

GLEN INNES SEVERN COUNCIL



CORE ASSET MANAGEMENT PLAN

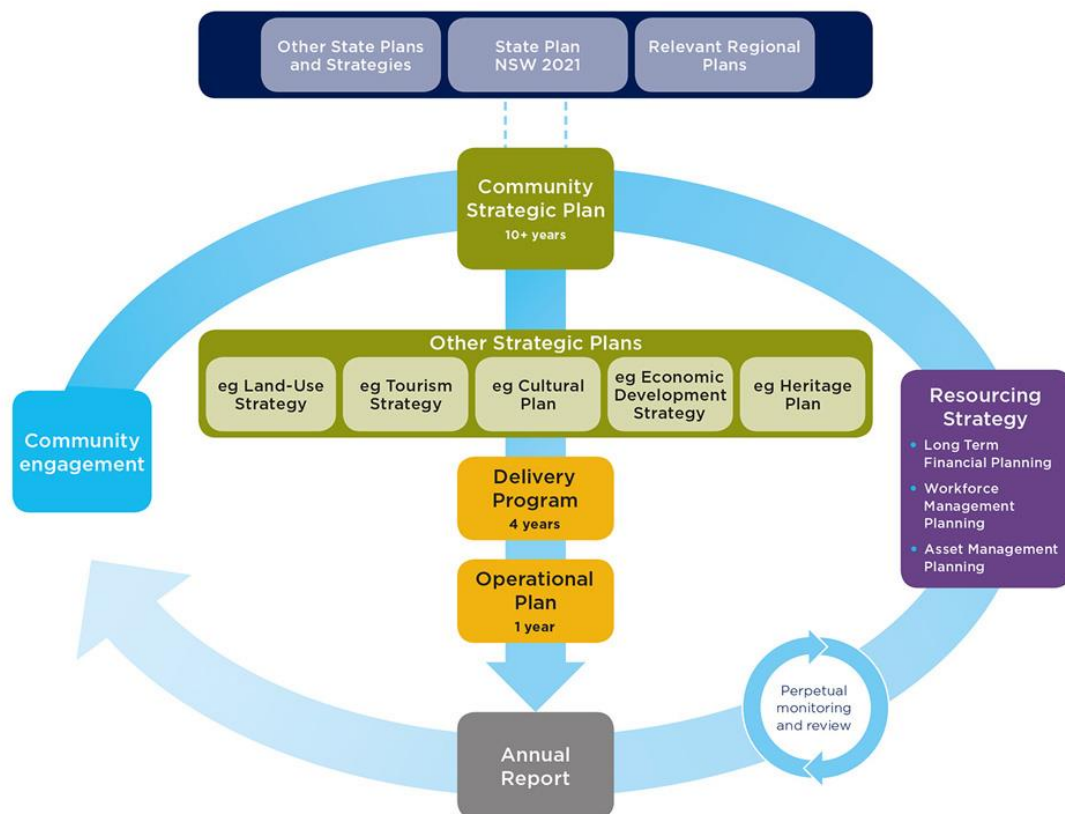


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PART 1

GENERAL STATEMENTS



This plan is a component of the Integrated Planning and Reporting Framework and provides the management philosophy for each asset class, on which the relevant sections of the Delivery Program are developed.

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ABBREVIATIONS

AAAC	Average annual asset consumption
AMP	Asset management plan
ARI	Average recurrence interval
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
EF	Earthworks/formation
IRMP	Infrastructure risk management plan
LCC	Life Cycle cost
LCE	Life cycle expenditure
MMS	Maintenance management system
PCI	Pavement condition index
RV	Residual value
SS	Suspended solids
vph	Vehicles per hour

GLOSSARY

Annual service cost (ASC)

An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operating, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.

Asset class

Grouping of assets of a similar nature and use in an entity's operations (AASB 166.37).

Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset management

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Assets

Future economic benefits controlled by the entity as a result of past transactions or other past events (AAS27.12).

Property, plant and equipment including infrastructure and other assets (such as furniture and fittings) with benefits expected to last more than 12 month.

Average annual asset consumption (AAAC)*

The amount of a local government's asset base consumed during a year. This may be calculated by dividing the Depreciable Amount (DA) by the Useful Life and totalled for each and every asset OR by dividing the Fair Value (Depreciated Replacement Cost) by the Remaining Life and totalled for each and every asset in an asset category or class.

Brownfield asset values**

Asset (re)valuation values based on the cost to replace the asset including demolition and restoration costs.

Capital expansion expenditure

Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure, which increases future operating, and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group, e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital funding

Funding to pay for capital expenditure.

Capital grants

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

Capital investment expenditure

See capital expenditure definition

Capital new expenditure

Expenditure which creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

Capital renewal expenditure

Expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time, e.g. re-surfacing or re-sheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base, e.g. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Carrying amount

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

Class of assets

See asset class definition

Component

An individual part of an asset which contributes to the composition of the whole and can be separated from or attached to an asset or a system.

Cost of an asset

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at

the time of its acquisition or construction, plus any costs necessary to place the asset into service. This includes one-off design and project management costs.

Current replacement cost (CRC)

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Current replacement cost "As New" (CRC)

The current cost of replacing the original service potential of an existing asset, with a similar modern equivalent asset, i.e. the total cost of replacing an existing asset with an as NEW or similar asset expressed in current dollar values.

Cyclic Maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, cycle, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value (AASB 116.6)

Depreciated replacement cost (DRC)

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset

Depreciation / amortisation

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Economic life

See useful life definition.

Expenditure

The spending of money on goods and services.
Expenditure includes recurrent and capital.

Fair value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

Greenfield asset values **

Asset (re)valuation values based on the cost to initially acquire the asset.

Heritage asset

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

Impairment Loss

The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructure assets

Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycle ways. These are typically large, interconnected networks or portfolios of composite assets. Components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and often have no market value.

Investment property

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) the production or supply of goods or services or for administrative purposes; or
- (b) use in the ordinary course of business (AASB 140.5)

Level of service

The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost).

Life Cycle Cost **

The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises annual maintenance and asset consumption expense, represented by depreciation expense. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure **

The Life Cycle Expenditure (LCE) is the actual or planned annual maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Cost to give an initial indicator of life cycle sustainability.

Loans / borrowings

Loans result in funds being received which are then repaid over a period of time with interest (an additional cost). Their primary benefit is in 'spreading the burden' of capital expenditure over time. Although loans enable works to be completed sooner, they are only ultimately cost effective where the capital works funded (generally renewals) result in operating and maintenance cost savings, which are greater than the cost of the loan (interest and charges).

Maintenance and renewal gap

Difference between estimated budgets and projected expenditures for maintenance and renewal of assets, totalled over a defined time (e.g. 5, 10 and 15 years).

Maintenance and renewal sustainability index

Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15 years).

Maintenance expenditure

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is

expenditure, which was anticipated in determining the asset's useful life.

Materiality

An item is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

Modern equivalent asset.

A structure similar to an existing structure and having the equivalent productive capacity, which could be built using modern materials, techniques and design. Replacement cost is the basis used to estimate the cost of constructing a modern equivalent asset.

Non-revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, e.g. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operating expenditure

Recurrent expenditure, which is continuously required excluding maintenance and depreciation, e.g. power, fuel, staff, plant equipment, on-costs and overheads.

Pavement management system

A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

Planned Maintenance**

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

PMS Score

A measure of condition of a road segment determined from a Pavement Management System.

Rate of annual asset consumption*

A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

Rate of annual asset renewal*

A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade*

A measure of the rate at which assets are being upgraded and expanded per annum expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

Reactive maintenance

Unplanned repair work that carried out in response to service requests and management/supervisory directions.

Recoverable amount

The higher of an asset's fair value, less costs to sell and its value in use.

Recurrent expenditure

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operating and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining life

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining life is economic life.

Renewal

See capital renewal expenditure definition above.

Residual value

The net amount which an entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

Revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, e.g. public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Risk management

The application of a formal process to the range of possible values relating to key factors associated with a risk to determine the resultant ranges of outcomes and their probability of occurrence.

Section or segment

A self-contained part or piece of an infrastructure asset.

Service potential

The capacity to provide goods and services in accordance with the entity's objectives, whether those objectives are the generation of net cash inflows or the provision of goods and services of a particular volume and quantity to the beneficiaries thereof.

Service potential remaining*

A measure of the remaining life of assets expressed as a percentage of economic life. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (DRC/DA).

Strategic Management Plan (SA)**

Documents Council objectives for a specified period (3-5 years), the principle activities to achieve the objectives, the means by which that will be carried out, estimated income and expenditure, measures to assess performance and how rating policy relates to the Council's objectives and activities.

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the council. It is the same as the economic life.

Value in Use

The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate new cash flows, where if deprived of the asset its future economic benefits would be replaced.

1. EXECUTIVE SUMMARY

WHAT COUNCIL PROVIDES

Glen Innes Severn Council owns and is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities to the community. Asset Management Plans have been developed to ensure that Council continues to provide effective and comprehensive management of its asset categories. Plans have been completed for the following asset categories:

ASSET CATEGORY	
Part 2	Roads
Part 3	Urban Drainage
Part 4	Water
Part 5	Sewerage
Part 6	Buildings, Structures, and Land
Part 7	Bridges
Part 8	Plant & Fleet

Asset Management Plans are reviewed during the annual budget preparation and amended to recognize any changes in service levels and / or resources available to provide those services as a result of the budget decision process. Moving forward, plans will be reviewed at the December ordinary Council meeting each year, with a major review completed for any asset classes that have been independently revalued during the year. This will align the asset management plan with the cycle of revaluation and will ensure that each asset class undergoes a complete review at intervals not exceeding five years. In this revision of the plan, Plant and Fleet is the class that has undergone a complete review, along with Roads.

ASSET MANAGEMENT POLICY STATEMENT

Council has adopted the following to guide the development of asset management plans:

- Council will ensure that assets covered under this policy are planned, created, operated, maintained, renewed and disposed of in accordance with sustainability principles and Council's priorities for service delivery;
- Asset Management Plans will be developed for each asset class for long term strategic management of Council assets and will include financial plans;
- Council will implement systematic asset management methodology (Asset Management Strategy) to apply appropriate asset management best practices across all areas of Council. This will include establishment of service levels, inspections and condition audits to take informed decision on assets and to identify future funding needs;

- Asset management information systems will be further developed and will include data capture, asset register, programming of maintenance and inspections, whole of life costing, forecasting and financial reporting;
- All relevant legislative requirements together with political, social, environmental and economic considerations will be taken into account in asset management; and
- The Council will promote training and continuous improvement in asset management practices and processes in the Council so as to progressively improve asset management.

WHAT DOES IT COST?

Infrastructure construction, maintenance and operations is a major cost to the community. Infrastructure is funded through rates revenue and grants from Federal and State governments. Without these grants, Council would be unable to continue to provide the wide range of services supported by infrastructure.

The following table indicates the total value of infrastructure that the Council is responsible for and how it is covered in the Asset Management Plan framework:

Note 10 Category	2021 Annual Financial Report Note 10 Figures	AMP	Replacement Cost Covered by AMP	Notes
Roads (general)	\$ 136,273,000	Roads	\$ 220,722,558	
Bulk Earthworks	\$ 64,754,000			
Kerb and Gutter	\$ 11,330,000			
Footpaths (road related)	\$ 4,547,000			
Major Street Furniture	\$ 2,331,000			
Roads (carparks)	\$ 1,488,000			
Bridges	\$ 64,840,000	Bridges	\$ 72,006,019	
Causeways	\$ 7,166,000			
Water	\$ 41,449,000	Water	\$ 41,449,652	Note 1
Sewerage Network	\$ 32,281,000	Sewerage	\$ 32,277,105	
Stormwater Drainage	\$ 17,589,000	Urban Drainage	\$ 17,589,279	
Plant and Equipment	\$ 11,333,000	Plant and Equipment	\$ 12,376,378	Note 2
Buildings	\$ 45,694,000	Buildings and Structures	\$ 78,623,867	Note 3
Other Structures	\$ 10,245,000			
Open Spaces	\$ 3,642,000			
Swimming Pools	\$ 3,142,000			
Land	\$ 13,901,000			
Library	\$ 958,000			
Office Equipment	\$ 305,000			
Furniture and Fittings	\$ 291,000			
Tip Assets	\$ 3,263,000			
Capital Works in Progress	\$ 2,726,000			
Total	\$ 479,548,000	Not applicable		
			\$ 475,044,857	

1. Asset financials held by the Asset Management Team are calculated to 4 decimal places and rounded at point of entry into the tables. Data is also updated at time of review. Note 10 figures are rounded to nearest \$1,000 thus minor discrepancies occur.

2. This AMP also includes leased plant assets, which are not covered by the Note 10 Plant and Equipment.3.

3. This AMP also includes investment properties, which are not covered by Note 10 Buildings.

PLANS FOR THE FUTURE

This asset management plan has been linked with Council's Community Strategic Plan. Therefore, the asset management plan needs to reflect community expectations. This asset management plan has been finalised in conjunction with the outcomes of the public consultation for the Community Strategic Plan and in conjunction with development of the Long-Term Financial Plan and Infrastructure Backlog Management Plan.

The overwhelming message coming from the community consultation that was conducted for the current delivery program was that the focus of Council's activities should revolve around the roads asset class until that class is brought to an acceptable state. Recent community survey shows that while there is a slight improvement in satisfaction in this area, more is needed. Given that the roads backlog issue has taken decades of neglect to develop, it is not surprising that it will take a decade to achieve normality.



Wattle Vale Quarry established 2017

MEASURING OUR PERFORMANCE

Quality

The assets will be maintained in a reasonably usable condition. Defects found or reported that are outside our service standard will be repaired. Defect prioritization and response times will be detailed in Council's Maintenance Response Levels of Service

Function

Council's intent is to provide an appropriate asset network which is maintained in partnership with other levels of government and stakeholders (including the community) to achieve the aforementioned objectives.

Safety

The assets will be maintained at a safe level and associated signage and equipment will be provided as needed to ensure public safety. Council will inspect assets regularly and prioritize and repair defects in accordance with the inspection schedule to ensure they are safe.

Generally, Council will utilize the Statewide Risk Management best practice directives in this regard.

THE NEXT STEPS

Council will build on these Asset Management Plans by enhancing the data and determining appropriate levels of service through engagement with the community. The principle objective of this is to provide agreed levels of service in a sustainable manner.

WANT TO KNOW MORE?

Copies of the complete Asset Management Plans are available for viewing at Council offices or on Council's website www.gisc.nsw.gov.au

2. INTRODUCTION

2.1 BACKGROUND

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding required to provide the required levels of service. It is to be read with the following associated planning documents:

- Community Strategic Plan – Articulates the long-term strategic direction of Council.
- Delivery Program – outlines how the Council will deliver its objectives over a four-year program
- Long-term Financial Plan – Outlines all aspects of the key financial strategic objectives and commitments.
- Operational Plan – Detailed action plan on projects and finances for each particular year. The works identified in the AMP form the basis on which future annual plans are prepared.
- Infrastructure Backlog Management Plan – Identifies assets that are overdue for renewal and provides the basis for infrastructure renewal funding.
- Service Level Agreements & Contracts – The service levels, strategies and information requirements contained in the AMP are translated into field staff work instructions, contract specifications and reporting requirements.
- Standards and Policies – Tools to assist in the management of, and to support, strategies.
- Business Plans – Levels of service, processes and budgets defined in the AMP are incorporated into business plans as activity budgets, management strategies and performance measures.

This asset management plan covers the following infrastructure assets:

Table 2.1. Assets covered by this Plan

Asset Category	Replacement Cost	Depreciable Amount	Annual Asset Consumption	Backlog Value	Backlog Ratio
Roads	\$ 220,722,558	\$ 155,489,953	-\$ 3,021,333	\$ 15,333,186	0.07
Urban Drainage	\$ 17,589,279	\$ 17,589,279	-\$ 194,356	\$ 1,741,776	0.10
Water	\$ 41,449,652	\$ 40,908,831	-\$ 543,425	\$ 1,487,696	0.04
Sewerage	\$ 32,277,105	\$ 32,277,105	-\$ 483,665	\$ 3,985,847	0.12
Buildings and Structures *	\$ 78,623,867	\$ 64,659,269	-\$ 1,545,895	\$ 7,774,301	0.10
Bridges	\$ 72,006,019	\$ 72,006,019	-\$ 714,085	\$ 4,800,120	0.07
Plant & Fleet	\$ 12,376,378	\$ 12,376,378	-\$ 937,499	Not reported	Not reported
Total	\$ 475,044,857	\$ 395,306,833	-\$ 7,440,259	\$ 35,122,927	0.08

* Note Library, Furniture, and Office Equipment not captured in Special Schedule 7; therefore, these assets not included in backlog figures.

2.1.1 KEY STAKEHOLDERS

Key stakeholders in the preparation and implementation of this asset management plan are:

Federal and State Governments and Agencies	Funding assistance and standards development.
Elected members	Community representation and administration.
Community	End-user involvement.
Visitors	End-user involvement.
Utilities / Developers	Providers of services and infrastructure facilities.
Employees / Volunteers	Operational and administration providers.
Contractors / Suppliers	Suppliers of goods and services.
Insurers	Remedy providers

2.2 GOALS AND OBJECTIVES OF ASSET MANAGEMENT

Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by 'purchase', by contract, construction by council staff and by donation of assets constructed by developers and others to meet increased levels of service.

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost-effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.¹

¹ IIMM 2006 Sec 1.1.3, p 1.3

This asset management plan is prepared under the direction of Council’s vision, mission, goals and objectives.

Council chose to adopt the same vision statement for the next four (4) years as the one developed by the community for the next 10 years, namely:

“Glen Innes Severn will be recognized as a prosperous connected community that nurtures its people and places.”

Further, Council has adopted the following mission statement through which it will achieve its vision:

“Together we focus on our customers and partners to deliver the best possible local government services and projects at the best possible value now and into our shared future.”

These vision and mission statements are supported by the following noble set of values: Respect, Integrity, Courage, Honesty, and Transparency. Key Council goals and objectives and how these are addressed in this asset management plan are advised in each plan. Some of the overarching goals are:

Table 2.2: Council Goals and how these are addressed in this Plan

GOAL	OBJECTIVE	HOW GOAL AND OBJECTIVES ARE ADDRESSED IN AMP
IM 3.2.3: Maintain and/or further develop advanced Asset Management Plans across all asset classes.	To ensure all Council assets are identified, classified, and managed according to the data available and asset complexity.	This plan captures assets which previously fell outside of AMPs. As individual asset plans are reviewed, the asset data and treatment modelling will improve towards ‘advanced’ asset management.
IM 3.2.1 Implement maintenance infrastructure works according to adopted service levels.	To implement maintenance infrastructure works according to adopted service levels.	This plan incorporates methods to optimise the maintenance of infrastructure assets.
IM 3.1.4: Implement the Infrastructure Backlog Plan and review as necessary.	The backlog of infrastructure works is addressed in the most efficient manner given the resources available.	The Infrastructure Backlog Management Plan is now developed and incorporated into this version of the AMP.

2.3 PLAN FRAMEWORK

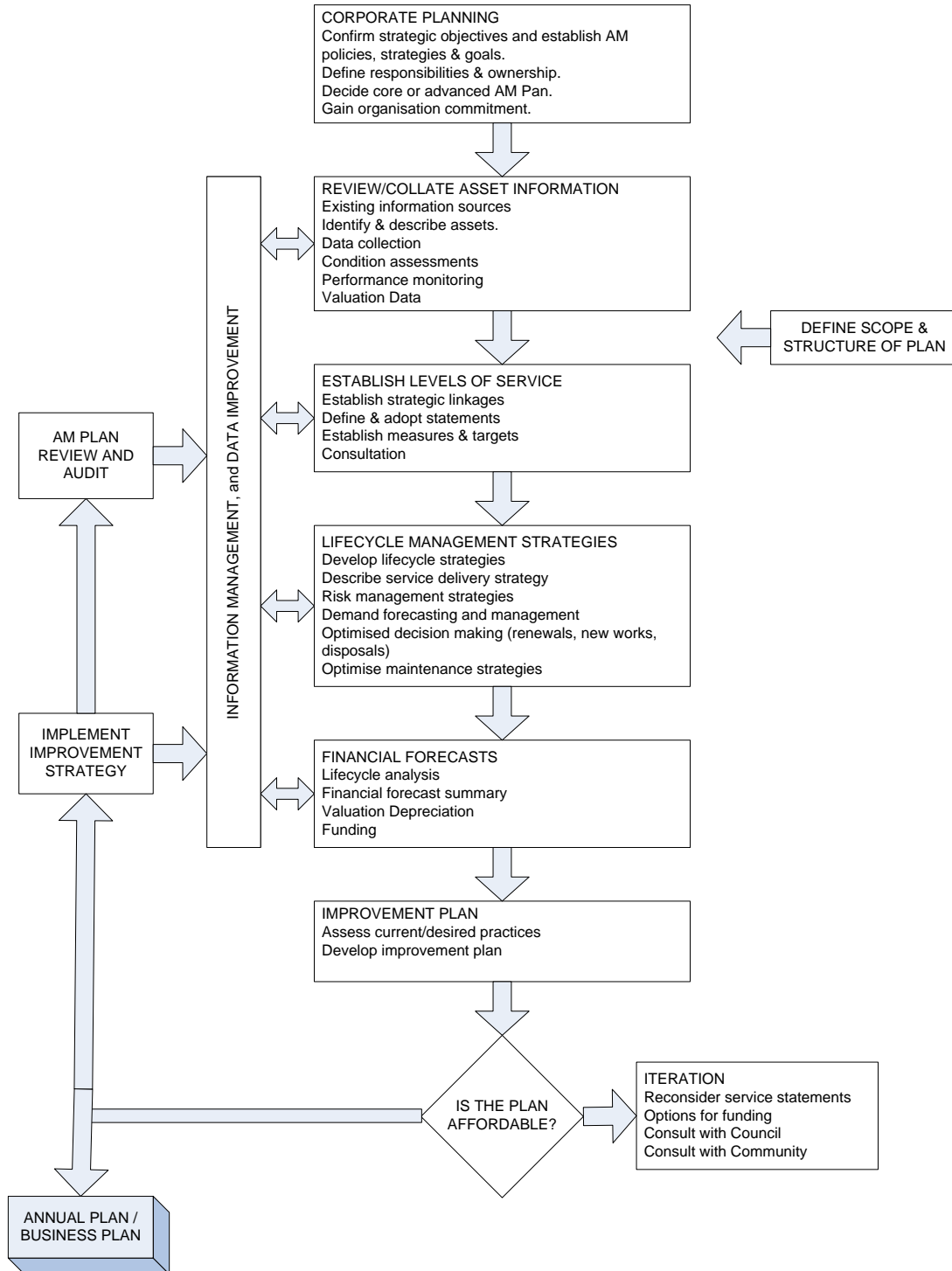
Key elements of the plan are

- Levels of service – specifies the services and levels of service to be provided by council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how Council will manage its existing and future assets to provide the required services
- Financial summary – what funds are required to provide the required services.
- Asset management practices
- Monitoring – how the plan will be monitored to ensure it is meeting Council's objectives.
- Asset management improvement plan

A road map for preparing an asset management plan is shown below.

Road Map for preparing an Asset Management Plan

Source: IIMM Fia 1.5.1. p 1.11



2.4 CORE AND ADVANCED ASSET MANAGEMENT

This asset management plan is moving from being a “core” AMP towards being an “advanced” plan.

Future revisions of this asset management plan will continue to move further towards ‘advanced’ asset management using a ‘bottom up’ approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels.

2.4.1 KEY ASSET ASSUMPTIONS AND DATA LIMITATIONS

Limitations on data quality and current analysis tools, applied over the diversity of assets in the AMP, have constrained the Plan outcomes.

ASSET CLASS	ASSUMPTION / LIMITATION
General	<ul style="list-style-type: none"> Improvement Plan to address AMP shortcomings.
Roads	<ul style="list-style-type: none"> With the exception of sealed road pavements, Roads are excluded from financial modelling due to industry-wide condition rating uncertainties.
Urban Drainage	<ul style="list-style-type: none"> Urban drainage assets are now able to be accurately assessed for condition due to the purchase of a larger jetting truck and CCTV camera equipment. This work will continue across the network until a full condition inspection is complete, allowing a 100% confidence in asset data.
Water and Wastewater Management	<ul style="list-style-type: none"> Condition rating methodology for underground assets (e.g., pipes) is expensive and in the case of water assets not available. <p>The purchase of the CCTV camera and jetting truck allows Council to perform its own condition assessment of sewer assets moving forward.</p>
Buildings	<ul style="list-style-type: none"> Limited data to enable building maintenance requirements to be calculated.
Bridges	<ul style="list-style-type: none"> Asset renewals in recent times have been performed using more efficient methods and replacement costs may not be accurately reflected (too high) in the financial reporting.

A full and independent revaluation of the bridge asset class is underway for reporting in the 2021 financial statements. The next iteration of this plan will include a complete review of the Bridge class.

3. LEVELS OF SERVICE

3.1 CUSTOMER RESEARCH AND EXPECTATIONS

Council's customer research into asset needs and satisfaction has included:

- Customer feed-back surveys
- Community requests to Council
- Community engagement sessions as part of the development of the Community Strategic Plan.

Council has conducted qualitative internal and external customer surveys for the services provided.

As part of the integrated planning & reporting framework, Council has conducted extensive community engagement. Council uses this information in developing the Community Plan and in allocation of resources in the budget.

The Community Strategic Plan outlines the desires and expectations of the community.

The most recent customer satisfaction survey demonstrated the following satisfaction rating for each asset class in this plan:

CLASS	SATISFACTION RATING
Roads	40%
Drainage	N/A
Water	72%
Sewer	94%
Buildings and Structures	90%
Bridges	73%
Plant and Fleet	N/A

3.2 LEGISLATIVE REQUIREMENTS

Council has to meet many legislative requirements including Australian and State legislation and State regulations. These include:

Table 3.2. Legislative Requirements

DOCUMENT TITLE	REQUIREMENT
ACTS	
National Asset Management Framework Legislation 2010	Focuses on long term financial sustainability and provides a mandate to have long term strategy, financial statements and annual reporting mechanisms. AM plans are likely to be audited.
<i>Local Government Act 1993</i>	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long-term financial plan supported by asset management plans for sustainable service delivery.
<i>Local Government Act 1993 - Annual Reporting Section 428(2)(d)</i>	(d) A report of the condition of the public works (including public buildings, public road and water sewerage and drainage works) under the control of council as at the end of that year; together with an estimate (at current values) of the amount of money required to bring the works up to a satisfactory standard; and an estimate (at current values) of the annual expense of maintain the works at that standard; and the Council's program for maintenance for that year in respect of the works.
Financial Reporting Requirements	Special Schedule 7 (AASB 116)
The Protection of the Environment Operations Act 1997 (POEO Act)	Is the key piece of environment protection legislation administered by the Office of Environment and Heritage. The POEO Act enables the Government to set out explicit protection of the environment policies (PEPs) and adopt more innovative approaches to reducing pollution.
Fisheries Management Act 1994	Requires approval from NSW fisheries before construction across a waterway. This is administered by NSW Department of Primary Industries.

Work Health and Safety Regulation 2011	Explains conditions required for safety at work site and documentary evidence to be kept.
Environmental Planning and Assessment Act 1979	Considers the effect of a project on the local environment and provides exemption for completion of a full environmental impact study in certain circumstances.
<i>Road Transport (Mass, Loading and Access) Regulation 2015</i>	Provides for maximum loads that will be legally able to use the structure.
<i>Roads Act 1993</i>	Defines who the road authority is for an asset and provides a legal basis for ownership of road assets.
<i>Land Acquisition (Just Terms Compensation) Act 1991</i>	Provides for compensation to a landowner where land is compulsorily acquired by the road authority
<i>Disability Discrimination Act 1992</i>	Sets out the responsibilities of Council and staff in dealing with access and use of public infrastructure.
Other relevant State and Federal Acts and Regulations	As appropriate.
STANDARDS	
AAS27, AASB116, AASB1031	The responsibilities of Council for maintaining accounting standards.
Australian Accounting Standards Board	Accounting rules setting out Council requirements for the financial reporting of assets.
Australian Road Rules	Regulations under the <i>NSW Road Rules 2014</i> .
Australian Standards	The minimum requirements for Council for operational and design standards.
Building Code of Australia	The responsibilities and powers of Council in providing safe buildings.

3.3 CURRENT LEVELS OF SERVICE

Council has defined service levels in two terms.

Community Levels of Service relate to how the community receives the service in terms of safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance.

Supporting the community service levels are operational or technical measures of performance developed to ensure that the minimum community levels of service are met. These technical measures relate to service criteria such as:

Service Criteria	Technical measures may relate to
Quality	Smoothness of roads
Quantity	Area of parks per resident
Availability	Distance from a dwelling to a sealed road
Safety	Number of injury accidents

Where table entries are shown as '#' data are unavailable. Future AMP revisions will include this information, as it becomes available.

3.4 DESIRED LEVELS OF SERVICE

At present, indications of desired levels of service are obtained from various sources including Customer Satisfaction surveys, residents' feedback to Councillors and staff, service requests and correspondence.

4. FUTURE DEMAND

4.1 DEMAND FORECAST

Factors affecting demand include population change and changes in demographics.

Demand factor trends are summarised in the following tables:

Table 4.1a.: Key Indicators: Projected Population, Households and Dwellings

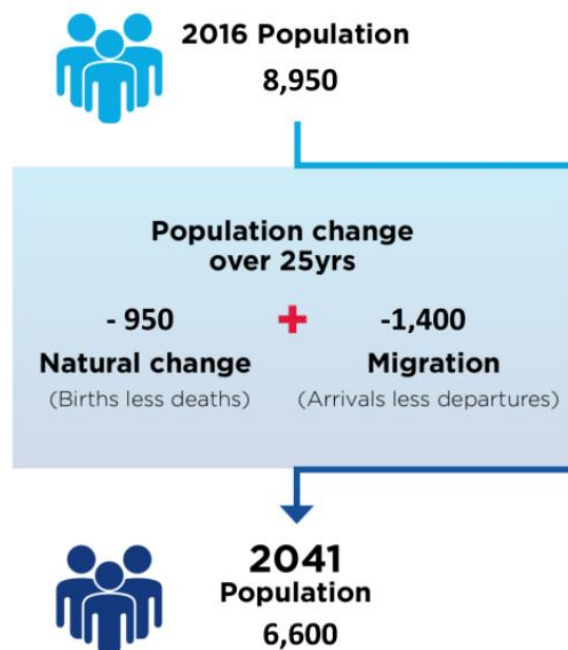
Key Indicators: Projected Population, Households and Dwellings - all data at 30th June						
	2016	2021	2026	2031	2036	2041
Total Population	8,950	8,550	8,100	7,650	7,150	6,600
2016 Population Projection	8,800	8,650	8,450	8,200	7,850	
Total Households	3,900	3,850	3,700	3,550	3,350	3,150
Household Size*	2.19	2.11	2.09	2.04	2.01	1.97
Implied Dwelling Projection**	4,550	4,450	4,300	4,150	3,900	3,650

*Average persons resident per occupied private dwelling
 **Dwellings required if the population forms households in the same ways as in 2016

GISC continues to enjoy steady population dynamics with potential upside for population growth if the proposed economic development benefits of projects such as the New England Rail Trail eventuate. For the reporting period to 2030, increases in asset stock will be derived largely from donated assets or development, rather than new / expansion works undertaken by Council.

Table 4.1b: Population Projection

GLEN INNES SEVERN



(Source: www.planning.nsw.gov.au – LGA Population Projection Fact Sheet)

4.1.2 DEMAND FACTORS – TRENDS AND IMPACTS

Refer to relevant detailed Asset Management Plan for further discussion.

4.2 CHANGES IN TECHNOLOGY

Technological changes, more particularly those related to climate change, energy consumption patterns and water usage, are forecast to have some effect on service delivery.

Refer to relevant detailed Asset Management Plan for further discussion.

4.3 DEMAND MANAGEMENT PLAN

Demand for new and enhanced service delivery will be managed through a combination of better utilisation and upgrading of existing assets and providing new assets to meet demand. Demand management practices also include non-asset solutions, insuring against risks and managing failures.

Refer to relevant detailed Asset Management Plan for further discussion.

4.4 NEW ASSETS FROM GROWTH

Refer to relevant detailed Asset Management Plan for further discussion.

4.4. ASSUMPTIONS USED IN PROJECTED ASSET GROWTH

There is a diminishing degree of confidence in the projected data from 'committed' for a one-year Operational Plan program, through 'credible' in the 10 – year LTFP to 'plausible' for the balance of the period. Some attempts have been made to anticipate growth and expenditure 'peaks', rather than a linear extrapolation. It is recognised that projections are, at best, estimates based on current knowledge and will be subjected to regular review.

The relationship between asset growth (Council-acquired and developer-contributed) and population growth / demographic changes varies across the asset categories and classes. For example, road pavement and seal assets will be created for most of the created allotments, whereas very few built-form assets will accrue in recreational open space. Thus, there is not a clear ratio of asset creation per created allotment, which is then made more complex when Council-acquired assets are taken into account.

4.4. CONTRIBUTED ASSETS

Refer to relevant detailed Asset Management Plan for further discussion.

5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in section 3) while optimising life cycle costs.

5.1 BACKGROUND DATA

All infrastructure assets, which are the responsibility of Council, are being managed with a long-term view and a whole-of-life approach. That is to say, the assets are managed from installation, through various maintenance phases until renewal, disposal or upgrade is required.

This section reviews the processes required for the effective management, maintenance, renewal and upgrade of assets.

The lifecycle management plans outline for each asset class:

The objectives for the asset class.

Supporting data, including:

- key lifecycle management issues;
- physical parameters and values;
- asset capacity / performance;
- asset condition; and
- historical expenditure.

The management strategies to achieve the levels of service in the following work categories:

- operations and maintenance;
- renewals; and
- new works.

Council as asset owner is committed to maintaining its assets to ensure stakeholders' desired levels of service are maintained at sustainable levels commensurate with affordable expectations.

To meet this requirement, Council seeks to match funding levels, condition and community expectations. Some of the key lifecycle issues are:

- There has not been a significant shortfall in expenditure in the previous decade. Provisions have been made to deal with demand for cyclical maintenance within the next 10 to 20 years.
- The research work on predictive modelling of deterioration needs to be continued, to enable understanding of asset component lives and justify planned increases in rehabilitation / expansion expenditure.

5.1.1 PHYSICAL PARAMETERS

Refer to relevant detailed Asset Management Plan for further discussion.

5.1.2 ASSET CAPACITY AND PERFORMANCE

Council's services are generally provided to meet design standards where these are available. Service deficiencies were identified from the results of condition rating surveys undertaken and through staff inspections.

Refer to relevant detailed Asset Management Plan for further discussion.

5.1.3 ASSET CONDITION

Profiles of network condition, remaining useful live and asset age are illustrated for the asset category in the relevant Part.

Condition is generally measured using a 1 – 5 rating system.²

Table 5.1.3.a: Condition Ratings

Rank	Description of Condition (Note 1)	RUFL (Note 2)	GISC Interval (Note 3)
1	Very Good Condition	60% to 100%	60.0 - 100
2	Good Condition - Minor Defects Only	35 % to 60%	35.0 - 59.9
3	Fair or Moderate Condition - Maintenance Required to Return to Acceptable Level of Service	20% to 35%	20.0 - 34.9
4	Poor Condition - Consider Renewal	10% to 20%	10.0 - 19.9
5	Very Poor Condition - Approaching Unserviceable	0 to 10%	0 - 9.9

Notes

1. Descriptions are sourced from IIMM 2020 and are generalized. More detail description, if required, will be detailed in each relevant part (asset plan).
2. Percentage Remaining Useful Life (RUFL): sourced from IPWEA Practice Note 9, para 9.2, table 4.
3. A specific numeral interval and threshold is often needed for revaluation calculations and financial reporting (e.g. 'Cost to Bring to Satisfactory'). Those listed above will be used by default, unless specified in a particular revaluation methodology.

The condition rating methods adopted vary across the asset categories.

- For sealed road pavements, an advanced condition assessment has been developed based on measured roughness and rutting values and modelled to determine predicted life expectancy for each individual asset.

² IIMM 2006, Appendix B, p B:1-3 ('cyclic' modified to 'planned')

- The condition of unsealed road pavements is assessed on observations of gravel depth, surface condition and crown height through subjective inspection, with inherent uncertainty due to human variability and the constant change of asset condition through the maintenance cycle.
- The condition of individual bridge components are rated to determine an average condition rating for each component. Component scores are then weighted to determine an overall Bridge Condition Number for each structure, based on the VicRoads methods outlined in the IPWEA Bridge and Inspection and Management Manual.
- A Causeway Condition Index is determined for each structure based on assessment of the slab, pipe, waterway, and approach conditions.
- Kerb and gutter is assessed based on observed cracking, misalignment, chipping and ponding.
- A score for the condition of footpaths is determined from trip size, unevenness, slipperiness, shadows, and lighting.
- Culverts in rural roads are assessed based on cracking, abrasion and sedimentation, while the condition of headwalls is averaged from one observed condition value of the headwalls at each end.

The systematic approach is in line with procedures outlined in IIMM (ref. 14)

Council's preferred practice is to re-rate assets every 3-5 years to ensure that those assets nearing the end of their life are not allowed to deteriorate beyond the intervention point at which relatively low-cost rehabilitation can be undertaken. For sealed road pavements this assessment is performed annually using vehicle mounted monitoring laser profiling.



With each subsequent survey, a better picture of asset conditions is developed. This enables the actual rate of deterioration to be observed over time and on pavements of varying condition, providing a high level of accuracy for modelling decay rates.

Condition ratings are scheduled to coincide with valuations (see para 5.1.4) to take advantage of external expertise and to reduce the workload on internal teams. Forward planning and spreading the ratings across a 5-year period across asset classes, will allow

staff the capacity to conduct a revaluation should asset condition vary significantly from previous data.

Table 5.1.3.a: Condition Rating Schedule

Asset Class	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Roads - Sealed (Note 1)	External	External	External	External	External	External	External	External	External	External
Roads - Unsealed (Note 2)	Grading Sheets	Grading Sheets	Grading Sheets	Grading Sheets	Grading Sheets	Grading Sheets	Grading Sheets	Grading Sheets	Grading Sheets	Grading Sheets
Bulk Earthworks	Not required: Non-depreciable									
Water										
Sewer		External					External			
Bridges					Bridge Team					Bridge Team
Causeways					Bridge Team					Bridge Team
Land	Not required: Non-depreciable									
Buildings (Note 3)		External					External			
Footpaths (Note 4)	Tech Services	Tech Services	Tech Services	Tech Services	Tech Services	Tech Services	Tech Services	Tech Services	Tech Services	Tech Services
Kerb and Gutter			Tech Services					Tech Services		
MSF				Tech Services					Tech Services	
Carparks				Tech Services					Tech Services	
Cattle Grids (Non-asset - Note 5)	Build Data	Tech Services					Tech Services			
Rural Drainage (Note 6)	Build Data	Tech Services					Tech Services			
Urban Drainage (Note 7)	Build Data	External						Integrated Water Services		
Other Structures										
Swimming Pools		External (Note 8)					External (Note 8)			
Open Spaces										
Plant & Fleet		Tech Services				Tech Services				
Office Equipment		External (Note 8)					External (Note 8)			
Furniture										
Investment Properties (Note 9)		External					External			
Library (Note 10)	Not required: Assets depreciated and removed from register									

Notes:

1. Sealed roads seal and base components are condition rated using an external contractor's laser measurements of roughness and cracking.
2. Unsealed roads condition data captured by Grading Teams in the field during maintenance work and logged in the asset management system.
3. Building condition rating coincides with asset valuation which is timed to coincide with Council's insurer's insurance valuation to reduce costs.
4. GISC Footpath Maintenance and Inspections Policy requires annual hazard assessment. Condition rating is captured concurrently as both activities involve the same staff member.
5. Cattle grids are not owned by Council and thus are not an asset. However, cattle grid condition rating is included here to be deconflicted from other condition rating activity.
6. Rural drainage will be componentized out of the rural roads register and captured in a distinct asset register in FY23.
7. Urban drainage condition rating will require a complete re-mapping and remote camera inspections. Estimated completion will be in FY23 or FY24.
8. Other structure, open spaces, swimming pools, office equipment and furniture will be included in the land and buildings external valuation and condition rating contract.
9. Investment properties are included in the buildings register for the purpose of condition rating.
10. Library assets are being depreciated and treated as an operational expense. No further condition rating is required.

5.1.4 ASSET VALUATIONS

Council values assets for two different purposes: insurance and asset management. Significant savings can be made if an insurance valuation (paid for by Council's insurer) can be expanded (at Council cost) to cover an asset valuation of the same building or property. Council's insurer currently values plant, fleet, land, buildings, other structures, open space, and swimming pool asset including contents insurance. Ideally the insurer schedules its valuations every 5 years.

Australian Accounting Standards Boards AASB 116, stipulates that Council must revalue assets every 3-5 years provided that no significant change in Fair Value has occurred in the past FY. Local Government Code of Accounting 2021/22, Section 5, Appendix E recommends external valuations for buildings and land whilst investment properties must be independently valued.

Class Year	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Roads (including causeways) and BE)			Internal	Unsealed	Sealed			Internal					Internal	
Footpaths			Internal					Internal					Internal	
Kerb and Gutter			Internal					Internal					Internal	
MSF			Internal					Internal					Internal	
Carparks			Internal					Internal					Internal	
Water	External					External					External			
Sewer														
Bridges			Internal	External					Internal					Internal
Causeways			Internal						Internal					Internal
Land	External						External				External			
Buildings														
Other Structures														
Swimming Pools	External						External				External			
Open Spaces														
Office Equipment	External						External				External			
Furniture														
Rural Drainage					Build Data	Build data	Internal					Internal		
Urban Drainage			Internal		Build Data	Build data	Internal					Internal		
Plant & Fleet				Internal		Internal						Internal		
Investment Properties yearly	External	External	External	External	External	External	External	External	External	External	External	External	External	External
Library (From July 2020 to be operational cost)				Depreciate	Depreciate	Depreciate	Depreciate	Depreciate						

5.2 RISK MANAGEMENT PLAN

The risk assessment process identified credible risks, the likelihood of the risk event occurring and the consequences should the event occur. Future refinements will use these factors to develop risk ratings, incorporating a risk treatment plan for non-acceptable risks.

Critical risks are those assessed as:

- Very High (VH)- requiring immediate corrective action, and;
- High (H) – requiring prioritised corrective action.

Refer to critical risks in each relevant Part.

5.3 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.

5.3.1 MAINTENANCE PLAN

Maintenance includes reactive, planned and cyclic maintenance work activities.

Historic maintenance expenditure patterns across each asset category are shown in the relevant Part.

Note that amounts shown have been extracted from Council's Annual Operational Plan and Budget for each year and are stated in that year's dollars. Thus, unless the maintenance expenditures show a progressive increase in line with construction inflation, then actual expenditures are not keeping pace.

Refer to relevant detailed Asset Management Plan for further discussion.

5.3.2 STANDARDS AND SPECIFICATIONS

Maintenance work is carried out in accordance with the Standards and Specifications, outlined in each relevant Part and in Council's LTFP.

5.3.3 SUMMARY OF FUTURE MAINTENANCE EXPENDITURES

Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded, are to be included in the risk assessment process in the infrastructure risk management plan in future revisions of this asset management plan.

Maintenance is funded from Council's operating budget and grants where available. This is further discussed in Section 5 of each Part.

5.4 RENEWAL/REPLACEMENT PLAN

Assets requiring renewal are identified from estimates of remaining life obtained from the asset register. Candidate proposals are inspected to verify the accuracy of the remaining life estimate and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programs.

Renewal will be undertaken using 'low-cost' renewal methods where practicable. The aim of these treatments is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement cost.

Renewals will be funded from Council's Capital Works Program and grants where available. This is further discussed in Section 6 in each relevant part.

5.4.1 SELECTION CRITERIA

Selection criteria for asset renewal and replacement are noted in Section 5 in each relevant Part.

5.4.2 RENEWAL STANDARDS

Renewal work is carried out in accordance with the Standards and Specifications noted in Section 5 in each relevant Part.

5.5 CREATION/ACQUISITION/UPGRADE PLAN

New works are those works that create a new asset that did not previously exist or works which upgrade, or improve, an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the Council from land development. These assets from growth are considered in Section 4.4 in each relevant Part.

Candidate new assets and upgrade / expansion of existing assets are identified from various sources such as Elected Member or community requests, proposals identified by strategic plans or partnerships with other organisations. Proposals are investigated to verify need and to develop a preliminary estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programs.

New assets contributed by land developers are discussed separately in Section 4 of each relevant Part.

5.5.1 SELECTION CRITERIA

Selection criteria for new assets and for upgrade/expansion of existing assets are the same as those for renewal shown in Section 5.4.2 in each relevant Part.

The decision on whether physical assets are treated as operational expenses or capitalized, and therefore added to asset plans and registers, are based on the following capitalization thresholds:

Table 5.5.1: Asset Capitalization Thresholds

Asset Capitalization Threshold	\$
Office Equipment	\$2,000
Furniture and Fittings	\$2,000
Plant and Equipment	\$5,000
IWS Assets	\$5,000
Stormwater	\$5,000
Structures: Open Space Assets, Swimming Pools, and Other Structures	\$5,000
Buildings (including Renovations and Extensions)	\$10,000
Transport Assets	\$25,000
Land	100% Cap
Library Resources	Operational

5.5.2 STANDARDS AND SPECIFICATIONS

Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal shown in Section 5.5.2 in each relevant Part.

5.6 DISPOSAL PLAN

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any.

No plans exist to formalise a disposal schedule at present for the asset categories in the AMP.

Refer to relevant detailed Asset Management Plan for further discussion.

6. FINANCIAL SUMMARY

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

6.1 FINANCIAL STATEMENTS AND PROJECTIONS

Refer to relevant detailed Asset Management Plan for further discussion.

6.1.1 SUSTAINABILITY OF SERVICE DELIVERY

There are two key indicators for financial sustainability that have been considered in the analysis of the services provided by this asset category, these being long term life cycle costs and medium-term costs over the 10-year financial planning period.

Long term - 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 maintenance and asset consumption (depreciation expense).

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes maintenance plus capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals.

A gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year. The purpose of each asset management plan is to identify levels of service that the community needs and can afford and develop the necessary long-term financial plans to provide the service in a sustainable manner.

Medium term – 10-year financial planning period

This asset management plan identifies the estimated maintenance and capital expenditures required to provide an agreed level of service to the community over a 20-year period for input into a 10-year financial plan and funding plan to provide the service in a sustainable manner.

This may be compared to existing or planned expenditures in the 20-year period to identify any gap. In a core asset management plan, a gap is generally due to increasing asset renewals.

Table 6.1.1 shows the gap between projected and planned renewals.

One purpose of the AMP is to identify levels of service that the community needs and can afford and to develop the necessary LTFPs to provide the service in a sustainable manner.

The AMP identifies estimated maintenance and capital expenditures required to provide an agreed level of service to the community in a sustainable manner over a 20-year period. These are inputted into the 10-year Long Term Financial Plan. This may be compared to existing or planned (i.e. pre-AMP development) expenditures in the 20-year period to identify any funding shortfall.

The projected asset renewals are compared to the planned renewal expenditure in the capital works program and renewal expenditure in year one (1) of the planning period.

6.2 FUNDING STRATEGY

Refer to relevant detailed Asset Management Plan for further discussion.

6.3 VALUATION FORECASTS

Refer to relevant detailed Asset Management Plan for further discussion.

6.4 KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS

Key assumptions made in presenting the information contained in the AMP and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expenses and carrying amount estimates, are detailed below. They are presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions:

- Average useful lives and average remaining lives of the asset classes are based on current local knowledge and experience, historical trends and accepted industry practice. These need to be reviewed and the accuracy improved, based on regular re-assessment of asset deterioration.
- Reviews of the effective useful lives of assets and population / demographic changes have the potential for greatest variance in future cost predictions.
- Changes in development needs associated with the rate and location of growth and changes in the desired level of service and service standards from those identified in the AMP, will both impact on future funding.

Accuracy of future financial forecasts may be improved in future revisions of the AMP by the following actions:

- More refined condition rating data with more history for reference.
- Development of better degradation models through national research and development programs.
- Development of better financial models through collaborative processes.
- Improvements to the asset information system.

7. ASSET MANAGEMENT PRACTICES

7.1 ACCOUNTING/FINANCIAL SYSTEMS

Accounting Standards applicable to the AMP include:

- AAS27 (ref. 2);
- AASB116 (ref. 4); and
- AASB1031 (ref. 3).

The present Maintenance / Capital threshold (materiality limit) varies by asset class, ranging from \$5,000 for Plant to \$25,000 for Roads.

Recommended changes resulting from the AMP are as follows:

- Upgrades to condition rating systems for asset types and components to improve the monitoring and reporting capabilities.
- Inform Council of long-term financial plans through regular reviews.
- Ongoing implementation of improved asset information software and systems.

7.2 ASSET MANAGEMENT SYSTEMS

The asset information systems adopted for the AMP include the following:

- Intramaps software for management of financial and spatial data.
- Practical Plus financial software

Planned upgrades include the current migration to the Open Office software.

7.3 INFORMATION FLOW REQUIREMENTS AND PROCESSES

The key information flows *into* this asset management plan are:

- The asset register data on size, age, value, remaining life of the network;
- The unit rates for categories of work/material;
- The adopted service levels;
- Projections of various factors affecting future demand for services;
- Correlations between maintenance and renewal, including decay models;
- Data on new assets acquired by council.

The key information flows *from* this asset management plan are:

- The assumed Works Program and trends;
- The resulting budget, valuation and depreciation projections;

- The useful life analysis.

These will impact the Long Term Financial Plan, Community Strategic Plan, Delivery Program, Operational Plan, Infrastructure Backlog Management Plan and departmental business plans and budgets.

7.4 STANDARDS AND GUIDELINES

The relevant standards, guidelines, policies, and the like, relevant to general asset management practices are noted in Table 7.1.

7.5 DATA CONFIDENCE LEVEL

The level of confidence in the data used for financial forecasting has been graded by the system outlined in Table 7.2.

Table 7.5: Data Confidence Levels

CONFIDENCE LEVEL		DESCRIPTION
A	Highly Reliable	Sound records, procedures, investigations and analysis that are documented to best appropriate practice
B	Reliable	Sound records, procedures, investigations and analysis that are documented to best appropriate practice. Contains minor shortcomings, e.g. some old data
C	Uncertain	Incomplete records, procedures, investigations and analysis, with some unsupported assumptions or extrapolations
D	Very Uncertain	Data based on unconfirmed, anecdotal evidence, or cursory inspection and analysis

Refer to asset category and relevant Part for specific data confidence levels

8. PLAN IMPROVEMENT AND MONITORING

8.1 PERFORMANCE MEASURES

The effectiveness of the asset management plan can be measured in the following ways:

- The degree to which the required cash flows identified in this asset management plan are incorporated into council's long term financial plan and Strategic Management 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 provided by the asset management plan;

8.2 IMPROVEMENT PLAN

The asset management improvement plan generated from this asset management plan is shown in Table 8.2.

Table 8.2: Improvement Plan

TASK NO	TASK	RESPONSIBILITY	RESOURCES REQUIRED	TARGET COMPLETION DATE
1	Valuation Unit Costs – review unit cost derivations on a 'brownfields' basis	Technical Services Engineer	Staff	As assets are revalued
2	Risk Management – refine, expand and document the risk management plan	MRP Manager of Governance, Risk and Corporate Planning/Director of Infrastructure Services	Staff	Incorporation of risks into Council's corporate risk register
3	Job Costing System – Integrate Intramaps and new finance software (Open Office)	MANEX	Staff	2022/2023
4	Document methodology and procedures for asset useful lives, asset unit costs (rates), condition rating and scoring and depreciation calculations	Technical Services Engineer	Staff	For Core AMP assets not already completed
5	Population Projections – review projections based on latest available Census, or other, data	MANEX	Staff	Next Census
6	Community Consultation – undertake targeted engagement with the community to resolve acceptable and achievable levels of service	MANEX	Staff / Consultant	With preparation of each Community Strategic Plan
7	Condition Rating – refine data collection and analysis processes,	Technical Services Engineer	Staff	With preparation of Advanced AMPs

8.3 MONITORING AND REVIEW PROCEDURES

This asset management plan will be reviewed following annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services because of the budget decision process.

The Plan is a living document and is due for revision and updating annually, with a major review within two years of the election of a new Council.

REFERENCES

Glen Innes Severn Council, 'Community Strategic Plan 2017 - 2027'.

Glen Innes Severn Council, 'Delivery Program 2017 - 2021'.

Glen Innes Severn Council, 'Long Term Financial Plan for the 10 Year period ending 30 June 2030'

Glen Innes Severn Council, 'Operational Plan 2020/2021'.

IPWEA, 2015, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au