the goals and objectives of the BASP. It is the responsibility of all staff to support and engage in ensuring the Plan is implemented.

The Plan will be coordinated by the Human Resources Coordinator and monitored by Goldenfields Water's management team (MANEX).



ASSET MANAGEMENT STRATEGY

2022-2032

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INTRODUCTION

PURPOSE OF THIS PLAN

Asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.

This plan provides an overview of existing assets, capital works program and asset management strategies for a 30 year planning period. Assets covered in this plan are water infrastructure assets, plant and equipment assets and other.

GOLDENFIELDS WATER TOTAL ASSET MANAGEMENT

Goldenfields Water maintains a suite of strategic asset management documents and systems that informs the way we capture, store and utilise asset information. These include:

- Asset knowledge documents and systems used to collate and store asset information and includes but is not limited to condition manual, asset register, financial system, GIS etc. This information is fed into the strategic systems.
- Strategic management documents and systems that deal with the management of assets and set the strategic direction for the Council. These include this plan, the asset class management plans, asset management framework and asset management policy
- Project delivery documents and systems are used to identify, prioritise, stage, plan and execute projects and include project prioritisation model, staging and investment model project planning and project reporting.

The strategic asset management documents inform the Long Term Financial Plan and the Capital Works Program.

ASSETS OVERVIEW

Water Infrastructure

Water infrastructure is broken down into the following four asset classes; network (pipelines and valves), pump stations, reservoirs and treatment.

Plant and equipment

Goldenfields Water owns and maintains plant and equipment including passenger vehicles, heavy plant and machinery required to undertake business activities.

Other

Other assets include items required for the business to function which aren't water infrastructure or plant. These include items such as administration and depot buildings, stores and communications network.

GOLDENFIELDS WATER SUPPLY

The purpose of the Water Network asset class is to transport water between assets from source to meter. Goldenfields Water operates 5 schemes which are supplied from differing sources as follows:

- Jugiong – supplied from surface water (Murrumbidgee River)
- Oura – supplied from a bore field (Bore field located within the Wagga Wagga Alluvial Ground Water Source)
- Mt Arthur – supplied from a bore field (Bore field located within the Mid Murrumbidgee Zone 3 Alluvial Ground Water Source)
- Daylight – supplied from a bore field (Bore field located within the Lachlan Alluvial ground Water Source). Note the supply infrastructure is shared with Carrathool Shire Council
- Hylands Bridge – supplied from surface water (Supplied by Murrumbidgee Irrigation). Note this scheme supplies non-potable water

These schemes are best represented via the scheme map in figure 1.

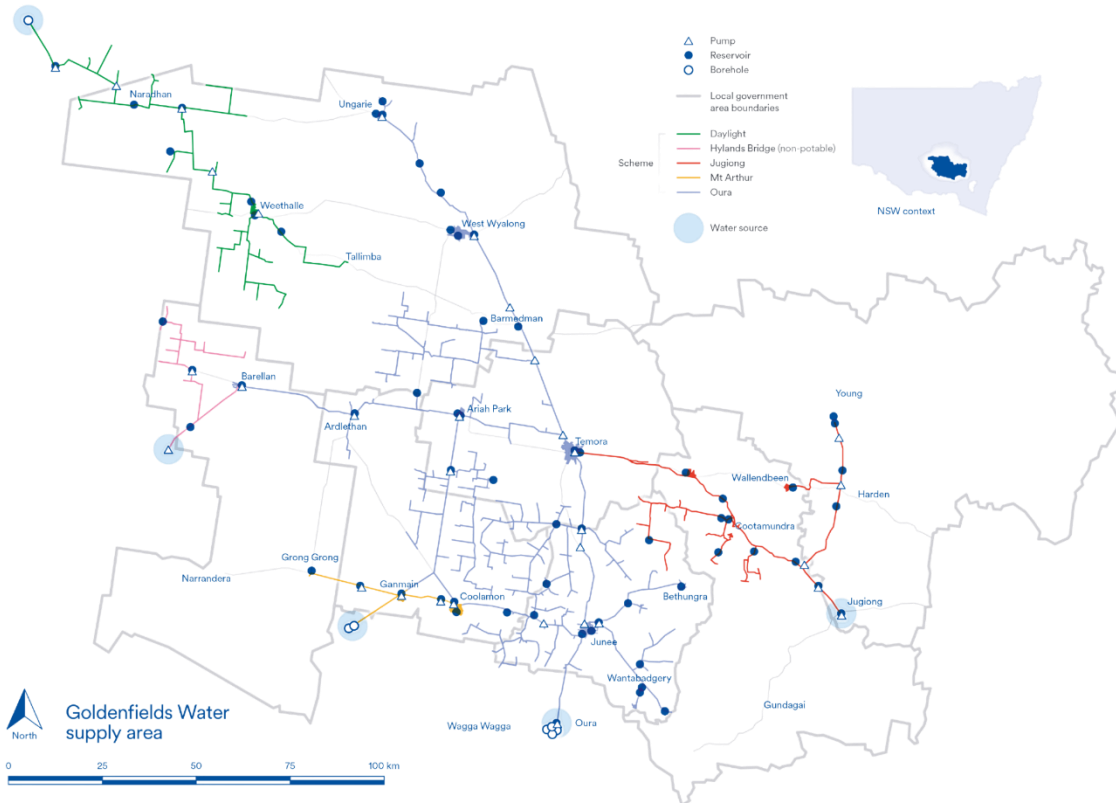


Figure 1: GWCC Supply Network

Goldenfields Water supplies water directly to approximately 11,000 rural, residential, commercial and other properties within the following local government areas:

- | | |
|--|---|
| <ul style="list-style-type: none"> • Junee Shire Council • Temora Shire Council • Bland Shire Council • Coolamon Shire Council | <ul style="list-style-type: none"> • Cootamundra Gundagai Regional Council (excluding the township of Cootamundra) • Parts of Narrandera Shire Council (Barellan and Binya) |
|--|---|

Bulk water is also supplied to the following Councils who operate their own reticulation system:

- | | |
|--|---|
| <ul style="list-style-type: none"> • Cootamundra-Gundagai Council • Hilltops Council | <ul style="list-style-type: none"> • Riverina Water County Council |
|--|---|

KEY MESSAGES

The key messages to be taken from this document are as follows:

- There is currently a concerning amount of assets in very poor and poor condition which present a high risk of failures, unplanned service interruptions and increased operating costs
- In order to address both the current backlog of works and those that will fall due over the 30 year planning horizon, it is imperative for Goldenfields Water to prioritise their resources to undertaking asset renewals.
- Undertaking projects that aim to improve pressure or water quality are likely to negatively impact the resource availability to deliver the required asset renewals.
- Projects to increase Goldenfields Water's current supply area (not including general developments) need to undertake a business case to determine long term costs and benefits.
- It is recommended that projects aimed to improve current service levels or extend our service area should consider alternate funding paths such as grant funding, borrowing or increasing rates. These projects should only be delivered if unlikely to affect staff ability to deliver the required renewals and are unlikely to negatively impact future operation and maintenance costs

WATER INFRASTRUCTURE

WATER INFRASTRUCTURE ASSETS

Water infrastructure refers to the physical assets required for the extraction, treatment, storage, conveyance and supply of water from source to customer.

The water infrastructure assets are broken down into the following asset classes:

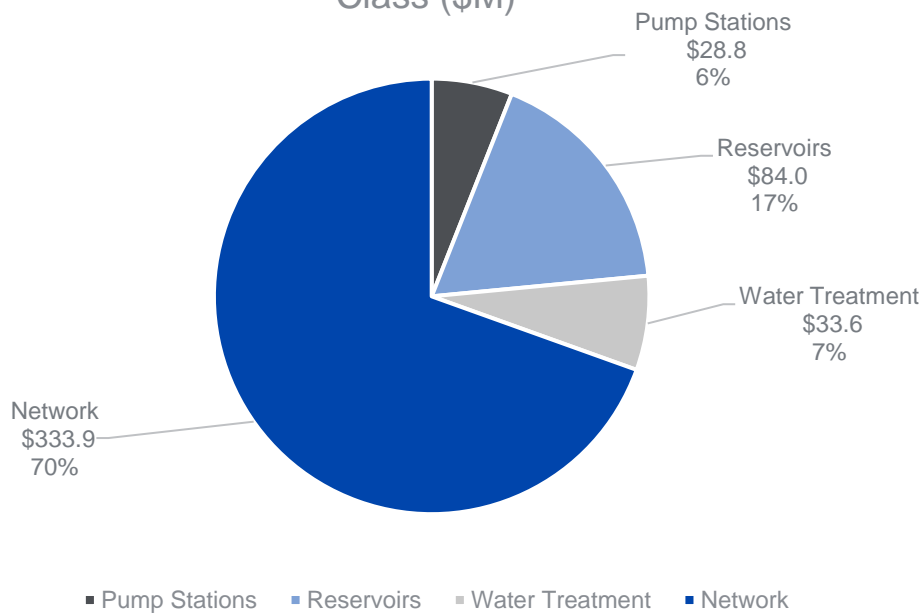
- Water networks – pipes and nodes (valves) which are further broken down into:
 - Trunk – transport mains that typically transport large volumes of water from one location to another
 - Urban – reticulation mains within a township. These are typically fed by a town reservoir
 - Rural – reticulation mains in rural areas
- Reservoirs – Includes the reservoir structures, ancillary structures such as ladders, platforms etc and the pipework and nodes located within the reservoir boundary
- Pump stations and bores – includes pump and supporting components such as bore casings, buildings, motors, electrical components, pipes and nodes located within the pump station boundary
- Water treatment plants – Considers water treatment assets including treatment plant, buildings, filters, hoppers, chemical dosing, rechlorination points, treatment pumps such as chemical dosing pumps but excludes water transport pumps such as raw water pumps and pumping treated water from the plant to the network.

WATER INFRASTRUCTURE FINANCIAL OVERVIEW

As of the 30 June 2021 the Current Replacement Cost of water infrastructure assets was valued at approximately \$480 million. The following pie chart shows the breakdown per asset class. As can be seen below the water network (pipes and valves) accounts for 70% of the water infrastructure assets.

Figure 2: Pie Chart of Water Infrastructure Asset Classes

Current Replacement Cost of Water Infrastructure by Asset Class (\$M)



The following table provides additional financial data of the asset classes. On average the assets are approximately 50% depreciated. The annual depreciation of water infrastructure assets (shown below as \$6.8M) is often perceived as the average annual capital spend required to maintain the existing levels of service through the renewal of existing assets. Goldenfields Water's 30 year capital works program (refer to section 6 below) exceeds this average in order to address the current backlog of works.

Table 1: Water Infrastructure Asset Classes Financial Information

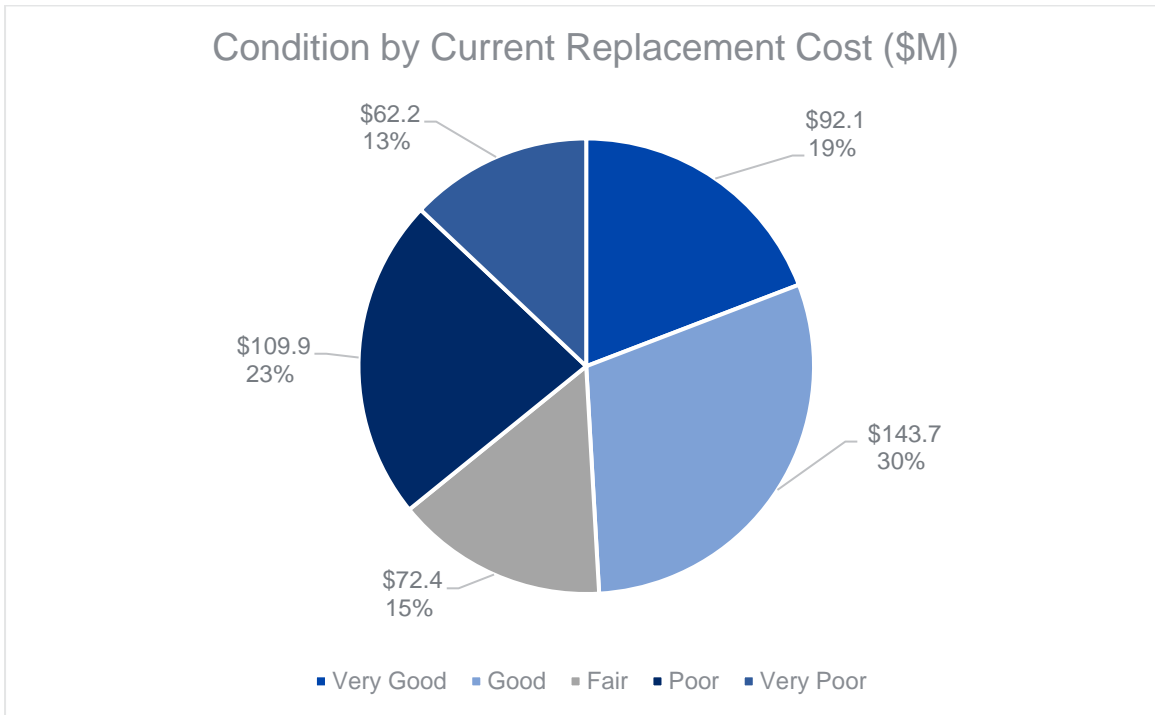
Asset Class	Current Replacement Cost (\$M)	Annual Depreciation (\$M)	Written Down Value (\$M)
Water Network	\$333.9	\$4.4	\$167.2
Pump Stations	\$28.8	\$0.7	\$16.5
Reservoirs	\$84.0	\$1.1	\$47.9
Treatment	\$33.6	\$0.6	\$17.3
Total	\$480.2	\$6.8	\$248.8

*As valued at 30 June 2021

WATER INFRASTRUCTURE CONDITION

The following graph shows the condition of water infrastructure assets as a function of current replacement cost and provides an overview of the current condition of our water infrastructure assets.

Figure 3: Water Infrastructure Condition Rating



Overall, the water infrastructure assets are in a reasonable position with nearly 50% of our assets rated as very good and good. However, the amount of assets in very poor condition indicates a high backlog of works and the need to undertake significant renewals in the upcoming years to maintain current service levels.

Assets in very poor condition present a high risk of failure resulting in:

- Unplanned service outages,
- Increased operational costs to attend failures,
- Typically, increased capital costs to renew items in short timeframes,
- Disrupts Council's planned delivery program; and
- Negatively impacts Goldenfields Water's reputation.

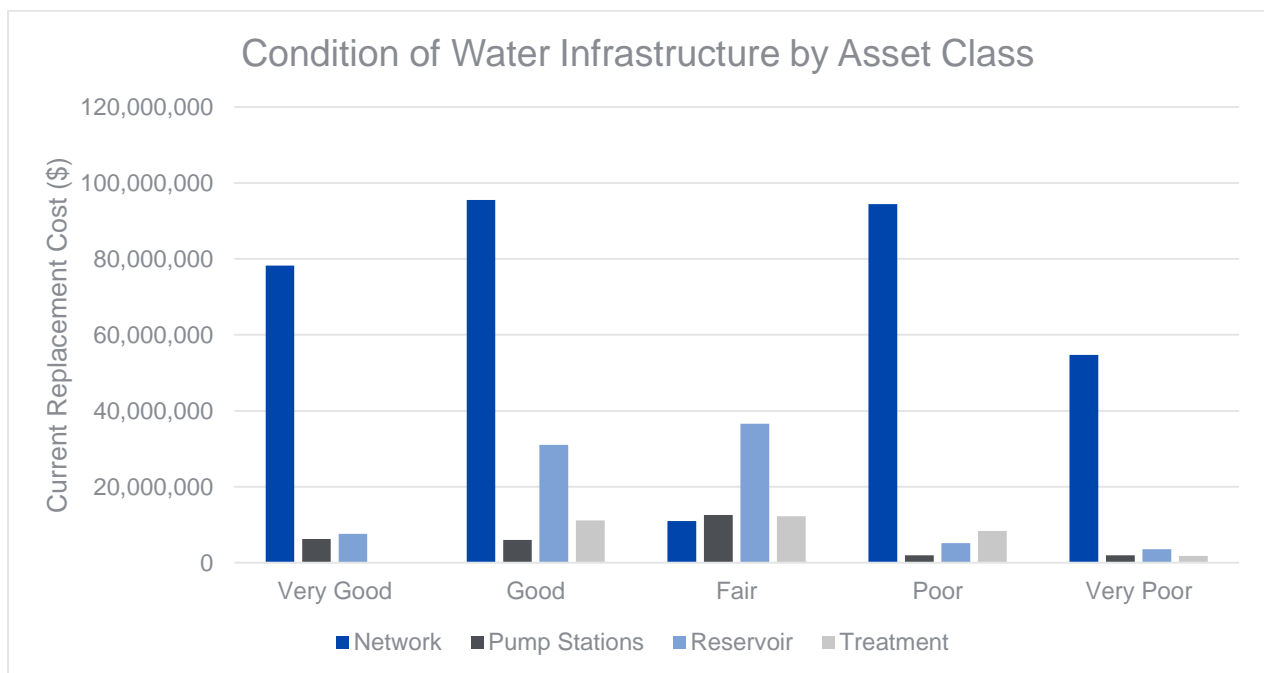
In order to be able to both effectively utilise assets to their end of useful life and also maintain a manageable portion of assets identified for renewal, Goldenfields Water must set goals for maintaining a maximum amount of assets in very poor condition. By maintaining CRC (current replacement cost) of assets in very poor condition at less than 3 x the annual depreciation it allows staff to:

- Prioritise high criticality renewals
- Undertake renewal planning and staging
- Have flexibility for addressing early failures or unexpected projects
- Allow for suitable resource planning for undertaking renewal projects

As of 30 June 2021, 3 x the annual depreciation equates to \$20.4M. This is significantly less than the current estimated CRC of assets in very poor condition which is shown above to be \$62.2M.

The following graph shows the condition ratings broken into asset classes. As can be seen below the bulk of assets in poor and very poor condition are the network assets. Over the 30 year planning period considered in this management plan, it is expected that the network assets in poor condition will transfer to very poor condition.

Figure 4: Condition of Water Infrastructure by asset classes



It is interesting to note that part of the reason for the large volume of pipeline assets in poor and very poor condition is due to the ceased production of asbestos cement pipes which resulted in the widespread use of PVC pipelines. The early versions of PVC pipelines (commonly referred to as white PVC) have a shorter 50 year useful life in comparison to the asbestos cement (100 year useful life) pipelines resulting in a significant portion of both older and newer pipelines being due for renewal at the same time. Changes in PVC pipeline production now provide PVC pipelines with an estimated 80 year useful life.

WATER INFRASTRUCTURE LEVELS OF SERVICE

The water infrastructure levels of service are as follows:

Supply

- Supply area: All urban areas of towns and villages within the GWCC area of responsibility. It will also be available to non-urban areas where adequate supply lines already exist or can be laid at a practical and economically recoverable cost
- Water quantity: Annual demand: 250 kL/ET, Peak day demand 4 kL/ET/d
- Water storage: Town reservoirs to have 3 days storage
- Water quality: Potable water should meet ADWG. Nonpotable water is not supplied for human consumption

- Reticulated connections acceptable pressure range: 12 - 90 m head per standard 20 mm connection
- Rural connections pressure: Equivalent to reticulated connections as a target but may not be achieved in all circumstances. It is a condition of supply that new connections will be required to have a minimum 3 day average water or 20,000 litres storage whichever is greater.
- GWCC trunk connections: Equivalent to reticulated connections as a target but may not be achieved in all circumstances. It is a condition of supply that new connections will be required to have a minimum 3 day average water or 20,000 litres storage whichever is greater.
- Bulk supply offtakes: As per service level agreements with bulk customers
- Non-GWCC trunk connections: No agreed service levels
- Timeframes for acknowledgement and a response to be actioned to address reported supply failures, leaks, complaints etc (note this is not the time in which the issue must be resolved)
 - Priority 1 – 15 min (supply to a large number of customers at a critical time)
 - Priority 2 – 30 min (supply to a small number of customers at a non-critical time)
 - Priority 3 – same day (supply to a single customer)
 - Priority 4 – within 1 week (minor problem or complaint)
 - Immediate – in case of emergency or catastrophe

Customer Service

- Notice of planned interruptions (written notice): Minimum 24 hours for residential and rural connections. Minimum 3 working days for commercial/industrial connections
- Unplanned interruptions to reticulated connections: – Maximum of 2 times per year for outages lasting up to 12 hours and maximum of 5 times a year for outages lasting up to 5 hours
- Unplanned interruptions to non reticulated connections: May experience interruptions without prior notice
- Response time to complaints: 10 working days to written complaints, 24 hours to phoned complaints
- Target number for complaints: Less than 2 complaints per 1,000 properties
- Response to inquiries: Respond to 95% of written inquiries within 10 working days Respond to 95% of phoned inquiries within 2 working days

PLANT AND EQUIPMENT

PLANT AND EQUIPMENT ASSETS

As of 30 June 2021, the written down value of Plant and Equipment assets was valued at \$5,250,000.

Plant and Equipment assets include the following:

- Fleet vehicles
- Construction plant such as excavators, trucks, trencher
- Trailers
- Major equipment eg lathe, milling machine, brake press etc

PLANT AND EQUIPMENT CONDITION

Plant and equipment are maintained in suitable operating condition through regular maintenance and servicing. Fleet vehicles are replaced regularly depending on the vehicle type and use. Plant and equipment found to be in unsuitable condition are tagged out of service until repairs or replacement can occur.

PLANT AND EQUIPMENT LEVELS OF SERVICE

The required levels of service for plant depend on it's intended use. A cost analysis is used to determine what size plant and quantity is required.

OTHER

OTHER ASSETS

Other assets include:

- Buildings (non specialised) - Administration office, depot buildings and residential buildings
- Furniture and minor equipment
- Land owned by Goldenfields Water
- Stores
- Communications network
- IT

OTHER LEVELS OF SERVICE

Assets	Levels of Service Required
Buildings	Building are to be safe and fit for purpose
Furniture and minor equipment	Furniture and minor equipment is to be suitable for the needs of staff to enable work to be carried out in a efficient and effective manner
Land	It is preferable for Goldenfields Water to own land where permanent above ground infrastructure exists.
Stores	Stores to house critical items to reduce potential outages, PPE equipment and store often used items in stock to allow enable staff to carry out work in an efficient and effective manner
Communications network	Communications network assets are required to provide secure, fast and effective remote communication and operation to occur.
IT	IT assets and systems are to be available to staff to enable Council to carry out it's function efficiently and effectively. IT systems are to be protected from external access.

CAPITAL WORKS PROGRAM

CAPITAL WORKS PROGRAM DEVELOPMENT

Asset renewals need to be undertaken in a structured manner in accordance with Goldenfields Water's project development documentation to ensure that projects are appropriately scoped, planned and staged to enable the most cost effective and efficient delivery.

To deliver the required works in a cost-effective manner projects need to be delivered through a combination of internal labour and external consultants and contractors. Projects delivered externally still require internal labour through appropriate project management.

The capital works program needs to be developed in a manner that enables projects to be appropriately resourced with some availability and flexibility for staff to address reactive works as required. Failure to do so will result in an unachievable program and likely an increase in errors and oversights during delivery.

Therefore, in order to address both the current backlog of works and those that will fall due over the 30-year planning horizon, it is imperative for Goldenfields Water to prioritise asset renewals.

CAPITAL WORKS PROGRAM

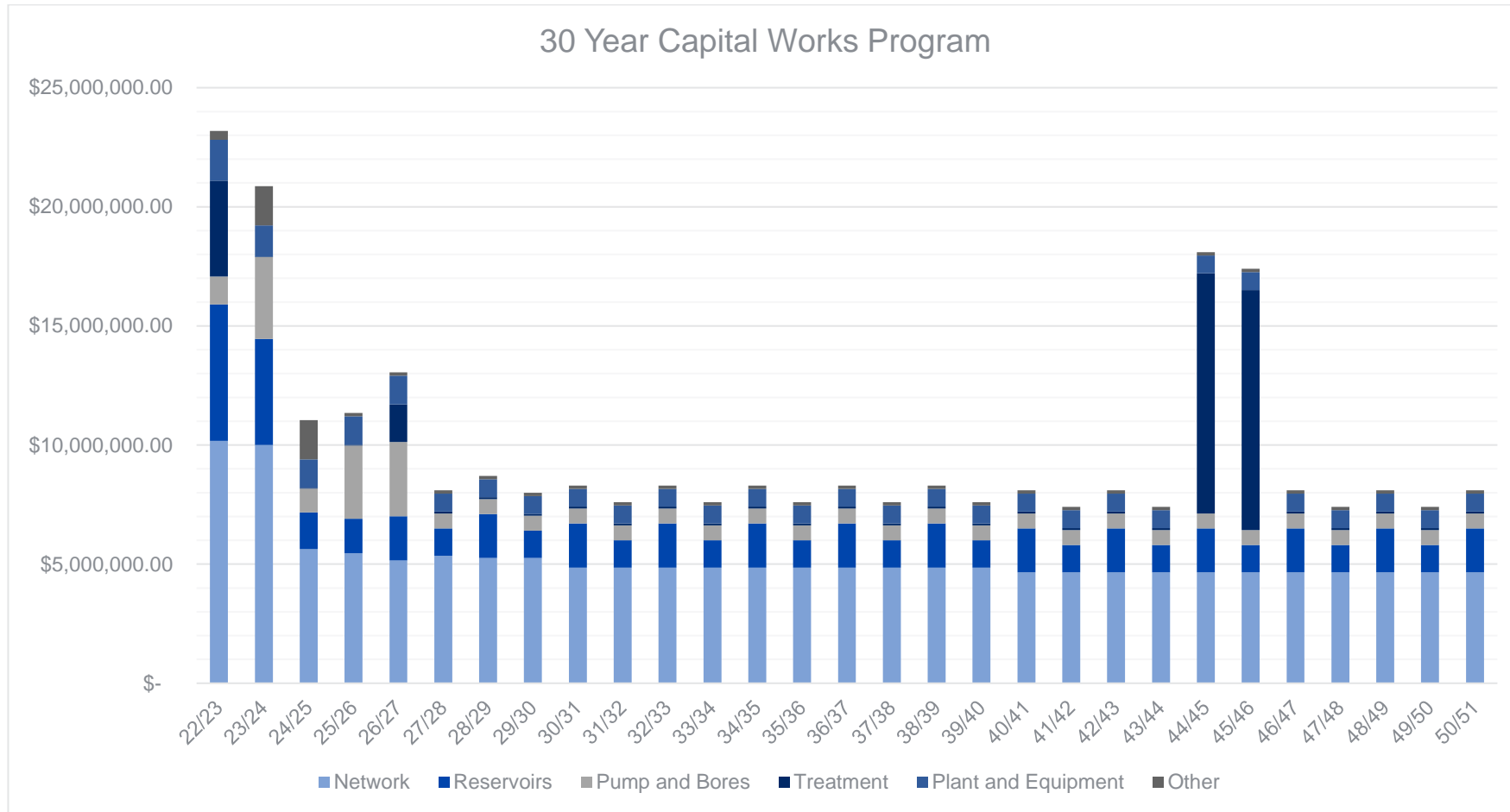
The following capital works program has been developed to address the backlog of works over a 30-year planning period. The program is driven by asset condition and estimate required renewals spend across the 30 years which is then further detailed into specific projects across a 5-year horizon.

The 30-year program is likely to increase slightly in cost (estimated up to 10%). This is expected to arise due to some renewals being upgraded to increase in capacity as they are assessed against future demand needs.

Table 2: 10 Year Capital Works Program

Capital Expenditure \$'000	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Networks	\$10,175	\$10,000	\$5,625	\$5,455	\$5,155	\$5,315	\$5,215	\$5,215	\$4,815	\$4,815
Pump Station	\$1,170	\$3,425	\$995	\$3,075	\$3,125	\$625	\$625	\$625	\$625	\$625
Reservoir	\$5,725	\$4,455	\$1,550	\$1,450	\$1,850	\$1,150	\$1,850	\$1,150	\$1,850	\$1,850
Treatment	\$4,030	\$30	\$30	\$30	\$1,580	\$80	\$80	\$80	\$80	\$80
Plant and Equipment	\$1,715	\$1,310	\$1,200	\$1,200	\$1,200	\$750	\$750	\$750	\$750	\$750
Other	\$365	\$1,640	\$1,640	\$140	\$140	\$140	\$140	\$140	\$140	\$140
Emergency	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Total	\$23,380	\$21,060	\$11,240	\$11,550	\$13,250	\$8,260	\$8,860	\$8,160	\$8,460	\$8,460

Figure 5: 30 Year Capital Works Program



FINANCIAL SUMMARY

BACKLOG RATIO

Under Special Schedule 7 of Council's Annual Financial Statements Council is required to report a backlog ratio. The backlog ratio for water infrastructure only is calculated as follows

$$\text{Backlog Ratio} = \frac{\text{Estimated cost to bring assets to a satisfactory condition}}{\text{Written down value of the assets}}$$

$$\text{Backlog Ratio} = \frac{\$54,493,944}{\$248,814,960}$$

Backlog Ratio = 21.90% as of 30 June 2021.

The Office of Local Government prescribes a benchmark for the ratio to be less than 2% however it is noted that general purpose councils have infrastructure that can be partially renewed to bring back to satisfactory eg resealing roads noting that roads tend to make up over 50% of a general purpose councils assets. In comparison, network assets which make up 70% of Goldenfields Water's assets are required to be replaced with a new asset when the condition deteriorates. This results in a significantly higher backlog ratio.

LEVEL OF SERVICE RATIO

Council is also required to report on a level of service ratio. The level of service ratio for water infrastructure only is calculated as follows:

$$\text{Level of service ratio} = \frac{\text{estimated cost to bring assets to an agreed level of service}}{\text{gross replacement cost}}$$

$$\text{Level of service ratio} = \frac{\$54,493,944}{\$480,187,710}$$

Level of service ratio = 11.35% as of 30 June 2021.

Note the Office of Local Government does not prescribe a benchmark for this ratio.

OPERATING COSTS

The operational expenditure for assets is listed below

Operating Expenditure \$'000 for 2020/21 financial year	21/22
Networks	\$1,888
Pump Station	\$1,443
Reservoir	\$691
Treatment	\$2,529
Plant and Equipment	\$741
Buildings	\$475

FINANCIAL POSITION

As part of the Integrated Planning and Reporting and Integrated Water Cycle Management a long term financial plan will be generated based on the above capital works program which will inform Council's financial position.

However, it should be noted that despite Goldenfields Water's current reserves, the forecasted capital works program suggests that Council may need to consider alternate options for funding some of the program such as:

- Grant funding applications
- Borrowing
- Rates increase

Given the backlog of works and potential funding constraints it is imperative Goldenfields Water focuses their resources on undertaking renewals in order to maintain current service levels over undertaking projects that look to increase service levels or extend the existing scheme.

Undertaking projects that aim to improve pressure or water quality are likely to negatively impact the resource availability (both cost a staff resources) to deliver the required asset renewals.

Projects to increase Goldenfields Water's current supply area (not including general developments) need to undertake a business case to determine long term costs and benefits.

It is recommended that projects aimed to improve current service levels or extend our service area should consider alternate funding paths such as grant funding, borrowing, or increasing rates. These projects should only be delivered if unlikely to affect staff ability to deliver the required renewals.

Communication with stakeholders is important to enable understanding of the potential cost impacts of increasing service levels and/or servicing additional areas.

ASSET MANAGEMENT STRATEGIES

The following asset management strategies have been adopted.

No	Strategy	Benefit
1	Prioritise asset renewals to address backlog and maintain current levels of service. Reduce CRC (current replacement cost) of assets in very poor condition to less than 3 x annual depreciation	Existing customers continue to receive and secure and reliable water supply
2	Continuous improvement of asset data and asset management tools	Improved understanding and management of Council assets ensures Councils funds are allocated in the most appropriate area
3	Council undertakes options assessments of systems to determine most appropriate solutions to address future demand and operation	Assets are constructed to meet the long term needs of the organisation
4	Project needs are assessed, prioritised, and planned	Funding is allocated to the highest priority projects. Projects are well planned.
5	Staff and equipment resourcing optimises asset costs, construction costs and renewals costs over the long term.	Asset renewals are undertaken in a cost-effective manner
6	Investigate and implement measures to optimise the operation of our assets	Costs are reduced by altering the operation of assets
7	Seek funding opportunities to enable improved levels of service	Improve levels of service to the community with minimised impact to the renewals program
8	Continued stakeholder engagement and levels of service communication	The community understands current levels of service and potential cost impacts if increased levels of service

REQUIRED ACTIONS

ACTIONS

Long term financial plan

A long term financial plan is required to inform Council's financial position and determine whether additional funding pathways will be required to undertake the required works. Goldenfields Water is currently in the process of developing two long term financial plans to meet the needs of regulatory reporting as follows:

- Integrated Planning and Reporting required by the Office of Local Government to consider a 10-year planning horizon
- Integrated Water Cycle Management (IWCM) required by the NSW Government and considers a 30-year planning horizon

Best Practice Management – IWCM Strategy

A consultant has been engaged to develop the IWCM Strategy. Included in this works is the following:

- Updating Goldenfields Water's hydraulic model
- Use the model to assess Goldenfields Water's current assets ability to supply peak demand periods, demand growth over 15 and 30 years and recovery after supply interruptions
- Assessing scenarios to address the issues identified in the IWCM Issues Paper using a TBL approach
- Long term financial plan including sensitivity analysis
- IWCM Strategy
- Development Servicing Plan
- Stakeholder and community consultation

Renewal of critical infrastructure

Goldenfields Water are currently undertaking investigation, planning and renewal works on critical infrastructure as follows:

- Oura water treatment plant:
 - 30-year asset renewal plan was developed to inform the future needs of the critical infrastructure at the production of the scheme. (complete)
 - Renewal of Oura's high voltage electrical assets (underway)
 - Detailed design of Oura reservoir and pump station renewals and upgrades (underway)
 - Construction of Oura reservoir and pump station renewals (not yet started)
- Jugiong water treatment plant:
 - 30-year asset renewal plan was developed to inform the future needs of the critical infrastructure at the production of the scheme. (complete)
 - Renewal of Jugiong high voltage assets (underway)
 - Detailed design and construction of Jugiong water treatment plant reservoir and pump stations (not yet started)
- Rosehill to Young:
 - Asset renewal plan developed to determine an optimised asset renewal and operation of the scheme

- Construction of 11km of pipeline renewal (nearly completed)
- Renewal of pump and reservoir infrastructure detailed design and construction (not yet started)

Renewal of network

Network renewals need to be prioritised in order to address both the current backlog and upcoming renewals. Network assets are categorised into the following three categories all of which require attention as follows:

- Trunk (transport mains) – Trunk renewals are typically required due to deteriorating infrastructure and/or upsizing due to increased demand. Renewals of trunk mains over DN300 are typically done via consultants and contractors split into investigation, design, and construction stages.
- Urban (reticulation within townships) – Urban townships typically experience less bursts per km than in rural settings, however asset data shows a large volume of these assets are exceeding their estimated useful life which will likely result in an increase of bursts in the near future. Urban renewal construction is more costly and time consuming to undertake when compared to rural renewals due to the need to construct around existing assets.
- Rural (reticulation in rural areas) – rural reticulation accounts for the majority of pipelines in terms of kms. A significant portion was constructed of the early version of PVC (white PVC) which is experiencing a short asset life. These assets are brittle and account for the most bursts within our systems.

Goldenfields Water internal construction provides significantly better unit rate for renewals in rural settings compared to contractors. This is partly due to the lack of contractors in regional areas which require contractors to have additional travel and accommodation costs for plant and staff. It is anticipated the same will be true for urban renewals (past urban renewals have only addressed short sections making an internal renewal rate difficult to determine). As such Goldenfields Water aims to undertake urban and rural renewals in house.

RESOURCING

To enable the above actions to take place additional resources are required as follows:

- An additional construction team and associated plant to enable majority of urban and rural network renewals to be undertaken internally
- Engineering support officer is engaged short term to assist the engineers with project administration tasks enabling engineering staff to focus on project delivery
- External consultants and contractors are used to undertake design and construction of trunk mains above 300mm in diameter, highly critical infrastructure or infrastructure requiring specific expertise
- External project managers are engaged for projects requiring specific expertise such as projects involving high voltage equipment.

ASSET MANAGEMENT IMPROVEMENT PLAN

Goldenfields Water is committed to continuous improvement of their asset management documents and systems to enable Council to make informed capital works and budgeting decisions.

Goldenfields Water undertakes a revaluation of their water infrastructure assets each year. This readily allows for Goldenfields Water to undertake and implement continuous improvement of their asset knowledge.

Table 3: Improvement Plan

Task No	Task	Benefit	Timeframe
1	Integration of the asset register, GIS and financial system	Integration of the three systems will improve efficiency of the systems and reduce opportunities for errors	June 2023
2	Continual update of asset financial data	Reviewing and updating the unit rates and useful lives of the assets improves the financial data and planned management and renewals of the assets	Each EOFY
3	Improved network condition rating	Network assets are currently condition rated by install date and expected useful life of the assets. Reviewing condition rating through burst reports and visual inspections will improve condition reliability and provide a strategic renewal program	Ongoing
4	Finalise and adopt Class Asset Management Plans	Class asset management plans consider the operation, service levels, maintenance, criticality, and risk assessment of each asset class	Dec 2022
5	Finalise updating the hydraulic model	Current operation and potential alterations can be accurately modelled to inform operation optimisation and asset renewals	Dec 2022
6	Stakeholder engagement to communicate asset portfolio, renewal requirements and financial impacts	Stakeholders are informed of decision-making influences	Ongoing

