



# Infrastructure Plan 2017-2026





# INFRASTRUCTURE PLAN

## 2017 – 2026

### Table of Contents

<b>1. CONTENTS</b>	
2 EXECUTIVE SUMMARY .....	2
3 INTRODUCTION .....	3
4 LEGISLATIVE REQUIREMENTS .....	6
5 COUNCIL'S INTEGRATED PLANNING PROCESS .....	7
6 IMPEMENTATION OF THE STRATEGY .....	11
7 LEVEL OF SERVICE .....	12
8 FUTURE DEMAND .....	20
9 LIFECYCLE MANAGEMENT PLAN .....	22
10 FUNDING ASSET MAINTENANCE & RENEWAL .....	28
11 PLAN IMPROVEMENT AND MONITORING .....	29
12 ROADS MAINTENANCE AND CAPITAL IMPROVEMENT PLAN: .....	33
13 APPENDICES .....	37
13.1 APPENDIX 1 .....	37
13.1.1 ASSET MANAGEMENT POLICY .....	37
13.2 APPENDIX 2 .....	47
13.2.1 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY AND PROCEDURE .....	47

## 2. EXECUTIVE SUMMARY

The Upper Lachlan Shire Council provides an extensive range of infrastructure assets comprising roads, footpaths, kerb and gutter, stormwater, water and sewerage, buildings, recreation facilities and plant and equipment to provide a safe environment for all to enjoy the unique character of this area of New South Wales.

Upper Lachlan is working on a new Asset Management structure; the implementation will be staged over a number of years. Resources were allocated in 2015 to align the resource strategy elements, and make improvements in asset management maturity levels to enable Council's reporting to be consistent and show a realistic financial and service level position.

The Office of Local Government has completed an asset management maturity review in 2015; Council's auditor's findings will be used to improve Upper Lachlan Shire Councils Asset Management's capability.

This Plan is using data from 2015 revaluations of the Transport Infrastructure asset class, such as Roads, Bridges, Footpaths, and Kerb and Gutter. The revaluation, at "fair value", of the transport infrastructure asset network was completed with support from engineering consultants, Jeff Roorda and Associates (JRA).

The Upper Lachlan Shire Council's Infrastructure assets consist of:-

- Roads Approx. 1,972 km
- Bridges / Culverts 214 structures
- Footpaths 15.8 km
- Kerb and Gutter 38.8 km
- Reticulation (Water Supply/Sewerage Services) 107.7 km
- Other assets; including Stormwater, Drainage 4.6 km

### VALUE OF THE INFRASTRUCTURE ASSET CLASSES

- The values of the infrastructure covered by this Plan are identified in the following table:-

<b>INFRASTRUCTURE</b>	<b>FAIR VALUE 30 June 2016 ('\$000)</b>
<b>Roads – Sealed and Unsealed Roads</b>	<b>\$325,053</b>
<b>Bridges – Concrete, Timber and Culvert</b>	<b>\$47,035</b>
<b>Water Supplies</b>	<b>\$34,486</b>
<b>Sewerage Services</b>	<b>\$22,613</b>
<b>Buildings</b>	<b>\$43,707</b>
<b>Other Structures</b>	<b>\$5,360</b>
<b>Urban Stormwater</b>	<b>\$2,494</b>
<b>Footpath</b>	<b>\$1,812</b>
<b>Land – Operational and Community</b>	<b>\$7,920</b>
<b>TOTAL</b>	<b>\$490,480</b>

There are two key indicators of cost to provide the Infrastructure Asset services:-

- The life cycle cost being the average cost over the life cycle of the asset, and
- The total maintenance and capital renewal expenditure required to deliver existing service levels in the next 10 years covered by the Council's long term financial plan.

### 3. INTRODUCTION

The Upper Lachlan Shire Council has invested significant funds in infrastructure assets over many years in order to service the needs and enhance the quality of life of the communities with the Local Government Area (LGA).

The importance of these assets to our community and their significance in relation to Upper Lachlan Shire Council's budget means that asset management must be a critical part of Council's planning and service delivery. This means that the effective management of assets has a direct relationship to the asset's ability to deliver services to a defined standard.

Management of Infrastructure Assets is a proactive, rather than reactive, discipline for the management of Council assets and facilities and utilises data to determine:-

- What infrastructure Council has?
- What condition the infrastructure is in, and therefore its expected life?
- How much is required to maintain a certain service level?
- Can Council afford this level of service with current funding levels?
- If not, how does Council intend to manage this gap (i.e. reduce service levels, increase funding, dispose of assets, or lobby for additional grants from other tiers of Government)?

A formal approach to the management of infrastructure assets is essential in order to provide services in the most cost-effective manner, and to demonstrate this to customers, investors and other stakeholders.

This infrastructure management plan covers the following infrastructure assets:-

ITEM	INFRASTRUCTURE GROUP
Transport	<p>All the components and facilities associated with the road network. These can be categorised into the following groups:-</p> <ul style="list-style-type: none"> <li>• Roads (components include Surface, Pavement, and Earthworks)</li> <li>• Footpaths</li> <li>• Bridges and Culverts</li> <li>• Kerb and Guttering</li> </ul>
Water Supply	<p>Council has a large water supply network that distributes water from various dams, reservoirs and bore fields to the towns of Gunning, Dalton, Crookwell and Taralga. The components for a water supply network include:-</p> <ul style="list-style-type: none"> <li>• Bores</li> <li>• Dams</li> <li>• Pump Stations</li> <li>• Reticulation</li> <li>• Water Treatment Plants</li> <li>• Reservoirs</li> <li>• Telemetry</li> </ul>
Sewerage	<p>Council operates sewerage systems at Gunning, Crookwell and Taralga. The components for a sewerage network include:-</p> <ul style="list-style-type: none"> <li>• Sewerage Treatment Plants</li> <li>• Reticulation</li> <li>• Pump Stations</li> </ul>

Buildings	<p>Council has a significant number of buildings. These buildings can be categorised into the following groups:-</p> <ul style="list-style-type: none"> <li>• Offices / Chambers</li> <li>• Halls</li> <li>• Amenities</li> <li>• Residential Houses</li> <li>• RFS / Emergency Services</li> <li>• Museums</li> <li>• Libraries</li> <li>• Recreation</li> <li>• Community Centres</li> </ul>
Land	<p>Although land is an asset that generally does not depreciate, it is important to know what land Council has, and to determine if they provide a continuing benefit to the community. Land can be defined in the following categories:-</p> <ul style="list-style-type: none"> <li>• Freehold - Operational Land</li> <li>• Trust – Community Land</li> <li>• Crown – Community Land</li> <li>• Land Under Roads</li> </ul>
Other Structures	<p>The Other Structures category includes sporting fields, parks and swimming pools.</p> <ul style="list-style-type: none"> <li>• Swimming Pools</li> <li>• Sporting fields</li> <li>• Parks</li> <li>• Play equipment</li> <li>• Furniture (includes bins, signs, tables, chairs, etc)</li> <li>• Repeater Station towers and television transmission tower</li> </ul>
Urban Stormwater	<p>The urban stormwater portfolio includes all the urban networks to carry water flows. This portfolio includes:-</p> <ul style="list-style-type: none"> <li>• Stormwater pipes</li> <li>• Culverts</li> </ul>

## **INTEGRATION OF ASSET MANAGEMENT AND COUNCIL'S FUTURE DIRECTION**

Council has prepared the Tablelands Regional Community Strategic Plan (CSP) in conjunction with Yass Valley Council and Goulburn Mulwaree Council. The CSP is prepared on behalf of the community after community engagement and the purpose of the CSP is to identify the community's priorities and aspirations for the future and plan strategies to achieve these goals.

Council has identified 5 Strategic Pillars including; Community, Environment, **Economy, Infrastructure** and Civic Leadership. **The Infrastructure Goal is: Our community is well serviced and connected to built, social and communications infrastructure. There are 9 Infrastructure Pillar Strategies identified in the CSP as follows:-**

- Strategy IN1 - Develop high speed rail links between the region, Canberra, Sydney and Melbourne.
- Strategy IN2 - Improve public transport links to connect towns within the region and increase access to major centres.
- Strategy IN3 - Maintain and improve road infrastructure and connectivity.
- Strategy IN4 - Maintain and update existing community facilities, and support the development of new community infrastructure as needed.
- Strategy IN5 - Ensure high quality water supply options for the towns in the region.
- Strategy IN6 - Implement safe, accessible, and efficient management and recycling options for general waste, green waste, and sewage.
- Strategy IN7 - Secure improvements for, and future proof, telecommunications infrastructure.
- Strategy IN8 - Improve accessibility to, and support the development of, health and medical facilities in the region.
- Strategy IN9 - Improve accessibility to, and support the development of, education and training facilities in the region.

In the Council Delivery Program there are 8 Aspirations identified by our community; the Infrastructure Plan integrates with 5 of the Aspirations as follows:-

- A built environment enhancing the lifestyle of a diverse community
- Community liaison to preserve and enhance community facilities
- A healthy natural environment
- A prosperous economy with the balanced use of our land
- Responsible and efficient use of resources

The implementation of the Infrastructure Plan will:-

- Provide infrastructure and service required by the community;
- Plan for infrastructure and service provision;
- Provide Asset Management – to continually upgrade infrastructure and services;
- Enhanced service management and customer satisfaction;
- Improved risk management; and
- More sustainable decision making.

### **Tablelands Council's Regional Vision is:**

*To build and maintain sustainable communities while retaining the region's natural beauty.*

### **Council's Mission is:**

*To provide services and facilities to enhance the quality of life and economic viability within the Council area.*

### **Council's Aim is:**

*To perform services in a cost efficient, effective and friendly manner in order to achieve Council's Mission in meeting the annual objectives and performance targets of the principal activities Council undertakes on behalf of the community.*

## **4. LEGISLATIVE REQUIREMENTS**

Council is required to comply with the following legislation and standards in relation to asset management.

### **ACCOUNTING REGULATION**

The Local Government Act 1993 and the Office of Local Government, Local Government Code of Accounting Practice and Financial Reporting, prescribe the form of the Financial Statements. Also, the following Australian Accounting Standards apply to local government infrastructure:-

- AASB 116 Property, Plant and Equipment
- AASB 136 Impairment of Assets
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets

### **LOCAL GOVERNMENT ACT 1993**

Section 8 - the Council Charter is:-

- To directly or on behalf of other levels of government provide (after due consultation) adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively.
- To bear in mind that it is the custodian and trustee of public assets and to effectively plan for, account for and manage the assets for which it is responsible.
- To engage in long term strategic planning on behalf of the local community.

Section 403 (2):-

Asset Management Planning – included in Council's resourcing strategy for the provision of resources required to implement the Community Strategic Plan, this comprises the Asset Management Strategy and Plan.

### **WORK, HEALTH AND SAFETY ACT 2011**

The WH&S Act promotes improved standards for workplace safety and welfare. The Act places obligations on employers to provide a safe working environment for its employees and to ensure that they are adequately trained and that the plant they use is safe and fit for purpose.

### **ROADS ACT 1993**

The Act specifies a new framework and principles for the management of the road network as well as specifying the rights and duties of road users, the roles and functions of road authorities and the preparation of Road Management Plans.

### **PLANNING AND ASSESSMENT ACT 1979**

The Act specifies the framework that applies for planning the use, development and protection of land in the present and long-term interest of all members of the community.

### **DISABILITY SERVICES ACT 2014**

This Act requires Council to report that the service it provides aligns with the State Disability Inclusion Plan. S12 (1). Each public authority must from the day prescribed by the regulations, have a plan (a **disability inclusion action** plan) setting out the measures it intends to put in place (in connection with the exercise of its functions) so that people with disability can access general supports and services available in the community, and can participate fully in the community.

## LOCAL GOVERNMENT AMENDMENT (PLANNING AND REPORTING) ACT 2009

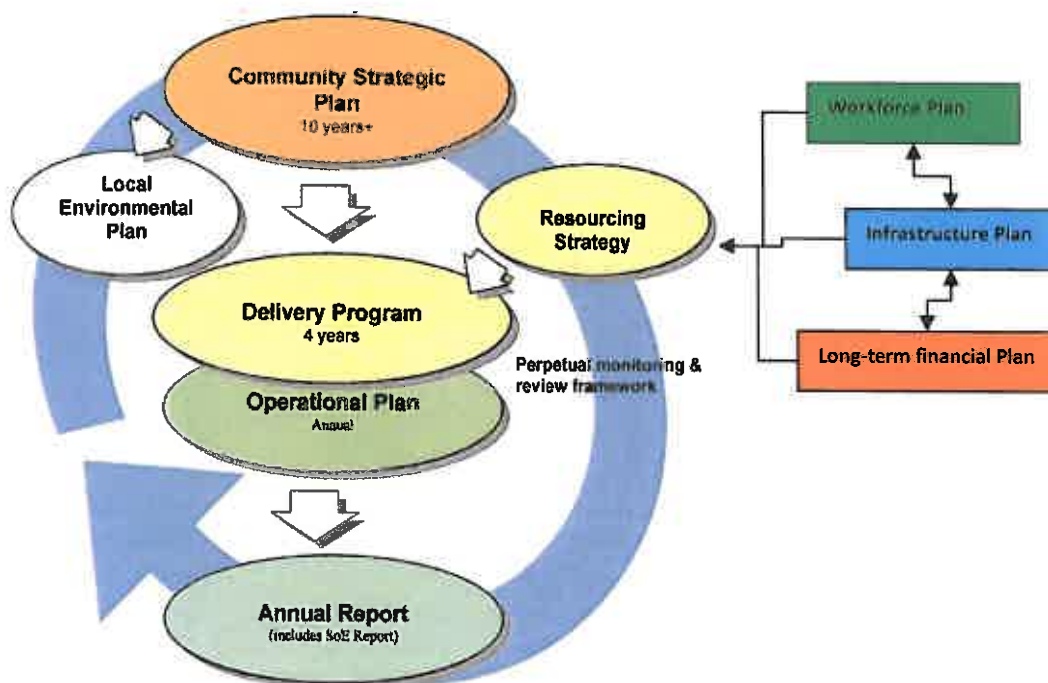
The Integrated Planning and Reporting framework aims to:-

- Improve integration of various statutory planning and reporting processes undertaken by Councils as required by the Local Government Act 1993, the Office of Local Government's Guidelines and the Environmental Planning and Assessment Act 1979.
- Strengthen Councils' strategic focus.
- Streamline reporting processes.
- Ensure that the Local Government Act 1993 and the Integrated Planning and Reporting Guidelines support a strategic and integrated approach to planning and reporting by local Councils.

### **5. COUNCIL'S INTEGRATED PLANNING PROCESS**

Council's integrated planning process is continuous, allowing Council to implement its vision over the next twenty years. This longer term view is derived from the Tablelands Regional Community Strategic Plan and reflected in the Council Long Term Financial Plan. As infrastructure provides the platform for community wellbeing, economic development and environmental sustainability, asset management is a key feature of the planning framework and forms part of the resourcing strategy.

The relationship between the Community Strategic Plan and annual planning is shown below:-



Council's planning process provides an over-arching framework, under which key strategic components such as the Workforce Plan, Long Term Financial Plan and the Infrastructure Plan are developed.

### **COUNCIL'S TRADITIONAL ASSET MANAGEMENT STRATEGY**

Upper Lachlan Shire Council has managed its assets in a traditional manner by maintaining a technical list of assets divorced from any financial asset register, and monitored the condition of those assets based on an internal inspection standards. The internal standards identifies the frequency of intervention for any preventative or corrective maintenance action and applies that to its asset thereby treating each individual



asset to some form of maintenance at a point in its life cycle that equates to that intervention period. These standards have no relationship to community expectations of service delivery of the asset nor does it allow for differing rates of deterioration of assets or a similar category. Restrictions on Council's income streams (rate pegging) provides a restriction in creating relationships between community expectations and service delivery.

### **COUNCIL'S ADOPTED ASSET MANAGEMENT STRATEGY**

This Infrastructure Plan details how Council will meet its commitments stated in the Asset Management Policy which was adopted by Council in February 2009, and revised in 2013. Council allocates significant funds to the improvement of its asset base (i.e. creating new assets). Approximately 30% to 35% of the funds allocated by Council are directed to asset renewals or improving the level of service provided by existing assets.

### **IMPLEMENTATION FRAMEWORK**

The philosophies underpinning the development and implementation of asset management within Upper Lachlan Shire Council are as follows:-

- Involvement of all stakeholders (including the community, elected Councillors and staff, Government Departments) in the development of strategies, policies and service standards, the delivery of services and in the decision making of relevant matters concerning Council's infrastructure.
- Adoption and implementation of best practice asset management.
- Achievement and maintenance of financial sustainability of all Council assets.
- Managers responsible for delivering a service will also be responsible for the management and care of assets involved in the delivery of their services.
- Asset management is not a standalone function but must be integrated in the delivery of service.
- Asset management is a corporate tool and is supported by the entire organisation.

The following principles guide Council and its staff in making decisions and formulating policies and strategies:-

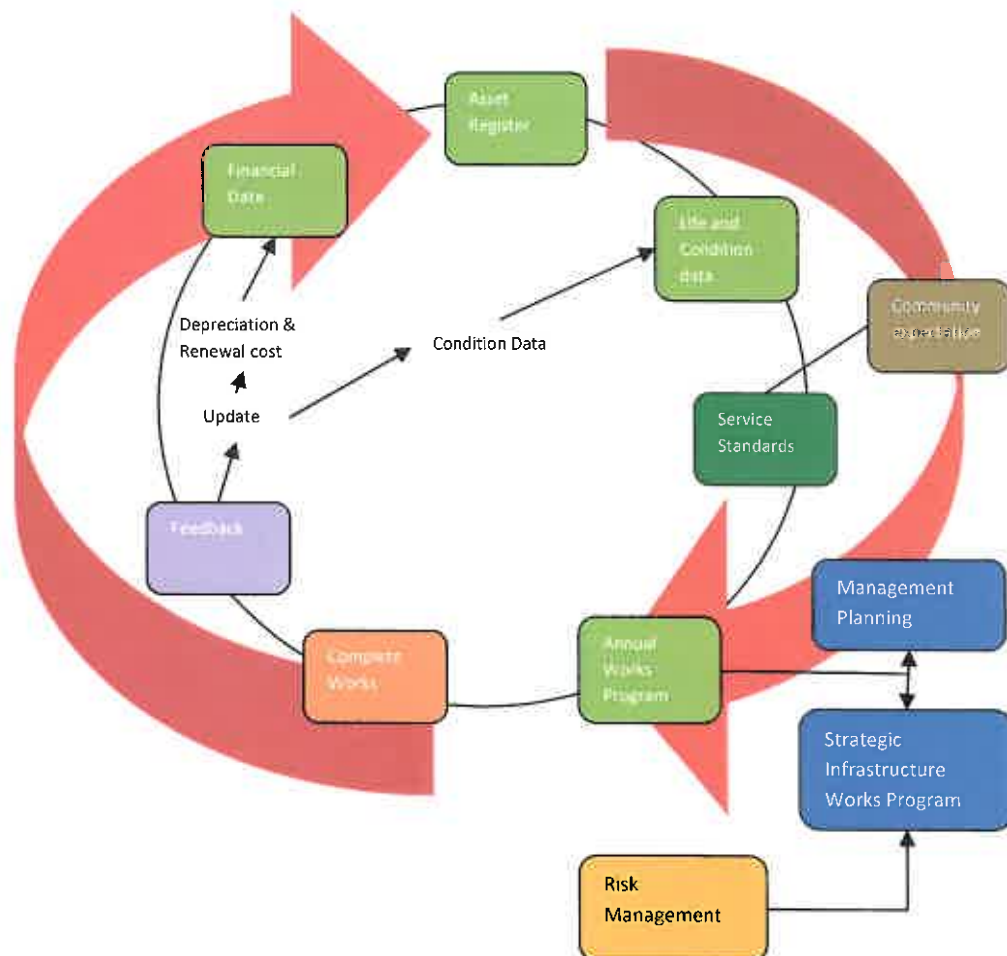
- Funds will be allocated to asset categories based on assessments of community need, community satisfaction, utilisation of the asset, importance of the asset to the community and Council, risk, impact on the environment and other matters generally in accordance with quadruple bottom line analysis.
- An integrated planning approach will be used to obtain the best outcomes for the community and Council in relation to asset management.

The current responsibilities of asset management within Council are detailed in Council's Asset Management Policy. Implementation of the Infrastructure Plan is the responsibility of the Director of Works and Operations in consultation with Works and Operational Managers.

This Infrastructure Plan and supporting appendices will be reviewed by Managers' and Assets and Risk Coordinator on an annual basis.



## ASSET MANAGEMENT CYCLE



The above diagram outlines the Asset Management Cycle for adoption by Council that supports this Asset Management Plan. The principles embodied in the cycle support community based service delivery expectations of asset functions and provide continual up to date information on Council's asset base. This information pertains to each individual asset's condition, financial status, service delivery capacity and depreciated position.

This cycle will allow the organisation to provide asset data to the elected Council and the community on the service delivery capacity of its assets, the asset category condition assessment and Council's true depreciation position. It will allow renewal budgets to be based on holistic infrastructure data allowing funding distribution to more closely reflect infrastructure condition and community expectation.

Details of each of the management cycle items shall be developed as this strategy matures in future revisions.

## ASSET MANAGEMENT MATURITY OF UPPER LACHLAN SHIRE COUNCIL

Section	Maturity Description
AM Policy Development	<b>Minimum</b> – Corporate expectations expressed informally and simply e.g. “all departments must update AM Plans every three years”
Levels of Service and Performance Management	<b>Minimum</b> - Asset Contribution to organisation’s objectives and some basic levels of service have been defined
Demand Forecasting	<b>Minimum</b> – Demand forecasts based on experienced staff predictions with consideration of known past demand trends and likely future growth patterns
Asset Register Data	<b>Core</b> – Sufficient information to complete asset valuation – as for ‘minimum’ plus replacement cost and asset age/life. Asset hierarchy, asset identification and asset attribute systems documented
Asset Condition	<b>Minimum</b> – Condition assessment at asset group level. Supports minimum requirements for managing critical assets and statutory requirements (e.g. safety)
Risk Management	<b>Minimum</b> – Critical assets understood by staff involved in maintenance / renewal decision
Decision Making	<b>Minimum</b> - AM decisions based on staff judgment and agreed corporate priorities
Operational Planning	<b>Minimum</b> – Operational responses are understood by key staff, but plans may not be well-documented, mainly reactive in nature. Asset utilisation is measured of some key assets but is not routinely analysed
Maintenance Planning	<b>Minimum</b> - Organisational Objectives and how asset functions support these are understood. Compliant with legislation and regulations. Maintenance records maintained
Capital Works Planning	<b>Minimum</b> – There is a schedule of proposed capital projects and associated costs, based on staff judgment of future requirements
Financial and Funding Strategic	<b>Minimum</b> – Assets re-valued in compliance with financial reporting and accounting standards. 10 year financial forecasts are based on extrapolation of past trends and broad assumptions about the future.
AM Teams	<b>Minimum</b> – AM allocated primarily to one or two people who have AM experience
AM Plans	<b>Minimum</b> – Plan contains basic information on assets, service levels, planned works and financial forecast (5-10 years) and future improvements
Information System	<b>Minimum</b> – Asset register can record core asset attributes – size, material, etc. Asset information reports can be manually generated for AMP input
Service Delivery Mechanisms	<b>Minimum</b> – Service delivery roles clearly allocated (internal and external), generally following historic approaches
Quality Management	<b>Minimum</b> – Simple process documentation in place for service-critical activities
Improvement Planning	<b>Minimum</b> – Improvement actions identified and allocated to appropriate staff

## 6. IMPEMENTATION OF THE STRATEGY

The implementation of the Strategy will be demonstrated through the achievement of actions as outlined below. The asset management focus will change over time as the Council progresses through the asset management journey.

### ASSET MANAGEMENT FOCUS IN 2017-2018

- I. To communicate asset management practice to the organisation.
- II. Develop supporting Asset Management Plans at an asset group level.
- III. Improvements to data collection for asset Age and Condition reporting to asset register.
- IV. Validate current attributes and Segments for Regional Road infrastructure assets.
- V. Document procedure for data collection, analysis and work scheduling for Footpaths

### ACTION AREAS FOR 2017-2018

- I. Asset Knowledge / Data:-
  - a. Develop processes to validated Road assets and attributes continuously.
  - b. Standardised attribute field in all asset register; e.g. Condition 1-5.
  - c. Review Road asset segmentation, update to actual bitumen seal lengths.
- II. Asset Knowledge Process:-
  - a. Asset accounting / valuation written procedures to formalise process for Roads.
  - b. Review needs to implement Maintenance Management system - Reflect database
- III. Strategic Asset Planning Processes:-
  - a. Strategic long term plan, preparation of a comprehensive transport Asset Management Strategy and Plan.
- IV. Operational and Maintenance work practices:-
  - a. Implement a Project handover record, for an asset after capitalised work is completed.
  - b. Develop service levels agreements with suitable budgets, Footpaths & Buildings
- V. Information systems:-
  - a. Develop process to update records in Civica asset register.
  - b. System integration of financial and engineering asset registers in Authority by Civica to include engineering attributes.
- VI. Organisation context:-
  - a. Document structure review (i.e. footpaths), to improve parts of the Infrastructure Plan.
  - b. Develop a format to review and improve asset management practice.

## 7. LEVEL OF SERVICE

### CURRENT LEVELS OF SERVICE

"An objective of Asset management Planning is to match the level of service provided by the asset with the expectations of the customer. Asset Management Planning will enable the relationship between level of service and cost of service (the price/quality relationship) to be determined. This relationship can then be evaluated in consultation with customers to determine the optimum level of service that the community is prepared to pay for." (Page 3.6, International Infrastructure Management Manual 2012 (IIMM))

Council has characterised service levels in two definitions aligned with International Infrastructure Management Manual. These two levels of service are a community level of service and a technical level of service.

Community levels of service relate to how the community receives or derives benefit from the service of each asset in terms of safety, quality, quantity, reliability and responsiveness.

Supporting the community service levels are operational or technical measures of service developed to ensure that the minimum community levels of service are met. These technical levels of service may relate to cost/efficiency and legislative compliance. These technical measures relate to service criteria such as:-

Service Criteria	Technical measures may relate to
Quality	Component deterioration
Quantity	Area of parks per resident
Availability	Number of users versus need
Safety	Pavement width and condition

### INFRASTRUCTURE SERVICE LEVELS

The following levels of service have been adopted for this Infrastructure Plan:-

#### (i) Sealed Roads

##### Notes:

- The level of service documents referred to hereunder have been developed in conjunction with the key performance indicators included in Council's Operational Plan.
- Council's response to customer requests is recorded in a Customer Request Management (CRM) system.
- Road safety issues relate to road related issues only (will not include speed, alcohol and other drug related incidents).

Key Performance Indicator	Level of Service	Performance Measure Process	Performance Target	Current Performance
Quality	Provide a smooth ride	Customer service requests	< 5 per month	> 5 per month
Function	Ensure roads meet user requirements for travel time and availability	Customer service requests	< 2 per month	> 2 per month
Safety	Provide safe roads free from hazards	Number of injury accidents	< 2 per month	< 2 per month
Maintenance Inspections	Ensure condition of asset	Inspection records	State Roads inspected every week. Regional Roads inspected every 3 months. Local roads inspected every 3 months	State Roads inspected every week. Regional Roads inspected every 3 months. Local roads inspected every 3 months
Maintenance Response	Ensure road safety	Work records	State and Regional Roads within 1 day. Local roads within 5 days	State and Regional Roads within 1 day. Local roads within 5 days
Cost	Provide services in a cost effective manner	Maintenance cost per km	Within budget	Within budget

**(ii) Unsealed Roads**

Notes:

- a) The level of service documents referred to hereunder have been developed in conjunction with the key performance indicators included in Council's Operational Plan.
- b) Council's response to customer requests is recorded using Council's Customer Request Management (CRM) system.
- c) Road Safety issues relate to road related issues only (will not include speed, alcohol and other drug related incidents).

Key Performance Indicator	Level of Service	Performance Measure Process	Performance Target	Current Performance
Quality	Provide a smooth ride	Customer service requests	< 10 per month	< 10 per month
Function	Ensure roads meet user requirements for travel time and availability	Customer service requests	< 2 per month	> 2 per month
Safety	Provide safe roads free from hazards	Number of injury accidents	< 2 per month	< 2 per month
Maintenance Inspections	Ensure condition of asset	Inspection records	State Roads inspected every week. Regional Roads inspected every 3 months. Local roads inspected every 6 months	State Roads inspected every week. Regional Roads inspected every 3 months. Local roads inspected every 6 months
Maintenance Response	Ensure road safety	Work records	State and Regional Roads within 1 day. Local roads within 5 days	State and Regional Roads within 1 day. Local roads within 5 days
Cost	Provide services in a cost effective manner	Maintenance cost per km	Within budget	Within budget

**(iii) Footpaths**

Notes:

- a) The level of service documents referred to hereunder have been developed in conjunction with the key performance indicators included in Council's Operational Plan.
- b) Council's response to customer requests will be recorded using Council's Customer Request Management (CRM) system.
- c) Council's footpath maintenance policy also applies.
- d) Works carried out in this area are limited to the available budget.

Key Performance Indicator	Level of Service	Performance Measure Process	Performance Target	Current Performance
Quality	Provide a smooth surface	Customer service requests	< 10 per month	< 10 per month
Function	Provide access to and from CBD and public facilities	Access not provided	All residential areas serviced	Not all residential and commercial areas serviced
Safety	Provide footpaths free from hazards	Number of trips and falls	< 2 per month	< 2 per month
Maintenance Inspections	Ensure condition of asset	Inspection records	Inspected annually	Inspected annually
Maintenance Response	Ensure public safety	Work records	Within two days	Within two days
Cost	Provide services in a cost effective manner	Maintenance cost per km	Within budget	Within budget

**(iv) Kerb and Gutter and Stormwater**

Notes:

- a) The level of service documents referred to hereunder have been developed in conjunction with the key performance indicators included in Council's Operational Plan.
- b) Council's response to customer requests will be recorded using Council's Customer Request Management (CRM) system.
- c) Works carried out in this area are limited to the available budget.

Key Performance Indicator	Level of Service	Performance Measure Process	Performance Target	Current Performance
Quality	Provide barrier to stormwater entering property	Customer service requests	< 2 per month	< 2 per month
Function	Provide structures to transport of stormwater	Access not provided	All stormwater directed to water course	Not all residential and commercial areas serviced
Safety	Provide unbroken kerb and gutter and drainage structures	Number of trips and falls	< 2 per month	< 2 per month
Maintenance Inspections	Ensure condition of asset	Inspection records	Annually	Annually
Maintenance Response	Ensure public safety	Work records	State and Regional Roads within 1 day. Local roads within 2 days	State and Regional Roads within 1 day. Local roads within 2 days
Cost	Provide services in a cost effective manner	Maintenance cost per km	Within budget	Within budget

**(v) Alternative Landing Area**

Notes:

- a) The level of service documents referred to hereunder have been developed in conjunction with the key performance indicators included in Council's Operational Plan.
- b) Council's response to customer requests will be recorded using Council's Customer Request Management (CRM) system.

Key Performance Indicator	Level of Service	Performance Measure Process	Performance Target	Current Performance
Quality	Provide a smooth surface	Customer service requests	Nil per month	Nil per month
Function	Provide safe aircraft access and egress	Access provided	Nil customer service requests	Nil customer service requests
Safety	Provide runway free from hazards	Number of accidents	Nil accidents	Nil accidents
Maintenance Inspections	Ensure condition of asset	Inspection records	As per policy	As per policy
Maintenance Response	Ensure public safety	Work records	As per policy	As per policy
Cost	Provide services in a cost effective manner	Maintenance cost per annum	Within budget	Within budget

## (vi) Buildings

### Notes:

- The level of service documents referred to hereunder have been developed in conjunction with the key performance indicators included in Council's Operational Plan.
- Works carried out in this area are limited to the available budget.
- Council's Plans of Management detail further service and maintenance arrangements for public buildings owned and/or controlled by Council.

Key Performance Indicator	Level of Service	Performance Measure Process	Performance Target	Current Performance
Quality	Buildings suitable for purpose	Customer service requests	< 2 per asset per month	< 2 per asset per month
Function	Easy access and suitable for use	Customer service requests	< 2 per asset per month	< 2 per asset per month
Safety	Provide buildings free from hazards	Number of accidents	< 2 per asset per month	< 2 per asset per month
Maintenance Inspections	Ensure condition of asset	Inspection records	Buildings inspected once each year	Non - regular inspections undertaken
Maintenance Response	Ensure public safety	Work records	Within 3 days	Within 5 days
Cost	Provide services in a cost effective manner	Maintenance cost per annum	Within budget	Within budget

## (vii) Water & Sewerage

The level of Service:

- Define explicitly the standards required
- Are an expansion of the mission statements
- Largely shape Council's detailed planning

The Levels of Service define the deliverables and are the driving force for the management and development of the water supply and sewerage schemes. Achieving the target Levels of Service is the primary goal.

Council uses its judgment in setting standards and while there are statutory service standards in some areas such as water quality, effluent quality, noise, and sludge management, in other areas, stakeholder may be consulted (see Section 5.4 of ULSC Strategic Business Plan 2014) and may desire levels of service which are even more stringent than the regulatory requirement

While Council endeavors to close any perceived gap between the stakeholder expectations and the levels of service provided, this is also subject to economic, social and environmental considerations. This Plan presents Council's proposed approach to future service delivery.

It should be noted that while the current Levels of Service are the target, which Council aims to meet, they are not intended as a formal customer contract. It is Council's responsibility to strive for continual improvement to achieve these levels in the most cost effective way.

The current and target levels of service are shown in the tables below



Table vii-1: Levels of Service – Water Supply

Key Performance Indicator	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>Quality</b>	Supply interruptions to Customers	Days Notice Domestic Notice commercial Notice industrial	7 14 14	7 14 14
<b>Function</b>	Consumption Restrictions in Droughts	Restriction as % of normal usage Months/10 years No./10yr period	Level 5 40% 20 10	Level 6 50% 30 10
<b>Safety</b>	<b>Compliance with ADWG 2011</b>  Physical parameters Chemical Parameters Microbiological parameter	No./total No. Of Zone	  100 100 100	  100 100 100
<b>Maintenance Inspections</b>	Ensure condition of asset	Inspection records	% inspected once each year	Non - regular inspections undertaken
<b>Maintenance Response</b>	<b>Unplanned interruptions</b> Water main breaks Average duration Frequency	No./100km/Year Hours/event/Year No./per 1000 connections/year	 3 4 3	 5 5 5
<b>Cost</b>	Provide services in a cost effective manner	Maintenance cost per annum	Within budget	Within budget

Table vii-2: Levels of Service – Sewerage Supply

Key Performance Indicator	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>Quality</b>	<b>Complaints received</b>  Service complaints Odour -Treatment works -Pumping stations -Reticulation system	No./1000 connections/Years	 1 0 0 <5	 1 0 0 5
<b>Function</b>	Extent of Service	% Service area	100	98
<b>Safety</b>	<b>System failures</b> Cat one - rainfall & capacity Cat two – pumping & equipment failure Cat three – blockage & collapse <b>EPA licence</b>	No./100km/Year  Compliance with licence	 0 1 3 100%	 0 1 5 100%
<b>Maintenance Inspections</b>	Ensure condition of asset	Inspection records	% inspected once each year	Non - regular inspections undertaken
<b>Maintenance Response</b>	Unplanned interruptions Chokes Durations	5/10km/yr 2hrs/event	 5 2	 5 2
<b>Cost</b>	Provide services in a cost effective manner	Maintenance cost per annum	Within budget	Within budget



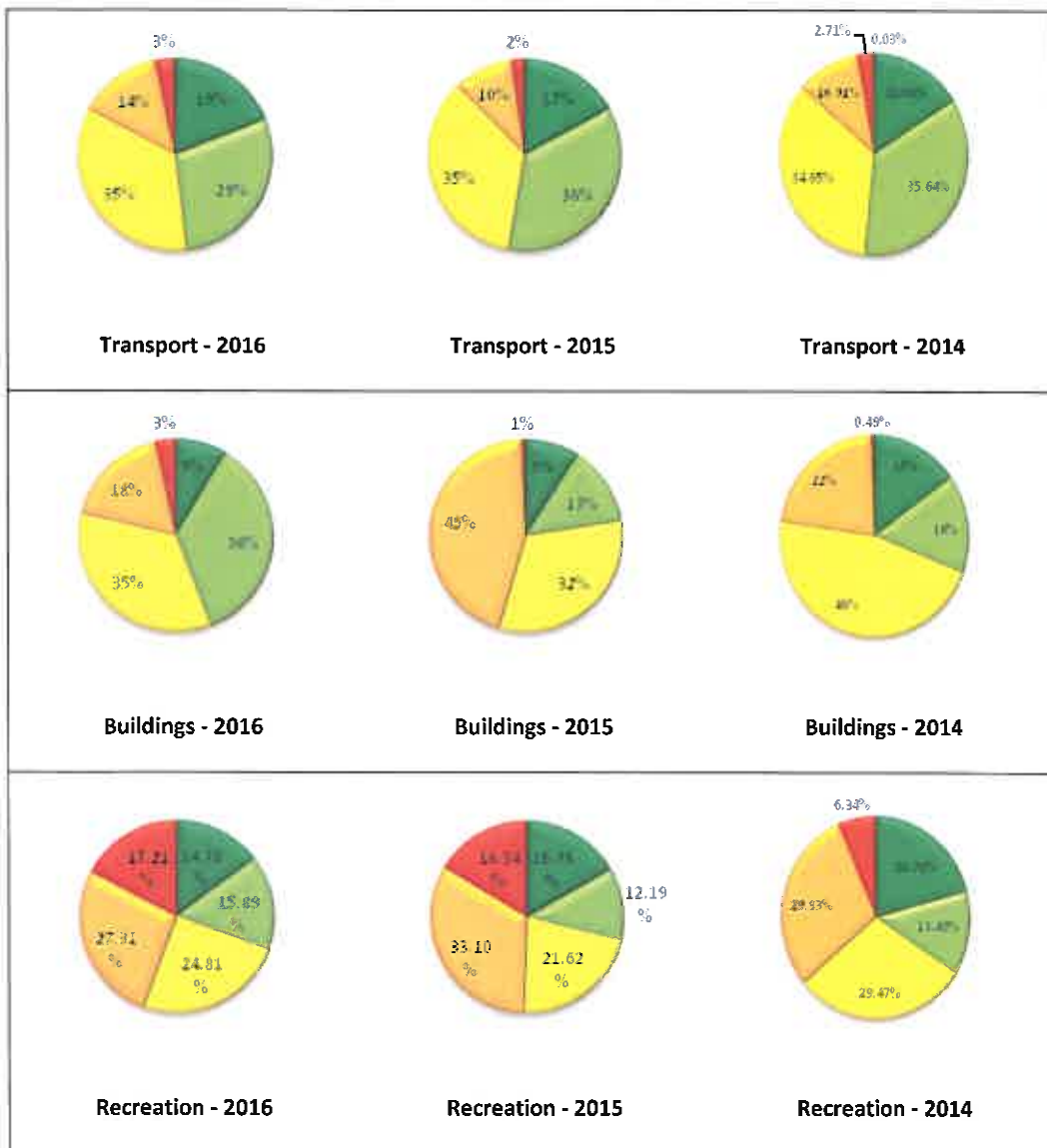
**LEVEL OF SERVICE COST**

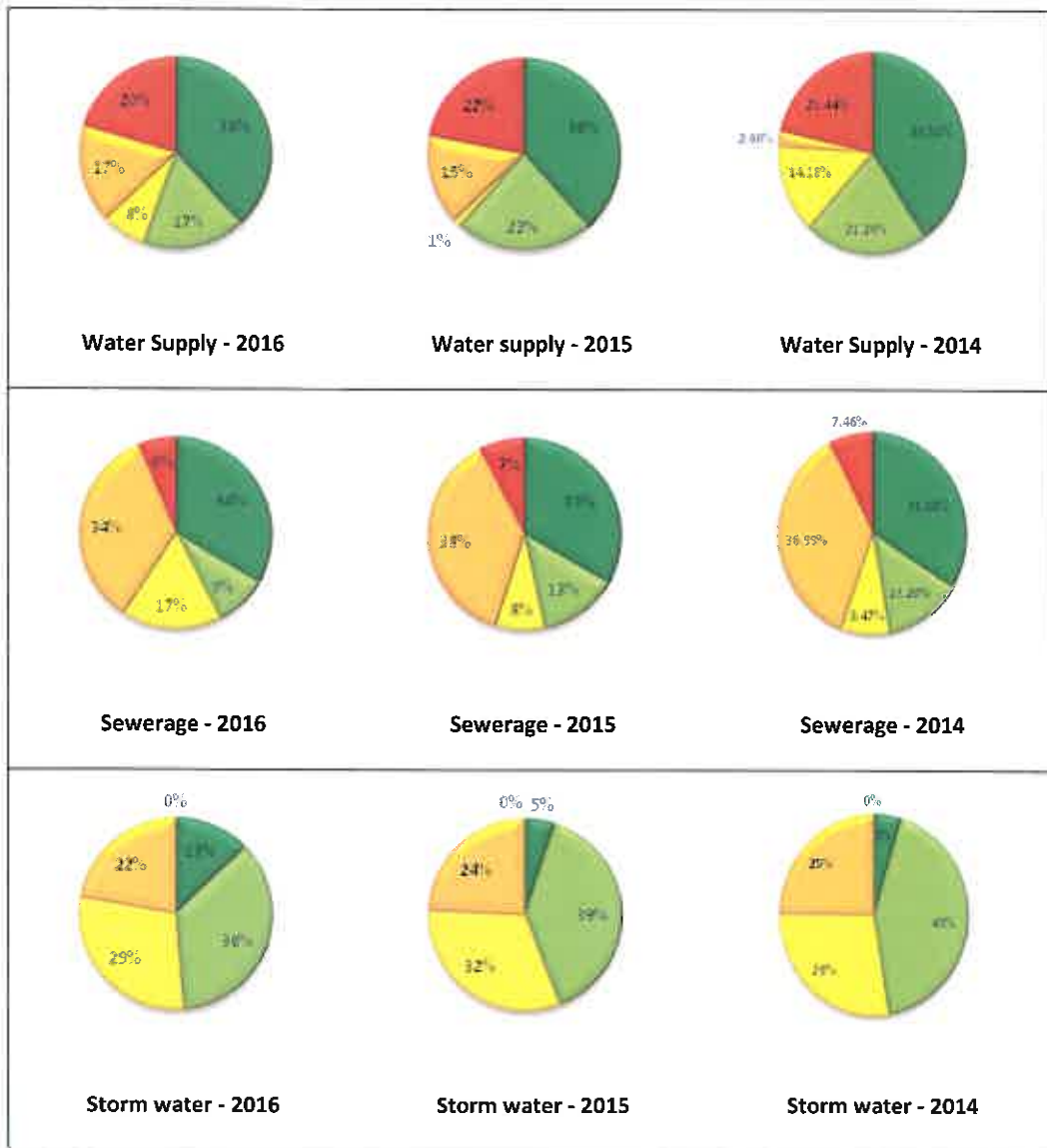
The table below indicates the change in condition of the network from 2014 to 2016 financial years. The replacement cost of the asset class is used (i.e. replacing like for like):-

Condition Rating	Condition	2016		2015		2014	
		Percentage	Dollars (\$000)	Percentage	Dollars (\$000)	Percentage	Dollars (\$000)
1	Very Good	18%	\$89,834	17%	\$82,234	18%	\$95,340
2	Good	26%	\$127,661	28%	\$135,718	32%	\$166,462
3	Fair	29%	\$138,527	28%	\$135,233	33%	\$172,804
4	Poor	16%	\$76,548	17%	\$80,172	13%	\$65,890
5	Very Poor	11%	\$53,416	11%	\$50,685	4%	\$20,535
	<b>Total</b>		<b>\$484,986</b>		<b>\$484,042</b>		<b>\$521,031</b>

Note: table includes Bulk Earth Works

The following graphs indicate the proportion of the asset classification in each condition rating. The graphs are based on replacement cost from the asset register.





Note: graphs excludes Bulk Earth Works

### DESIRED LEVEL OF SERVICE

The existing Office of Local Government policy framework to determine satisfactory service levels and risks based on IP&R is robust and provides the basis for a transparent, accountable and evidence based methodology. Upper Lachlan believes this policy framework has not been applied consistently to “Bring to Satisfactory” BTS or “backlog” across NSW local government.

At present, indications of desired levels of service are obtained from the Upper Lachlan Community Satisfaction Survey which was conducted in 2012 and again in 2015, also feedback from residents to Councillors and staff, service requests, and public submissions to IP& R Council Strategic Plans. Council recently adopted a Tablelands Regional Community Strategic Plan 2016-2036 after extensive community consultation including community meetings, on-line surveys, youth surveys and targeted engagement directly with community groups.

Council has consulted with our community in relation to desired levels of service. In Community Outreach Meetings, supported by community survey’s, Council has engaged with the community and the community has made it clear they are not prepared to pay additional rates by way of a special rate variation to pay for road asset renewal programs (Council’s largest asset class). The community has largely accepted that an Asset Condition of 1 (Very Good) for all assets is both unaffordable and unachievable for all long life assets.

The community understand the affordability issue faced by all councils and have indicated that the targeted intervention is necessary for long life assets an Asset Condition 4 (Poor) and Asset Condition 5 (Very Poor). Council has completed the Special Schedule 7 – Report on Infrastructure Assets on the basis of community engagement and have reported this information in the Council Annual Report each year. The Annual Report is one of the key accountability mechanisms between Council and its community.

The Special Schedule 7 report flows directly from the Council Delivery Program which defines performance indicators for both existing and proposed levels of service. These performance measures are then used to quantify the asset upgrade costs between existing and target service levels.

Since 2015/2016, Upper Lachlan Shire Council uses the gross replacement cost % as the basis for asset condition assessment in Special Schedule 7 as mandated by Office of Local Government.

Upper Lachlan Shire Council's Infrastructure Asset Management Plan identifies asset service standards by each asset class and incorporates an assessment of the risks associated with the assets involved and the identification of strategies for the management of those risks.

## 8. FUTURE DEMAND

### DEMAND FORECAST

Factors affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, agricultural practices and environmental awareness.

Demand for infrastructure is generated predominantly through either:-

- An increased utilisation of existing infrastructure brought about by the factors above; or
- The requirement for new infrastructure to meet the needs of growth in new development.

The demand created by these two circumstances requires analysis to consider the ramifications to existing infrastructure networks and the ability to these networks to cope with the increased infrastructure. This analysis applies in all cases ranging from new subdivisions creating an increased load on an existing sewerage network and treatment plant, to that same subdivision increasing traffic across existing road network potentially creating the need to upgrade that existing infrastructure to cope with the increased utilisation and demand.

Demand factor trends and impacts on service delivery have been adopted as shown in the table below:-

<b>Demand factors</b>	<b>Present position</b>	<b>Projection</b>	<b>Impact on Service</b>
<b>Population</b>	7,876 (2015 ABS Regional Population Growth data)	1% annual increase	Minimal impact on current services
<b>Demographics</b>	24% of population aged 65 years and older	Generational change with X & Baby-boomer increasing at the cost of Y generation	Increase in demand of Infrastructure to support aging population
<b>Regional roads</b>	Increase travelling to large regional towns for work	Traffic volumes increase by 5% - 10%	Change Maintenance and renewals priorities

### DEMAND MANAGEMENT PLAN

Demand for new services will be managed through a combination of managing and maintaining existing assets, upgrading of existing assets and providing new assets to meet this demand. Demand management practices include non-asset solutions, insuring against risk and managing failures.

The planning for infrastructure due to demand is a constant process of review and assessment of existing infrastructure and its ability to cope with increasing demand, versus the need to augment for new infrastructure.

Demand on infrastructure is created through increased utilisation generated from a growing population and changing patterns of behaviour, ranging from social demographics to transport options and solutions. Often this increasing demand will stem from urban or residential growth increasing the utilisation of a range of community infrastructure.

### **CHANGES IN TECHNOLOGY**

Technology changes are forecast to have little effect on the delivery of services covered by this plan. Changes in technology will be considered at each annual review of the Infrastructure Plan.

### **NEW ASSET FOR GROWTH**

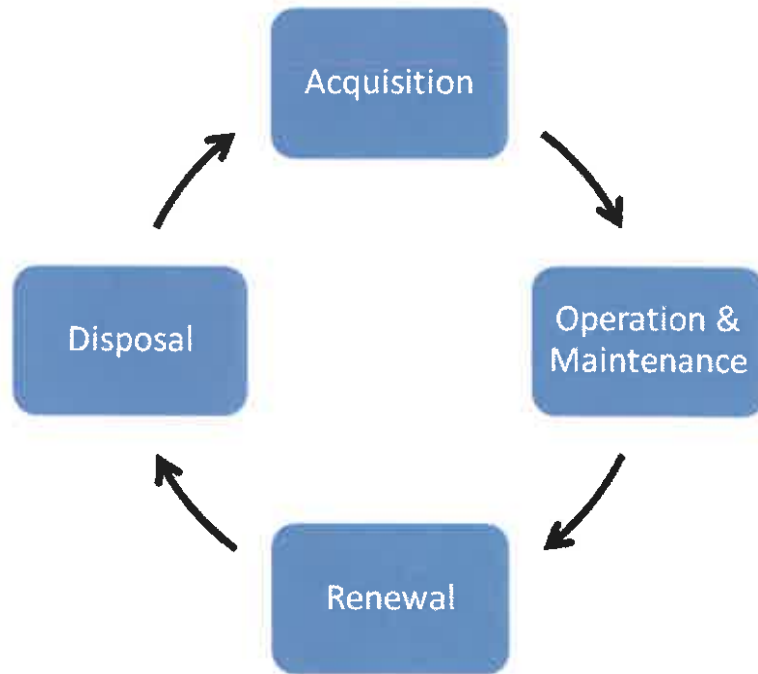
The new assets required to meet growth will either be acquired from land developments or constructed by Council. Acquiring these new assets will commit Council to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future projected operation and maintenance costs.



## 9. LIFECYCLE MANAGEMENT PLAN

Lifecycle management details how Council plans to manage and operate the asset category at the agreed level of service while minimising lifecycle costs throughout the useful life of the asset.

This section identifies and describes the four key phases of the asset management lifecycle of local government assets, namely: acquisition, operation and maintenance, renewal, and disposal.



### ACQUISITION

There are six elements to the asset acquisition phase of the cycle. They are:-

1. Planning
2. Assessment of requirements
3. Feasibility study
4. Acquire (procure or construct)
5. Asset identification, recognition and recording
6. Recording and accounting

These elements are not carried out in an entirely sequential manner; some elements overlap and the planning element should be evident in all other elements.

Congruence of the asset management process with all stages of planning is vital to ensure the process adds value to an organisation. Ad hoc asset management processes are unlikely to result in optimum asset management, for example to have assets acquired, maintained or disposed of in accordance with the organisation's goals and objectives. It can have serious consequences for Council, particularly in longer-term sustainability.

Sound and effective use of planning in all phases of the asset management cycle will assist Council in:-

- Setting levels for service delivery.
- Assessing the functional adequacy of existing assets.
- Identifying surplus or under-performing assets.
- Assessing the assets required for new policy initiatives.
- Evaluating options for asset provision (for example, private versus public investment).
- Evaluating options for funding asset acquisition.

- Ensuring funds are available when required.
- Ensuring assets are maintained and disposed of in an optimum manner; and
- Evaluating asset management performance, with the goal and continuous improvement.

The development of an Asset Management Plan as part of Council's planning processes provides the best means of delivering value-added asset management. The Plan must cover the complete asset management cycle and be integrated with Council's Community Strategic Plan and other planning documents.

## **OPERATIONS AND MAINTENANCE**

Public-sector assets, particularly long-lived assets such as buildings, roads and footpaths, require maintenance throughout their lives. There are five matters for asset maintenance consideration. They are:-

1. Planned maintenance,
2. Unplanned maintenance,
3. Maintenance of asset records,
4. Revaluation, and
5. Reassessment.

Planning is an important part of the maintenance phase. The timeframe over which some assets are to be maintained adds a degree of complexity to the planning involved. The development of planned maintenance schedules should involve a multidisciplinary approach. It is critical that the planning is undertaken as the resources required to maintain the assets in optimum condition for the least cost will require the evaluation of a range of factors for different assets.

The selection of appropriate maintenance schedules is crucial to minimise asset maintenance costs while prolonging the service effectiveness of assets. It may appear to be a paradox to plan for unplanned maintenance, but unplanned maintenance consumes resources. It is essential that provision be made for time, money and skills to be available to quickly restore assets that fail in service to their operation effectiveness. Alternatively, contingency plans (business continuity planning / disaster recovery planning) should be made where catastrophic failure of major infrastructure assets has the potential to severely disrupt the provision of services to the community.

### **Routine Maintenance Plan**

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again. Maintenance includes reactive, planned and cyclic maintenance work activities.

Reactive maintenance is unplanned repairs work carried out in response to customer or service requests and management/supervisory directions. Assessment and prioritisation of reactive maintenance is undertaken by Council Staff using experience and judgment.

Planned maintenance is repair work identified and managed through a Maintenance Management System (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, action the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance. Upper Lachlan Shire Council is implementing a MMS by Asset Edge REFLECT for local roads and footpaths.

Cyclic maintenance (capitalised maintenance) is the replacement of higher value components or sub-components of assets that is undertaken on a regular cycle, for example repainting and building roof replacement. This work generally falls into the capital threshold. See Appendix 2 - Infrastructure, Property, Plant And Equipment Accounting Policy And Procedure.



## **Maintenance of Asset Records**

In addition to the financial and technical information requirements for statutory reporting and to enable effective management, asset records must be kept. Maintenance of asset records adds value to the asset management process. Appropriate asset records that record relevant acquisition, operation maintenance, renewal and disposal information can be invaluable sources of information throughout the asset management process. The benefits of comprehensive asset records include:-

- A record for each asset containing information such as condition, fair value, location, and materials.
- Recording maintenance performed ensures that it is not done twice and enables a review to confirm that it has been carried out,
- The maintenance expenditure is charged to the correct asset to develop an historical cost record.

Australian Accounting Standards require assets to be re-valued on a regular basis (currently five (5) year intervals). This requirement ensures that assets are recorded at a value that reflects what the market would pay to acquire the asset or what it might cost to replace the asset in its present form. This can only be achieved with high quality asset data. The value of asset holdings recorded provides an indication of the level of resources that may be required to replace those assets in their current form.

## **RISK MANAGEMENT**

Upper Lachlan Shire Council acknowledges that risks are inherent in every business decision. The identification and management of opportunities and risk is equally critical to ensure business decisions are robust and sustainable across all departments' objectives.

### **Areas of Risk**

Council faces two main risk areas:-

#### **Hazard-Based Risk**

Hazard-based risk is the risk associated with a source of potential harm or a situation with the potential to cause harm. This is the most common risk associated with Council, as addressed by Work Health and Safety programs. Hazard-based risks include:-

- Physical hazards – including noise, temperature or other environmental factors.
- Chemical hazards – including storage and/or use of flammable, poisonous, toxic or carcinogenic chemicals.
- Biological hazards – including viruses, bacteria, fungi and other hazardous organisms.
- Ergonomic hazards – including poor workspace design, layout or activity and equipment usage.
- Psychological hazards – that may result in physical or psychological harm, including bullying, sexual discrimination, workload or mismatch of job specification to employee capability.

Council generally addresses hazard-based risk through its WH&S programs.

#### **Operational Risk**

These are risk that relate to the day-to-day operations of Council. They result from inadequate or failed internal processes, people and systems. The two main, interdependent components are operational integrity and service delivery.

Operational risk arises from inadequate internal controls, inadequate or no documentation, poor planning and implementation, or implementation, or inadequate supervision.

Council has identified the following operational risk areas or categories:-

- Contract administration and procurement
- Workplace Health and Safety management
- Project management and delivery
- Public liability management
- Human resource management
- Fraud and corruption
- Business continuity management

An assessment of risk associated with service delivery from infrastructure assets has identified critical risks to Council in both categories or risk. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' – requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Risk Management Framework are summarised in the following table.

***Critical Risks and Treatment Plans***

<b>Service or Asset at Risk</b>	<b>What can Happen</b>	<b>Risk Rating (VH, H)</b>	<b>Risk Treatment Plan</b>	<b>Associated Costs</b>
Timber Bridges	Failure due to age	VH	10 year timber bridge replacement schedule with Concrete box culverts	\$3,500 / m <sup>2</sup>
Unsealed Rural Roads	Storm events, surface & drainage damage	H	Schedule drainage works & increased Grading cycle	\$2,200 / km
AC Water Mains	Line breaks due to pressure changes	VH	Funds to replace AC water mains each financial year until complete	\$80 / m
Building	Public liability risk with facilities not meeting Building Codes & Safety Standards	H	Source funding grants & consult community to review resourcing needs	\$0.82 m <sup>2</sup>

**RENEWAL**

Renewal is the periodic replacement of assets or asset components. It is the renewal of existing assets that returns the service potential or the life of the asset to that which it had originally. Work over and above restoring an asset to original capacity is upgrade/expansion or new works expenditure.

In the asset operation and maintenance phase, there will have been assessment of the asset on a continuous basis. This history of assessment provides valuable information as the asset nears the end of its useful life, and during its useful life at times when major expenditures are approaching. Council, armed with such information may choose to seek alternate asset options to support services rather than to continue with more of the same as used in the past.

The usage of the asset, the regularity of its maintenance, the extent of unplanned maintenance and any associated downtime, can help to determine the retirement or disposal date of the asset. The current value of the asset is also a factor that should be considered. Its value may be such that an earlier or later disposal date is indicated. Two other factors that must be carefully considered in assessing the condition of an asset are the technical and commercial obsolescence aspects of the asset's condition.

In developing an asset renewal profile, there are a number of concepts to consider:-

- Asset age – the elapsed time since the asset was constructed or acquired and brought into service.

- Current replacement cost as new – the cost to reconstruct/renew the asset. This cost is calculated on a full-cost attribution basis. In the case of major infrastructure assets, the cost will include the cost of design and construction and the indirect costs of the construction/acquisition.
- Useful life of the asset – generally, there are two approaches typically used to develop the asset renewal profile.

One uses the age of the asset, in conjunction with its useful life and current replacement cost as new, to develop the profile. The other uses the current replacement cost of the remaining useful life in lieu of asset age. Once the renewal profile is created, consideration can be given to strategies to deal with expenditure peaks and troughs.

Typically, the strategies may include:-

- Extending the life of existing assets by specific maintenance strategies;
- Renewing some assets earlier than planned;
- Where the increase in expenditure appears to be of a permanent nature, planning for the transfer of funds from other areas or additional revenue budgeting.

### **Asset Renewal Plan**

Assets requiring renewal are identified from Age, condition and/or written down value data obtained from the asset register. Candidate proposals are inspected to verify accuracy of condition and to develop a preliminary renewal estimate based on adopted unit rates. Assets identified for renewal are ranked by priority and available funds and scheduled in future works programs

Renewal will be undertaken using 'low-cost' renewal methods where practical. The aim of 'low-cost' renewals is to restore the service potential or future economic benefits of the asset by renewing the asset at a cost less than replacement cost where possible. Renewals are to be funded from Council's capital works program and grants where available.

### **DISPOSAL**

Disposal, retirement or rationalisation of assets generally will occur due to changes in community demands or needs. Assessment of the need for assets is a part of the Council review process that determines whether it is meeting the needs and expectations of the community. Challenging the status quo and investigating innovative options for meeting the community service needs is all part of this process.

The preservation of some assets means that, while the asset life cycle applies to all assets, some may not be considered for disposal for cultural or heritage reasons. There must be a defined relationship between the growth of Councils asset base, its income and capacity to maintain the service delivery of the asset base to meet community expectation, whilst continuing to deliver all the service required to Council.

Currently there is no defined relationship between the growth of Council's asset base and the subsequent funding to maintain the asset. This shortfall will be addressed by:-

- Improving the distribution of funds to these assets;
- Funding asset renewal and maintenance based on condition;
- Rationalising assets as required; and
- Managing assets to meet community service expectations.

## **ASSET RATIONALISATION**

The reassessment of an asset's usefulness to Council should be made on a regular basis, on two criteria. They are:

1. The need for the asset. Does the organisation have a continuing need for the asset? Is the asset still providing a required service to the community? Is that service provision what the customer expect? Is there a more cost-effective way to provide that service?
2. The useful life of the asset. At acquisition, the asset will have been designed for a useful life, dependent on the factors outlined in the section on useful life. Where factor change, the useful life of the asset should be reassessed. Usage of the asset may have been more or less than planned. The condition of the asset may be better or worse than expected at this point in its life. Any change in the expected useful life of an asset will have accounting implications – the value of the asset may need to be adjusted.

### **10. LIFE CYCLE COST**

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is shown in Table 3.

**Table 3: Life Cycle Cost for Council Services**

Service	Previous Year Expenditure		Previous Year Depreciation Exp	Life Cycle Cost (\$/yr)
	Operations	Maintenance		
Transport	\$0	\$3,905	\$2,564	\$6,469
Water Supply	\$874	\$399	\$448	\$1,721
Sewerage	\$492	\$195	\$445	\$1,132
Buildings	\$0	\$197	\$532	\$729
Other Structure	\$0	\$47	\$127	\$174
Urban Storm-water	\$0	\$13	\$24	\$ 37
<b>TOTAL</b>	<b>\$1,366</b>	<b>\$4,756</b>	<b>\$4,140</b>	<b>\$10,262</b>

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure as an averaged over the past 3 years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is shown in Table 4.

**Table 4: Life Cycle Expenditure for Council Services**

Service	Previous Year Expenditure		Cap Renewal Exp (\$/yr)	Life Cycle Exp (\$/yr)
	Operations	Maintenance		
Transport	\$0	\$3,905	\$4,345	\$8,250
Water Supply	\$874	\$399	\$3,434	\$4,707
Sewerage	\$492	\$195	\$239	\$926
Buildings	\$0	\$197	\$204	\$401
Other Structure	\$0	\$47	\$183	\$230
Urban Storm-water	\$0	\$13	\$93	\$106
<b>All Services</b>	<b>\$1,421</b>	<b>\$4,403</b>	<b>\$5,089</b>	<b>\$14,620</b>

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than the life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist Council in providing service to the community in a financially sustainable manner. This is the purpose of the Infrastructure Plan and long term financial plan.

A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the asset management and long term financial plan.

The life cycle gap and sustainability indicator for services covered by this asset management plan is summarised in Table 5.

**Table 5: Life Cycle Sustainability Indicators**

Service	Life Cycle Cost (\$/yr)	Life Cycle Expenditure (\$/yr)	Life Cycle Gap * (\$/yr)	LC Sustainability Index
Transport	\$6,468	\$8,250	\$1,782	1.28%
Water Supply	\$1,720	\$4,706	\$2,986	2.74%
Sewerage	\$1,132	\$926	(\$206)	0.82%
Buildings	\$729	\$401	(\$328)	0.55%
Other Structure	\$174	\$229	\$ 55	1.32%
Urban Storm-water	\$37	\$106	\$ 69	2.86%
<b>All Services</b>	<b>\$10,260</b>	<b>\$14,618</b>	<b>\$124</b>	<b>1.42%</b>

Note: \* A life cycle gap is reported as a negative value.

## 11. FUNDING ASSET MAINTENANCE AND RENEWAL

Asset management influences the funding of maintenance and renewal of assets as well as the replacement, improvement or acquisition of assets. The levels of funding for these activities are contained in Councils Long Term Financial Plan, the Four Year Delivery Program and annually in Councils Operational Plan.

The development of service standard for assets and the condition rating of asset against these standards will provide Council with a priority list of works that will identify assets requiring intervention to improve their condition to meet the community expectation of asset service delivery. Council will be able to make data based decisions on asset improvements in the context of the entire asset category, thereby allocating adequate funding to the asset on an annual and future basis.

This will assist in preventing the decline of assets due to inadequate funding based on the current budget process that doesn't provide for more than a fiscal year's worth of data. Forecasting asset renewal and maintenance budgets against service standards will assist to ensure that adequate funding is allocated to each asset category over a period necessary to ensure the standard is met and maintained. This will assist in removing the inconsistent application of funding from year to year and replace it with a process that will effectively forecast funding required to maintain, assets which meet the community expectation.

### ASSET VALUATION

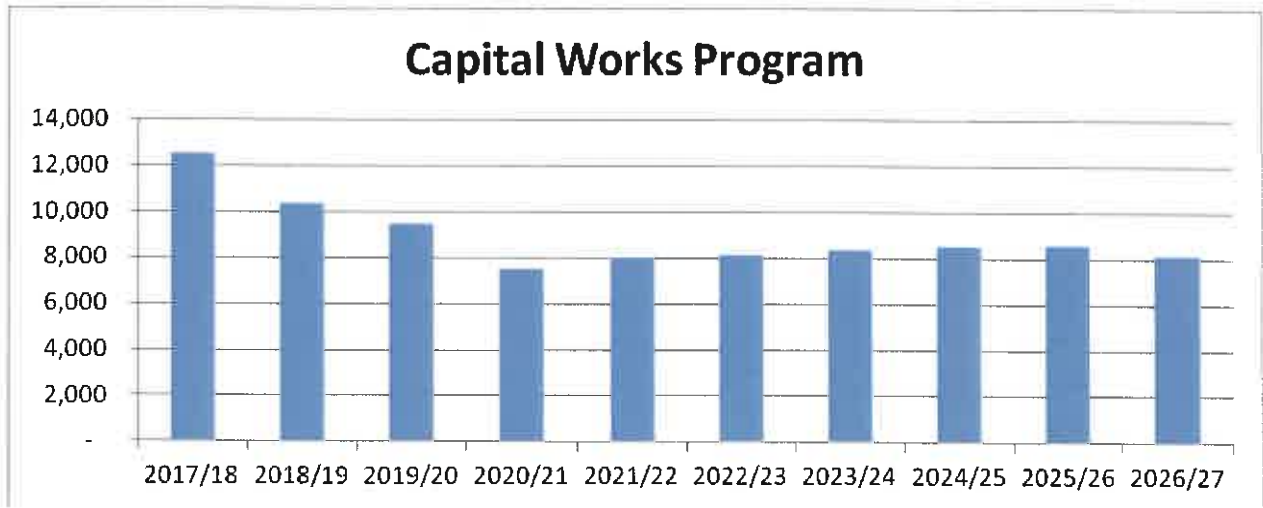
The Upper Lachlan Shire Council Financial Statements, as at 30 June 2016, shows an Infrastructure Asset Renewals Ratio of 148%. In 2015/2016, the Infrastructure Asset Renewals Ratio was 122%. Asset consumption rate and Asset upgrade / expansion rate to be develop in revised plans. The asset revaluation schedule is detailed in Appendix 2 to this Infrastructure Plan.

## 12. PLAN IMPROVEMENT AND MONITORING

This section contains the financial requirement resulting from all the information presented in the previous sections of this Infrastructure Plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

### FINANCIAL STATEMENTS AND PROJECTIONS

The financial projections are shown in the following graph for projected operations capital expenditure (renewal and upgrade/expansion/new assets). These projections are included in Council's Long Term Financial Plan.



GRAPH – Capital Works Program, Total dollars to each financial year

### FUNDING STRATEGY

Projected expenditure identified in the above graph is to be funded from Council's capital budgets and include developer contributions and potential grant funding. The funding strategy is detailed in the Council's 10 year Long Term Financial Plan.

### VALUATION FORECASTS

Asset values are forecast to increase as additional assets are added to the asset base from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council.

The carrying amount of the asset categories (depreciated replacement cost or fair value) will vary depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets.

This process is applied to each asset and subsequently each asset class, determining the renewed value of the asset class, the annual depreciation and the cumulative depreciation of the asset in total.

### KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS

This section details the key financial assumptions made in presenting the information contained in this Infrastructure Plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable the community to gain an understanding of the level of confidence in the data behind the financial forecasts.

Key financial assumptions made in this Asset Management Plan are as follows:-

- Unit Rates

Council has quantified unit rates for all assets for the construction or purchase cost of each asset. In some cases these unit rates are simply the purchase price of an asset for example a pit lid, or as complex as the inclusion of a variety of materials, plant and labour rates combined to rates a single unit rate for an asset.

This level of complexity does build in a certain error to the unit rate which when applied across the asset base can lead to a compounding error in the value of the asset base and the subsequent cost to maintain or renew the asset to deliver a service level or standard.

Currently, Council includes the cost to dispose of an asset in the unit rate of that asset type. As Council moves towards strategic asset management this cost may be captured separately.

- **Annual Maintenance Cost per Unit**

In addition to the above, Council has determined an annual maintenance cost or rate per asset unit to create the direct and quantifiable link between the quantity of the asset and the funds required on an annual basis to maintain that asset, and the delivery of that asset's service level or standard.

- **Depreciation Methodology**

Council adopted a depreciation methodology used to develop the fair value of its assets as required by the Office of Local Government. Straight line depreciation method is used by Upper Lachlan based on a defined asset life for each asset component.

### **IMPROVEMENT TO KEY ASSUMPTIONS**

Accuracy of future financial forecasts may be improved in future revisions of this Infrastructure Plan by the following actions:-

- **Improving Unit Rate Accuracy**

As described above Council has quantified unit rates for all assets for the construction or purchase cost of each asset. Whilst the complexity of the development of these unit rates may allow an element of error to be included in the original rate, the continual review of these rates, based on financial data captured against each asset, will see a reduction of error in the unit rates. The Asset Management 'system' by capturing the necessary data to supply the legislated financial reporting requirement, will itself redefine the unit rates as more and more data is captured to refine the values.

- **Improving Maintenance Rate Accuracy**

As with the unit rate above, there is the potential for error to exist in these maintenance unit rates as the complex nature of the development of these rates can lead to the over or under stating of a particular element of a particular maintenance event.

A periodic review of these figures utilising the information captured against each asset will refine these unit rates.

- **Improving Asset Condition Data**

As the condition associated with each asset is determining remaining life of the asset, a continual yearly update of asset condition and the continual surveillance of the community's assets will improve the renewal information of the organisation.

## **ASSET MANAGEMENT SYSTEM**

Council maintains all asset data in Authority by Civica. This data is readily available to be exported from that format into a variety of formats to suit a variety of needs. These needs include:-

- Work's programming
- Current Asset fair value data
- Expenditure forecasting
- Condition summary
- Extrapolation/manipulation of data
- Asset location and details

In 2014/2015 the infrastructure revaluation at "fair value" provided Council with the opportunity to work with Jeff Roorda and Associates (JRA). Individual infrastructure asset registers of Road, Bridges, Culvert and Pipes, Stormwater Drainage, Footpaths, Kerb and Gutter were re-valued and combined into one excel register.

Council will utilise the Authority Asset System by Civica for future use as an asset register and condition reporting database.

The responsibility for Asset Management is documented in Council's Asset Management Policy.

## **INFORMATION PROCESS**

The key information sources *into* this Infrastructure Plan are:-

- The asset register data on size, age, value, remaining life of the network
- The unit rates of categories of work/material
- The adopted service levels
- Depreciation rates
- Projections of various factors affecting future demand of service
- Correlation between maintenance and renewal, including consumption models
- Data on new assets acquired by Council

The key information sources *from* this Infrastructure Plan are:-

- The assumed Works Program and trends
- The resulting budget, valuation and depreciation projections
- The useful life analysis
- Current condition rating and
- Business rules associated with Asset Management for any infrastructure asset category as contained in this Plan

These will impact Council's Long Term Financial Plan, Delivery Program, strategic business plans, annual budget and Departmental business plans and budgets.

## **PERFORMANCE MEASURES**

The effectiveness of the infrastructure Asset Management Plan can be measured in the following ways:-

- The degree to which the required cash flows identified in this Infrastructure Plan are incorporated into Council's Long Term Financial Plan and Community Strategic Plan.
- The degree to which 1-5 year detailed works programs budgets, business plans and organisational structures take into account the 'global' works program trends provide by the Infrastructure Plan.



## **MONITORING AND RENEWAL PROCEDURES**

This Infrastructure Asset Management Plan will be reviewed during annual budget preparation and amended to recognise the changes in service levels and/or resources available to provide those services. The Infrastructure Plan is updated annually.



MR52 road reconstruction and bitumen resealing

### 13. INFRASTRUCTURE CAPITAL IMPROVEMENT PLAN

Upper Lachlan Shire Council

Projected Capital Upgrade/ Asset Renewal/ New Works Program - Infrastructure

(\$000)

Year	Item	Description	Budget
2017/2018	1	Urban Local Road - Bitumen Resealing, Pavement Rehab, reconstruction & sealing	\$140
	2	Urban Local Sealed Road – Pavement Rehabilitation – Bunnaby Street, Taralga	\$200
	3	Roads to Recovery Gravel Resheeting program on Rural Local Roads	\$481
	4	Rural Local Roads – Gravel Resheeting program (Section 94 fund)	\$191
	5	Rural Local Sealed Road – Bitumen Resealing	\$468
	6	Rural Local Road – Pavement Rehabilitation – Breadalbane Road	\$150
	7	Rural Local Sealed Road – Pavement Rehabilitation and Reseal	\$0
	8	Grabine Road Reconstruction (Roads to Recovery and Transport NSW Grant)	\$800
	9	2016 Road Damage Restoration – Wheeo Road	\$121
	10	2016 Road Damage Restoration – Redground Road	\$352
	11	Regional Roads 2016 Road Damage Restoration - Boorowa Road MR248W	\$837
	12	Regional Roads Resealing and Rehabilitation Program (RMS Block grant funded)	\$334
	13	Regional Roads – Gundaroo Road MR52 Rehabilitation (Council and RMS repair )	\$865
	14	Regional Roads – crash barrier installation - Boorowa Road MR248W	\$100
	15	Regional Roads Timber Bridge Replace – Kiamma Creek Laggan Road MR248E	\$1,062
	16	Regional Roads – Black Spot Program – Taralga Road MR256	\$238
	17	Regional Roads – Black Spot Program – Wombeyan Caves Road MR258	\$186
	18	Roads to Recovery Rural Local Road – Bevendale Road Pavement Rehabilitation	\$270
	19	Roads to Recovery Rural Local Road – Towrang Road Pavement Rehabilitation	\$279
	20	Rural Local Road – Bannister Lane Road Realignment and Initial Seal	\$350
	21	Footpaths – Disabled access, Cycleway, construction	\$120
	22	Kerb and Guttering – towns	\$301
	23	Other Infrastructure (Bus stops, leisure, sport and recreation, tourism)	\$215
	24	Waste Centres, DWM and Rubbish tips – Crookwell Tip	\$1,500
	25	Public Cemeteries – lawn plaque beams and Columbarium	\$10
	26	Stormwater and Drainage	\$185
	27	Public Conveniences and Amenities	\$110
	28	Engineering Plant and Workshop improvements	\$0
	29	Plant and Equipment Net Replacements (Includes all funds purchases)	\$982
	30	Loan Principal payments	\$256
	31	Water supply – Dalton	\$30
	32	Water supply – Taralga	\$50
	33	Water supply – Gunning	\$60
	34	Water supply – Crookwell	\$1,152
	35	Sewerage fund – Taralga	\$50
	36	Sewerage fund – Gunning	\$40
	37	Sewerage fund – Crookwell	\$66
	38	Office Equipment, computers and Information Services (IT)	\$168
	39	Buildings, (Public halls, community centres, administration buildings and houses)	\$274
<b>2018</b>		<b>Total</b>	<b>\$12,993</b>

(\$000)

Year	Item	Description	Budget
2018/2019	1	Urban Local Roads - Bitumen Resealing, Pavement Rehab, reconstruction & sealing	\$144
	2	Urban Local Sealed Road – Pavement Rehabilitation – Robertson Lane, Crookwell	\$200
	3	Roads to Recovery Gravel Resheeting program on Rural Local Roads	\$640
	4	Rural Local Roads – Gravel Resheeting program (Section 94 fund)	\$250
	5	Rural Local Sealed Road – Bitumen Resealing	\$487
	6	Rural Local Sealed Road – Pavement Rehabilitation – Bevendale Road	\$188
	7	Rural Local Sealed Road – Pavement Rehabilitation – Gurrundah Road	\$181
	8	Grabine Road Reconstruction (Roads to Recovery and Transport NSW Grant)	\$400
	9	Regional Roads Resealing and Rehabilitation Program (RMS Block grant funded)	\$478
	10	Regional Roads – Laggan Road MR248E Rehabilitation (Council and RMS repair)	\$745
	11	Local Roads – Causeway extension program	\$100
	12	Local Roads – Culvert Replacement program	\$100
	13	Local Roads – Lade Vale Road, Causeway replacement	\$110
	14	Local Roads Timber Bridge Replacement – Crookwell River Bridge Woodville Road	\$290
	15	Local Roads Timber Bridge Replacement – Diamond Creek Bridge Kangaloolah Road	\$520
	16	Footpaths – Disabled access, Cycleway, construction	\$100
	17	Kerb and Guttering – towns	\$70
	18	Other Infrastructure (Bus stops, leisure, sport and recreation, tourism)	\$165
	19	Waste Centres, DWM and Rubbish tips (Includes Crookwell Tip)	\$1,550
	20	Public Cemeteries – lawn plaque beams and Columbarium	\$10
	21	Stormwater Improvements (Brooklands Street and Goulburn Street, Crookwell)	\$380
	22	Public Conveniences and Amenities	\$0
	23	Engineering Plant and Workshop improvements	\$0
	24	Plant and Equipment Net Replacements (Includes all funds purchases)	\$932
	25	Loan Principal payments reduction	\$360
	26	Water supply – Dalton	\$30
	27	Water supply – Taralga	\$50
	28	Water supply – Gunning	\$60
	29	Water supply – Crookwell	\$151
	30	Sewerage fund – Taralga	\$0
	31	Sewerage fund – Gunning	\$40
	32	Sewerage fund – Crookwell	\$90
	33	Office Equipment, computers and Information Services (IT)	\$137
	34	Buildings, (Public halls, community centres, administration buildings and houses)	\$363
	35	Construction of Crookwell Memorial Oval Amenities and Facility Buildings	\$1,036
<b>2019</b>		<b>Total</b>	<b>\$10,357</b>

(\$000)

Year	Item	Description	Budget
2019/2020	1	Urban Local Roads - Bitumen Resealing, Pavement Rehab, reconstruction & sealing	\$148
	2	Urban Local Sealed Road – Pavement Rehabilitation – Bond Street, Gunning	\$100
	3	Urban Local Sealed Road – Pavement Rehabilitation – Roberts Street, Crookwell	\$180
	4	Roads to Recovery Gravel Resheeting program on Rural Local Roads	\$654
	5	Rural Local Roads – Gravel Resheeting program (Section 94 fund)	\$250
	6	Rural Local Sealed Road – Bitumen Resealing	\$706
	7	Rural Local Sealed Road – Pavement Rehabilitation – Roslyn Road	\$188
	8	Rural Local Sealed Road – Bannaby Road – Crash barrier	\$65
	9	Rural Local Road – Reids Flat Road - Causeway Replacement	\$65
	10	Grabine Road Reconstruction (Roads to Recovery and Transport NSW Grant)	\$400
	11	Regional Roads Resealing and Rehabilitation Program (RMS Block grant funded)	\$492
	12	Regional Roads – Laggan Road MR248E Rehabilitation (Council and RMS repair)	\$745
	13	Local Roads – Peelwood Creek, Peelwood Road Timber Bridge Replacement	\$1,000
	14	Local Roads – Julong Road, Crookwell River Timber Bridge Replacement	\$125
	15	Footpaths – Disabled access, Cycleway, construction	\$50
	16	Kerb and Guttering – towns	\$70
	17	Other Infrastructure (Bus stops, leisure, sport and recreation)	\$180
	18	Waste Centres, DWM and Rubbish tips	\$600
	19	Public Cemeteries – lawn plaque beams and Columbarium	\$10
	20	Stormwater Improvements (Carr Street, Crookwell and Collector)	\$400
	21	Public Conveniences and Amenities	\$0
	22	Engineering Plant and Workshop improvements	\$360
	23	Plant and Equipment Net Replacements (Includes all funds purchases)	\$1,497
	24	Loan Principal payments reduction	\$385
	25	Water supply – Dalton	\$30
	26	Water supply – Taralga	\$50
	27	Water supply – Gunning	\$60
	28	Water supply – Crookwell	\$150
	29	Sewerage fund – Taralga	\$50
	30	Sewerage fund – Gunning	\$40
	31	Sewerage fund – Crookwell	\$60
	32	Office Equipment, computers and Information Services (IT)	\$83
	33	Buildings, (Public halls, community centres, administration buildings and houses)	\$323
<b>2020</b>		<b>Total</b>	<b>\$9,516</b>

(\$000)

Year	Item	Description	Budget
2020/2021	1	Urban Local Roads - Bitumen Resealing, Pavement Rehab, reconstruction & sealing	\$153
	2	Urban Local Sealed Road – Pavement Rehabilitation – King Road, Crookwell	\$200
	3	Urban Local Sealed Road – Pavement Rehabilitation – Biala Street, Gunning	\$100
	4	Roads to Recovery Gravel Resheeting program on Rural Local Roads	\$654
	5	Rural Local Roads – Gravel Resheeting program (Section 94 fund)	\$250
	6	Rural Local Sealed Road – Bitumen Resealing	\$734
	7	Rural Local Sealed Road – Bitumen Resealing New Program	\$200
	8	Rural Local Sealed Road – Pavement Rehabilitation – Breadalbane Road	\$150
	9	Rural Local Road – Pavement Rehabilitation – Golspie Road (East of Cummins Road)	\$75
	10	Local Roads – Causeway extension program	\$100
	11	Local Roads – Culvert Replacement program	\$100
	12	Regional Roads Resealing and Rehabilitation Program (RMS Block grant funded)	\$507
	13	Regional Roads – Gundaroo Road MR52 Rehabilitation (Council and RMS repair )	\$745
	14	Local Roads – near Kangaloolah Road intersection, Peelwood Road Timber Bridge Replacement	\$130
	15	Footpaths – Disabled access, Cycleway, construction	\$50
	16	Kerb and Guttering – towns	\$70
	17	Other Infrastructure (Bus stops, leisure, sport and recreation)	\$180
	18	Waste Centres, DWM and Rubbish tips	\$0
	19	Public Cemeteries – lawn plaque beams and Columbarium	\$10
	20	Stormwater and Drainage – Detention Basin (Denison Street, Crookwell)	\$867
	21	Public Conveniences and Amenities	\$0
	22	Engineering Plant and Workshop improvements	\$0
	23	Plant and Equipment Net Replacements (Includes all funds purchases)	\$1,036
	24	Loan Principal payments reduction	\$411
	25	Water supply – Dalton	\$30
	26	Water supply – Taralga	\$50
	27	Water supply – Gunning	\$60
	28	Water supply – Crookwell	\$152
	29	Sewerage fund – Taralga	\$0
	30	Sewerage fund – Gunning	\$40
	31	Sewerage fund – Crookwell	\$67
	32	Office Equipment, computers and Information Services (IT)	\$111
	33	Buildings, (Public halls, community centres, administration buildings and houses)	\$330
<b>2021</b>		<b>Total</b>	<b>\$7,562</b>

## **14. APPENDICES**

### **APPENDIX 1**

ASSET MANAGEMENT POLICY

### **APPENDIX 2**

INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY AND PROCEDURE

## APPENDIX 1

<b>POLICY:-</b>	
Policy Title:	<b>ASSET MANAGEMENT POLICY</b>
File reference:	F10/618-03
Date Policy was adopted by Council initially:	15 October 2009
Resolution Number:	418/09
Other Review Dates:	N/A
Resolution Number:	
Current Policy adopted by Council:	21 March 2013
Resolution Number:	61/13
Next Policy Review Date:	2014

<b>PROCEDURES/GUIDELINES:-</b>	
Date procedure/guideline was developed:	N/A
Procedure/guideline reference number:	N/A

<b>RESPONSIBILITY:-</b>	
Policy developed by:	Director of Works and Operations
Committee/s (if any) consulted in the development of this Policy:	
Responsibility for implementation:	Director of Works and Operations
Responsibility for review of Policy:	Director of Works and Operations

## **BACKGROUND AND CONTEXT**

Council's assets are made up of a wide range of different asset types all of which are fundamental in meeting the needs of the community. Assets may be physical (i.e. tangible e.g. plant, buildings) or non-physical (i.e. intangible e.g. intellectual property, good will). This policy only considers physical assets.

The major characteristics of an asset are:

- There must be service potential or future economic benefits,
- The future economic benefits must be quantifiable, and
- Council must have control of the service potential.

Council's major assets are categorised as follows:

- Roads
- Bridges
- Water system
- Sewerage system
- Buildings
- Stormwater structures
- Land Community and Operational
- Footpaths, kerb and gutters

The standard to which these assets are provided and maintained impacts on residents, the business community and visitors, as well as the amenity and safety aspects of the community.

The long-lived nature of many assets and the need for their ongoing renewal means that planning must be based on an understanding of the full costs throughout each asset's life cycle and address both short and long term planning needs.

## **15. SCOPE**

This policy applies to all infrastructure assets under the care and control of Upper Lachlan Shire Council.

## **16. POLICY STATEMENT**

The focus of this policy is to enable informed decision-making on the provision of services. Whilst Council is the custodian of a large and diverse asset portfolio that has been accumulated over a long period, the purpose of strategic asset management is to determine the optimum method to provide the desired service levels for current and future generations.

Upper Lachlan Shire Council currently owns, controls, maintains and is responsible for substantial number of asset classes including property, buildings, plant and equipment, roads, bridges, footpaths, drainage, recreation facilities, waste management facilities, parks and reserves, aerodrome, car parks, caravan parks, water and sewerage assets. These assets make up the social and economic infrastructure that enables the provision of services to the community and businesses, playing a vital role in the local economy and on quality of life. Asset management is a tool that facilitates corporate accountability and impacts on all areas of service planning and delivery.

A strong and sustainable local government system requires a robust planning process to ensure that those assets are maintained and renewed in the most appropriate way on behalf of local communities. As custodian, Council is responsible to effectively account for and manage these assets and to have regard to the long-term and cumulative effects of its decisions. This is a core function of Councils and is reflected in the Charter, in Section 8 of the *Local Government Act 1993* (NSW).



Given the value and importance of infrastructure assets, it is essential that they are well managed to ensure their future sustainability. Failure to adequately manage infrastructure assets is a key risk that could prevent Council from achieving strategic goals.

Council's Community Strategic Plan expresses the desires of the community and provides a resource to assist Council in the determination of appropriate and sustainable levels of service.

Council's Community Strategic Plan sets the desired services, and levels of service, that Council will provide to the community. The asset management process determines the life cycle cost and funding requirements of the target service levels for current and future generations. The long-term financial plan is the mechanism by which the funding requirements of the asset management plan and other corporate objectives in the Community Strategic Plan are tested and implemented.

This policy sets the principles that will govern the provision of asset related services. The asset management framework and strategy sets out the process to determine the life cycle cost of each service and a funding model to achieve and sustain the target service levels. The framework will define accountabilities for service planning and delivery.

Asset management relates directly to Council's Community Strategic Plan and Long Term Financial Plan. A strategic approach to asset management ensures that the Council delivers the highest appropriate level of service through its assets. This provides positive impact on:

- Members of the public and staff;
- Council's financial position;
- The ability of Council to deliver the expected level of service and infrastructure;
- The political environment in which Council operates; and
- The legal obligations and liabilities of Council.

## **17. BEST PRACTICE**

In order to achieve the objectives of this policy, Council adopts the following core principles:

### **1. *Understanding Customer Expectations***

- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Infrastructure Services will be regularly reviewed to ascertain the community's expectations, and
- Council will employ a range of community engagement techniques to capture the views, opinions and expectations of the community in relation to asset quality, maintenance and renewal priorities and standards.

### **2. *Asset Planning and Budgeting***

- Asset management principles will be integrated within existing planning and operational processes.
- Asset condition assessment will be carried out by Works & Operations Department, leading to a program of works based on risk matrix profile, road hierarchy and road classification.
- Council will adopt life cycle cost analysis for the management of infrastructure assets.
- Capital Works Projects and Asset Maintenance shall be subjected to technical and financial evaluation and prioritised using predetermined criteria and the principles outlined in Council's Asset Management Plans.
- Council will regularly review its asset inventory and identify opportunities for asset rationalisation.
- Wherever possible, predictive modelling will be used to develop and implement preventative maintenance programs to ensure that lowest net life cycle cost is achieved and asset potential is optimised.

### **3. *Asset Operations and Management***

- A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best practice throughout all departments of Council.
- Maintenance plans shall be developed using asset condition data and shall incorporate a cost-benefit analysis.
- All services shall be regularly benchmarked to ensure Council is meeting best practice standards, and
- All outsourced services will be procured through a competitive process.

### **4. *Management of Risk***

- Council will maintain a program of regular inspection of assets under its control to minimise community's risk.
- Council will implement the principles of ISO 3000:2009 when identifying analysing, evaluating and treating risks presented by Council assets and infrastructure, and
- Council will maintain Work Health and Safety System for its employees and contractors working on Council assets.

### **5. *Asset Accounting and Costing***

- Systematic, cyclic reviews will be applied to all asset classes ensuring assets are managed, valued and depreciated according to appropriate best practice Australian Standards.
- Council will maintain a detailed asset management system of all owned assets.
- Useful lives will be determined for each of these assets with the written down value determined in accordance with the current applicable accounting regulations.
- Depreciation charges will be calculated using a method that reflects the true consumption of the asset, or is an indication of the future cash flows necessary to sustain asset condition and maintain the required service level. Wherever possible, condition based depreciation method will be used to determine written down value, and
- Council will value all these current assets at Fair Value.
- Council will revalue each asset class on a regular (3-5 years) basis.
- Residual values will be determined based on value at the end of the economic life cycle.

### **6. *Asset Management Plans***

- Council will develop Asset Management Plans for each asset Category.
- Asset Management Plans will establish Levels of Service, Future Demand, Life Cycle Management Plans Financial Projections, Asset Management Practices, Performance Monitoring and Improvement.
- Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of services.
- The Asset Management Plans will be linked to the Community Strategic Plan and Long Term Financial Plan, and
- The Asset Management Plans will be subjected to continuous improvement.

## **18. ROLES AND RESPONSIBILITIES**

The responsibilities and relationships associated with Asset Management are:

### ***The Council***

- To act as overall stewards for Council assets.
- To adopt the corporate Asset Management Policy and Strategy.
- To agree to levels of service, risk and cost standards via the annual Business Planning process, and
- To approve appropriate resources for asset management activities in the Long Term Financial Plan and the annual budget.

### ***Executive Management Group***

- To foster and support the cross-functional Asset Management Policy.
- To ensure that accurate and reliable information is presented to Council for decision-making, and
- To ensure that adequate resources are provided to implement approved Asset Management Strategies and plans.

### ***Senior Management***

- To monitor and review the implementation of the Asset Management Policy and Asset Management Strategy.
- To represent the key asset management functions, e.g. Infrastructure Planning, Maintenance and Construction, Finance, Community Engagement and direct service provision such as Recreation and Community Services.
- To monitor the development and implementation of the Asset Management Practices Improvement Strategy.
- To provide guidance to develop long term (whole of life) Asset Management Plans for major asset groups.
- To ensure the community needs and expectations are considered in the development of Asset Management Plans.
- Maintain Asset registers and condition reporting systems for Council.
- To review the performance of asset management programs such as maintenance programs and capital works programs.
- Ensure efficient and effective use of Council funds and optimising “life cycle” cost of all assets.
- Promote and raise awareness of asset management to the Council, staff, key stake-holders and the community.
- To provide advice on City structure plans, land use planning and major (subdivision) developments, and
- To evaluate and prioritise Capital Works projects on Council-owned and controlled land and recommend the annual and 10 year program to the Executive Management Group.

### ***Asset / Risk Coordinator***

- The implementation of an effective Asset Management System, to ensure the Council takes a proactive role in Asset Management.
- To develop and implement asset management strategies
- To coordinate to the development of forward planning programs for Council's asset activities within the Division
- To lead in the development of asset performance standards
- In consultation with the community and the Director of Works and Operation develop long term strategic and operational plans asset and infrastructure management
- Proactively pursue improvement in the management of all Council's activities and assets in accordance with StateCover best practice guidelines
- Development and implementation of asset management processes to enable long term sustainable management of Council's infrastructure
- Prepare reports for Council outlining such matters as level of funding required to maintain assets, list of priority projects
- Complete questionnaires associates with asset management
- Attend relevant and approved Asset management Seminars and develop a network with other Councils

## **19. ASSET MANAGEMENT FRAMEWORK**

The management of Council's assets will be within the framework outlined below.

<sup>1</sup>The Asset Management (AM) framework links asset management activities with the council's strategic objectives. Figure 1 defines the Asset Management Framework consisting of a documented hierarchy of AM policy, Strategy and plans that:

- Links organisational strategic objectives with the AM policies and objectives needed to deliver them;
- Links council's strategic objectives with the levels of service that the assets should deliver;
- Guides, the AM priorities, the work required on the assets to achieve those objectives, and the finances needed to support that work.

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<sup>1</sup> IIMM -2011 The Asset Management Framework, page 2/3

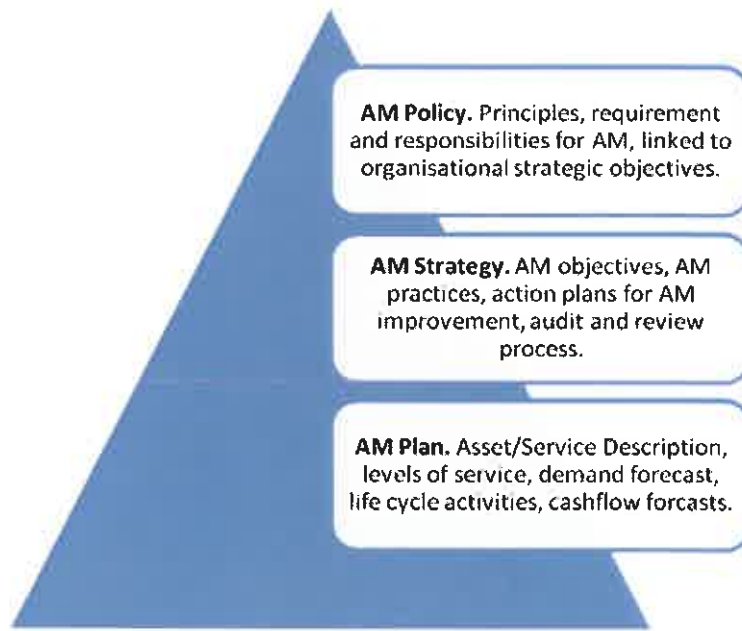


Figure 1 the Asset Management Framework

## 20. GUIDING PRINCIPLES FOR ASSET MANAGEMENT DECISIONS

Council will take into consideration the following principles to determine asset management decisions.

### 1. **Level of Service**

- (a) In accordance with its long term Asset Management and Financial Plans, Council will provide quality infrastructure assets that support service levels that are appropriate, accessible, responsive and sustainable to the community.
- (b) Consult with the community and key stakeholders on determining Levels of Service and asset service standards.

### 2. **Demand Forecasting**

- (a) Developing sustainable and effective management strategies for the long term including demand analysis covering changes in legislations and demographics.

### 3. **Life Cycle Planning**

- (a) Life Cycle Asset Management is fundamental to the achievement of the Council Plan and Council's Long Term Financial Strategy Plan.
- (b) The decision to fund capital projects will be based on agreed criteria for the evaluation and prioritisation of Capital proposals. This will include those projects suggested by the community.
- (c) Setting the priority for asset management in descending order as follows:
  1. Asset renewal,
  2. Asset upgrade, and
  3. Asset extension.

### 4. **Risk Management**

- (a) Resources and priorities for asset management practices will include a risk assessment.

## 5. **Financial Management**

- (a) The amount of renewal funding required to maintain minimum service levels will be reflected in Council's 10 Year Long Term Financial Plan.
- (b) The provision of funding for new projects will only be considered after renewal requirements are identified and considered.
- (c) Prior to consideration of any major new works, renewal or up-grade to an asset, a critical review, based on demonstrated service needs will be undertaken and the "whole of life" costs of that asset will be reflected in Council's 10 Year Financial Plan.
- (d) Decisions today impact on future generations.
- (e) Accounting procedures will follow Council's current Accounting Policy and Procedure (see Appendix A).

## 21. DEFINITIONS

**Asset** – A physical component of a facility which has value and enables services to be provided and has an economic life of greater than 12 months. They represent not only physical objects or rights which have some monetary value, but also result from expenditure from which the benefit is yet to be derived.

**Asset Life Cycle** – This is the period of ownership of an asset from the planning and design phase through to decommissioning or disposal.

**Asset Management** – Asset Management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets.

**Asset Management Information System** – An Asset Management Information System is the foundation for all Asset Management practices. It is a combination of processes, data and software applied to provide the essential outputs for effective asset management such as reduced risk and optimum infrastructure investment. The Asset Management Information System links to other information systems within Council such as the Property System, Geographic Information System, Finance System and Document Management System integrating Asset Management with the rest of Council's operations.

**Asset Management Strategy** – A strategy for asset management covering development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation, replacement, disposal and performance monitoring to ensure desired level of service and other operational objectives are achieved at optimum cost. The Community Strategic Plan typically has a 10-25 year horizon and aligns Asset Management with the corporate business plan (IPWEA, 2006).

**Asset Management Plan** – A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the assets in the most cost effective manner to provide a specified level of service. A significant component of the plan is long-term cash flow projection for the activities (IPWEA, 2006).

**Capital Expansion** – Providing a new asset – e.g. extending a footpath to an area where the footpath did not exist or was classified as "natural earth".

**Capital Renewal** – Renewing the existing asset to extend its serviceability, but not providing a higher level of service – e.g. resealing, re-sheeting an unsealed road (not widening).

**Capital Upgrade** – Renewing the asset, thereby providing a higher level of service – e.g. sealing an unsealed road, upgrading a stormwater pipe with a larger size.

**Infrastructure Asset** – Infrastructure assets are typically large, interconnected networks or portfolios of composite assets, comprising components and sub-components that are usually renewed or replaced individually to continue to provide the required level of service from the network. Some examples are roads, footpaths and cycle ways, water and sewerage reticulation infrastructure, bridges and municipal buildings.

**Level of Service** – Defining and meeting community expectations in relation to the quality and quantity of services delivered by Council. In the context of asset management, this applies to assets such as roads.

**Maintenance** – Does not upgrade or renew the asset, it just enables the asset to attain its planned lifespan – e.g. pothole repair, crack sealing and bitumen patching.

**Operational Plan** – Operational plans generally comprise detailed implementation plans and information with a 1-3 year outlook (short-term). The plans typically cover operational control to ensure delivery of Asset Management Policy, Strategy and Plans. The plans also detail structure, authority, responsibilities, deliver defined levels of service and emergency preparedness/response (IPWEA, 2006).

**Useful Life of an Asset** – The useful or economic life of an asset is the estimated or expected time between placing the asset into service and removing it from service.

## REFERENCES

NSW Local Government Act 1993 (as amended)  
NSW Local Government Regulation (as amended)  
Australian Accounting Standards  
Civil Liability Act 2002  
WHS Act 2011  
WHS Regulation  
International Infrastructure Management Manual  
ISO 30000:2009 Risk Management Principles  
ULSC Procurement Policy  
ULSC Infrastructure Plan

## VARIATION

Council reserves the right to vary or revoke this policy.

## APPENDIX 2:

# INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY AND PROCEDURE

### Materiality

Assets with an economic life, which is determined to be longer than one year, are only capitalised where the cost of acquisition/construction exceeds materiality thresholds established by Council for each type of asset. In determining such thresholds, which are reviewed annually, regard is given to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year under review are provided below:-

Land	- Council Land - Operational and Community	Capitalise
	- Open Space	Capitalise
	- Land under Roads	Not Capitalised
Roads, Bridges, and Footpaths		
	- Construction/Reconstruction	Capitalise if value >\$5,000
	- Reseal/Resheet and Major Repairs	Capitalise if value >\$5,000

### Initial Valuation at Fair Value

The Office of Local Government, (OLG) determined that all asset classes will be valued at fair value in accordance with AASB 116 in a staged approach. The following classes of assets were all initially valued at fair value in the following years:-

2006/2007	- Water Supply and Sewerage Networks.
2007/2008	- Buildings, Operational Land, and Property, Plant and Equipment Assets.
2009/2010	- Roads, Bridges, Footpaths, Stormwater, and Drainage Assets.
2010/2011	- Community Land, Land Improvements, Other Structures and Other Assets.

### Revaluation at Fair Value

All assets re-valued will be carried in the accounts at their re-valued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment costs. All new assets and asset acquisitions made after the respective dates of valuation are recorded at their initial cost of acquisition.

The Office of Local Government (OLG) have determined that all asset classes are required to be re-valued at least every five years, at their fair value, as follows:-

2015/2016	- Community Land, Land Improvements and other assets.
2016/2017	- Water Supply and Sewerage network assets.
2017/2018	- Buildings, Operational Land, Other Structures and Property, Plant and Equipment Assets.
2019/2020	- Roads, Bridges, Footpaths, Stormwater, and Drainage assets



## **Infrastructure, Plant and Equipment, Office Equipment, and Furniture and Fittings**

These classes of assets are recognised at fair value, as at 30 June 2013, under AASB 116, as per the Office of Local Government's directions, using the depreciated historical cost method:-

*'In light of the nature and value of Council plant and equipment the Department has stated that NSW Councils may use depreciated historic cost as fair value as long as Council has undertaken a high level review to determine if there has been any impairment to the assets.'*

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. All new assets and asset acquisitions made after the respective dates of valuation are recorded at their initial cost of acquisition.

There has been no change to the valuation process during the reporting period. Major depreciation periods and capitalisation thresholds remain unchanged.

Major depreciation periods are:-

- Plant and Equipment, Road-making Equipment	10 to 15 years
- Office Equipment	5 to 10 years
- Office Furniture and Fittings	10 to 20 years
- Motor Vehicles	5 years

Asset capitalisation thresholds include:-

- Office Equipment	\$2,000
- Furniture and Fittings	\$2,000
- Plant and Equipment	\$5,000

### **Land under Roads**

Council has elected not to recognise land under roads acquired before 30 June 2008 in the Statement of Financial Position in accordance with AASB 1051.

Land under roads acquired after 30 June 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment. No land under roads has been acquired after 30 June 2008.

### **Operational Land**

Operational Land was initially valued at Fair Value as per AASB 116 by external independent valuer, Scott Fullarton Valuations Pty Ltd, during the reporting period ended 30 June 2007. Desktop updates were provided as at 30 June 2008 and these values were recognised at fair value as at 30 June 2008.

Operational Land was re-valued at Fair Value by external independent valuer Scott Fullarton Valuations Pty Ltd as at 30 June 2014. Valuation was undertaken in accordance with the requirements of AASB 13 Fair Value, which defines Fair Value as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". This involved establishing the nature of the asset, characteristics important to market participants, the appropriate market and valuation premise. Having maximised the level of valuation input, the adopted technique deemed appropriate is the Market Approach which requires the comparison or income approach to valuation. All new Operational Land acquired after the current valuation date is recorded at the initial cost of acquisition.

There has been no change to the valuation process during the reporting period.

## Community Land – Council Controlled

Community Land was valued at Fair Value as per AASB 116 by external independent valuer, Scott Fullarton Valuations Pty Ltd, during the reporting period ended 30 June 2007. Desktop updates were provided as at 30 June 2008 and these values were recognised at fair value as at 30 June 2011. All new Community Land acquired after the current valuation date is recorded at the initial cost of acquisition.

Community land was required to be re-valued as at 30 June 2016. In line with the prescribed manner of attributing a valuation to Community Land, the land values as supplied by the Valuer General's Office have been used.

The valuation process has been changed from independent market value by a qualified valuer to using the Valuer General's land values during the reporting period.

Major depreciation periods are:-

Community Land	Non Depreciable
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Asset capitalisation thresholds include:-

Community Land	Valuation by Valuer General's
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## Land Improvements - Depreciable

Land Improvements - Depreciable were initially valued at Fair Value under AASB 116 from 30 June 2011 using the depreciated historical cost method. A review of these assets was undertaken for 30 June 2016 and the same valuation methodology was retained.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. All new assets and asset acquisitions made after the current valuation date are recorded at their initial cost of acquisition. Due to the diverse nature of land improvements, major depreciation periods are up to 100 years and the capitalisation threshold is \$5,000.

There has been no change to the valuation process during the reporting period.

## Buildings - Specialised and Non-Specialised

Buildings were initially valued at Fair Value as per AASB 116 by external independent valuer Scott Fullarton Pty Ltd during the reporting period ended 30 June 2007. Desktop updates were provided as at 30 June 2008 and these values were recognised at fair value as at 30 June 2008.

Buildings were re-valued at Fair Value by external independent valuer Scott Fullarton Valuations Pty Ltd as at 30 June 2014. Valuation was undertaken in accordance with the requirements of AASB 13 Fair Value, which defines Fair Value as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". This involved establishing the nature of the asset, characteristics important to market participants, the appropriate market and valuation premise. Having maximised the level of valuation input, the adopted techniques deemed appropriate are:

Non-specialised buildings - Market Approach - This requires the comparison or income approach to valuation.  
Specialised buildings - Cost Approach - This requires the depreciated replacement cost approach to valuation.

All new buildings acquisitions (new acquisitions and capital improvements) made after the current valuation date are recorded at their initial cost of acquisition.

There has been no change to the valuation process during the reporting period.

## Buildings - Specialised and Non-Specialised – Depreciation and Capitalisation Thresholds

Major depreciation periods and capitalisation thresholds remain unchanged.

Major depreciation periods are:-

Buildings	50 to 100 years
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Asset capitalisation thresholds include:-

Buildings - construction/extensions/renovations	\$2,000
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### **Other Structures**

Other Structures were initially valued at Fair Value as per AASB 116 by external independent valuer, Scott Fullarton Valuations Pty Ltd, during the reporting period ended 30 June 2007. Desktop updates were provided as at 30 June 2008 and these values were recognised at fair value as at 30 June 2011.

The Other Structures asset class was re-valued at Fair Value by external independent valuer, Scott Fullarton Valuations Pty Ltd, as at 30 June 2014. Valuation was undertaken in accordance with the requirements of AASB 13 Fair Value with the adopted technique deemed appropriate being the Cost Approach which requires the depreciated replacement cost approach to valuation.

All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

Major depreciation periods are:-

Other Structures	15 to 50 years
Other Structures - Masonry	50 to 80 years
Playground Equipment	15 years

Asset capitalisation thresholds include:-

Park Furniture and Playground Equipment	\$1,000
Other Structures	\$2,000

### **Roads**

Roads were initially componentised by formation, pavement, surface and structures including kerb and gutter. This asset class was valued at Fair Value by an internal valuation undertaken by Upper Lachlan Shire Council professional engineering staff and were recognised at fair value from 30 June 2010.

The Roads asset class was re-valued as at 30 June 2015 componentised by formation (non-depreciable), pavement sub-base (non-depreciable), pavement base, surface and structures including kerb & gutter. This asset class was re-valued at Fair Value by external consultants Jeff Roorda and Associates and Upper Lachlan Shire Council professional engineering staff and were recognised at fair value from 30 June 2015. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

There have been changes to the valuation process during the reporting period.

Road pavement was previously valued as one component with a depreciable component of 67% and a residual or non-depreciable amount of 33%. This approach acknowledged that the upper pavement can be replaced upon reconstruction while the lower level pavement is a permanent structure. In conjunction with

external consultants Jeff Roorda and Associates it was decided to divide pavement into 2 separate components. The upper level (50mm) is described as Pavement Base which is depreciable over 30 years for unsealed roads and 100 years for sealed roads. The lower level road pavement which is described as Pavement Sub-base is not replaced and is non-depreciable.

This separation of the components was based on Council's current and previous road reconstruction practices which only replaces or supplements the top 50mm of the road pavement.

Major depreciation periods are:-

- Sealed Roads – Surface	25 years
- Sealed Roads – Pavement Base	100 years
- Unsealed Roads – Pavement Base	30 years
- Other Road Structures	100 years
- Roads Pavement Sub-base	Infinite
- Formation (Bulk Earthworks)	Infinite
- Kerb and Gutter	80 years

Asset capitalisation thresholds include:-

- Road construction, gravel resheeting and reconstruction	\$5,000
- Kerb and Gutter	\$5,000

### **Bridges**

Bridge assets are classified as concrete, timber or drainage structures. This asset class was valued at Fair Value by an internal valuation undertaken by Upper Lachlan Shire Council professional engineering staff and were recognised at fair value from 30 June 2010.

The Bridges asset class was re-valued as at 30 June 2015 classified as concrete, timber or drainage structures. This asset class was re-valued at Fair Value by external consultants Jeff Roorda & Associates and Upper Lachlan Shire Council professional engineering staff and were recognised at fair value from 30 June 2015.

There has been no change to the valuation process during the reporting period.

Major depreciation periods are:-

Bridges – Concrete	100 years
Bridges – Timber	40 - 100 years
Drainage Structures on Roads	100 years

Asset capitalisation thresholds include:-

Bridge construction and reconstruction	\$5,000
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### **Footpaths**

Footpaths were valued in-house by Council's Engineering Department in June 2010 and were based on professional judgment incorporating historical cost per square metre of works carried out previously. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

Footpaths were re-valued as at 30 June 2015 at Fair Value by external consultants Jeff Roorda and Associates and Upper Lachlan Shire Council professional engineering staff and were recognised at fair value from 30 June 2015. The same historical cost per square metre of works carried out was utilised. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition

There has been no change to the valuation process during the reporting period.

Major depreciation periods are:-

Footpaths	80 years
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Asset capitalisation thresholds include:-

Footpaths	\$5,000
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### **Stormwater Drainage Assets**

The Stormwater Drainage asset class was valued at Fair Value by an internal valuation undertaken by Upper Lachlan Shire Council professional engineering staff and recognised at fair value from 30 June 2010.

Stormwater Drainage assets were re-valued as at 30 June 2015 at Fair Value by external consultants Jeff Roorda and Associates and Upper Lachlan Shire Council professional engineering staff. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The NSW Office of Water 'Reference Rates Manual - valuation of water supply, sewerage and stormwater assets' was utilised to assist to determine fair value.

While the unit rates may be supported from market evidence other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgment. All asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

There has been no change to the valuation process during the reporting period.

Major depreciation periods are:-

Stormwater and Flood Control Structures	100 years
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Asset capitalisation thresholds include:-

All Stormwater assets	\$5,000
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### **Other Assets**

Assets within this class comprise of all assets not classified elsewhere. Other Assets, other than tips and quarries rehabilitation, are valued at Fair Value under AASB 116 from 30 June 2012 using the depreciated historical cost method. A review of these assets was undertaken for 30 June 2016 and the same valuation methodology was retained. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

There has been no change to the valuation process during the reporting period.

### **Restricted Assets**

Restrictions exist in relation to the following asset classes, which must be applied for the purposes for which special rates and other charges enabling their purchase were raised. They include Water Supply and Sewerage asset classes.

## Water Supply and Sewerage Infrastructure Assets

Water Supply and Sewerage infrastructure assets were initially valued by Andrew Nock Valuers Pty Ltd, an independent plant, equipment and infrastructure Valuer at Fair Value according to AASB 116 using the gross restatement method during the reporting period ended 30 June 2007.

Water Supply and Sewerage infrastructure assets were re-valued at Fair Value by an internal valuation undertaken by Upper Lachlan Shire Council professional operations staff and were recognised at fair value as at 30 June 2012. Council's extensive water and sewer capital works program carried out over the last 5 years has provided useful comparative data on the local construction cost of water and sewer assets. This information was used in conjunction with the NSW Office of Water 'Reference Rates Manual - valuation of water supply, sewerage and stormwater assets' to determine fair value. These assets are indexed each year in line with the Reference Rates Manual as published by the NSW Office of Water. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

This asset class is categorised as Level 3 as there are inputs used in the valuation of these assets (such as estimates of pattern of consumption, residual value, asset condition and useful life), that require significant professional judgment and are therefore unobservable.

There has been no change to the valuation process during the reporting period.

Major depreciation periods for future years determined following the revaluation are:-

- Dams	120 years
- Reservoirs	100 years
- Bores	25 - 50 years
- Reticulation Pipes	80 years
- Pump Stations	25 - 70 years
- Pumps	25 years
- Telemetry	15 years

Asset capitalisation thresholds include: -

- Reticulation extensions and new assets	\$2,000
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