



Edward River
COUNCIL



Edward River Council Open Space and Recreation Asset Management Plan

May 2019

Version No.: 0.1

How to use this Plan

This Asset Management Plan (AMP) is a tactical document to support Councils understanding of its Open Space and Recreation assets, service levels, risks, and to provide operational and capital expenditure forecasts that will deliver the community outcomes detailed in the Community Strategy 2030. The AMP is set out in the following format to support easy navigation of its contents such that specific information can be readily identified to suit the reader's need.

- **Executive Summary**
This provides an overview suitable for obtaining a high-level understanding of the key issues and outcomes of the AMP. This is intended for senior decision makers and is supported by the detail in the following sections that make up the body of the AMP.
- **Section 1 - Introduction**
This section is the introduction that defines the plan's purpose, its scope, and how the AMP aligns with corporate objectives and goals. It 'sets the scene' for the AMP and how it relates to the wider organisational plan framework.
- **Section 2 - Data Details**
Defines the AMP's data inputs and assumptions. It includes the Asset Summary, Prior Year Infrastructure Delivery, Asset Age, Asset Condition Assessment Criteria, Results Summary, Asset profiling, Hierarchy, Useful Life, and Data Confidence ratings.
- **Sections 3, 4, and 5 – AMP Inputs (Service levels, Risk and Growth)**
Defines Council's service levels, current risks and demand considerations that have been used in developing this AMP. This is the basis on which the following sections have been developed.
- **Sections 6, 7, 8, 9, and 10 - 10-year forecasts**
Provides the detailed 'output' of the AMP development process with forecasts over a 10-year horizon of the works required to maintain the current service levels, mitigate identified risks, and cater for service growth and increased demand.
- **Sections 11, 12, and 13 - Financial forecasts**
focus on the financial aspects of delivering these service levels including anticipated 'financial sustainability' performance. This section is particularly relevant to inform decision making and guide continual improvement in both the AMP and achieving corporate goals.
- **Section 14 – Findings and Recommendations**
Provides a summary of the key issues and actions to be considered by Council. It includes a statement on the reliability and confidence of information to also be considered.
- **Section 15 – AMP Improvement Plan**
Provides an action plan to improve future iterations of the AMP, particularly the improvement of the plan's accuracy and reliance as a decision-making tool.
- **Appendices**
Information which is required in the AMP as reference is in the appendices. It also includes detailed works programs for new and renewal capital works that align with funding requirements and are to be aligned with short to medium term detailed operational planning.

Document Control

Distribution / Stakeholder list

All key stakeholders are to be included on the distribution list.

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* Stakeholders are to initial the final document to indicate that the report has been sighted and reviewed.

Revision History

| Document Version | Date | Comments | Author | Reviewer |
|------------------|------------|---------------|---------------|-------------|
| 0.1 | 22/03/2019 | Initial Draft | Randall Scott | Hans Muller |
| | | | | |
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| | | | | |

Certification

As the Principle officer/Asset Custodian responsible for preparing this AMP, I certify that it:

- Has been based on a series of assumptions and the best available data at the time;
- Provides a rationale for and underpins the renewal funding as specified in the related 10-year service financial forecasts; and
- Provides a strong platform from which to continue asset management advancement by identifying several areas for further improvement.

Principal Officer (if applicable): _____ Signature: _____

Asset Custodian: _____ Signature: _____

Date: _____

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Executive Summary

Purpose

The purpose of this Asset Management Plan (AMP) is to consolidate Councils understanding of its open space and recreation assets, service levels, risks, and to provide operational and capital expenditure forecasts that will deliver the community outcomes detailed in the Community Strategy 2030.

The plan will support informed decision making, guide Long Term Financial Planning budget requirements and provide a path to further improve the accuracy and confidence in future iterations of this Plan.

Scope

This Asset Management Plan (AMP) covers the open space and recreation assets (the Assets) that support the delivery of services to the Edward River Council (Council) Community. It has been prepared based on the International Infrastructure Management Manual (IIMM) the recognised guideline for asset management in Australia.

This AMP uses data available within Council in 2017 including Council's audited financial asset register, based on revaluations undertaken by APV in 2017. Where possible, the financial register has been supplemented by historical condition data.

The Assets

The Open space and recreation assets are valued at \$12.1 M apportioned into asset categories as detailed in Table 1 Open space and recreation Assets Summary.

Table 1 Open space and recreation Assets Summary

| Asset Type | Quantity | Replacement Value (June 2018) |
|--------------------|------------|----------------------------------|
| Swimming Pools | 20 | \$4,043,055 |
| Parks & Recreation | 111 | \$4,332,362 |
| Land Improvements | 51 | \$3,746,075 |
| Total | 182 | \$12,121,492 |

Their Condition

Council has adopted a condition assessment method using a 5-point scale rating, varying from 'Very Good' to 'Very Poor' condition. The current condition of the open space and recreation assets is good to fair as shown in Figure 1 Asset Condition Profile. However, the lower ratings are summarised as follows:

| | | |
|-------------|-------|-----------|
| % Very Poor | 5.65% | \$684,765 |
| % Poor | 5.37% | \$651,085 |

These figures indicate that 11% or \$1.34M of the open space and recreation infrastructure is failing or has failed and needs immediate attention. This is inconsistent with the remaining life profile that indicates that \$777K of open space and recreation assets will need renewal in the next 5 years.

The relationship between condition and remaining life will be addressed as and activity in the improvement plan to be included in future iterations of this AMP.

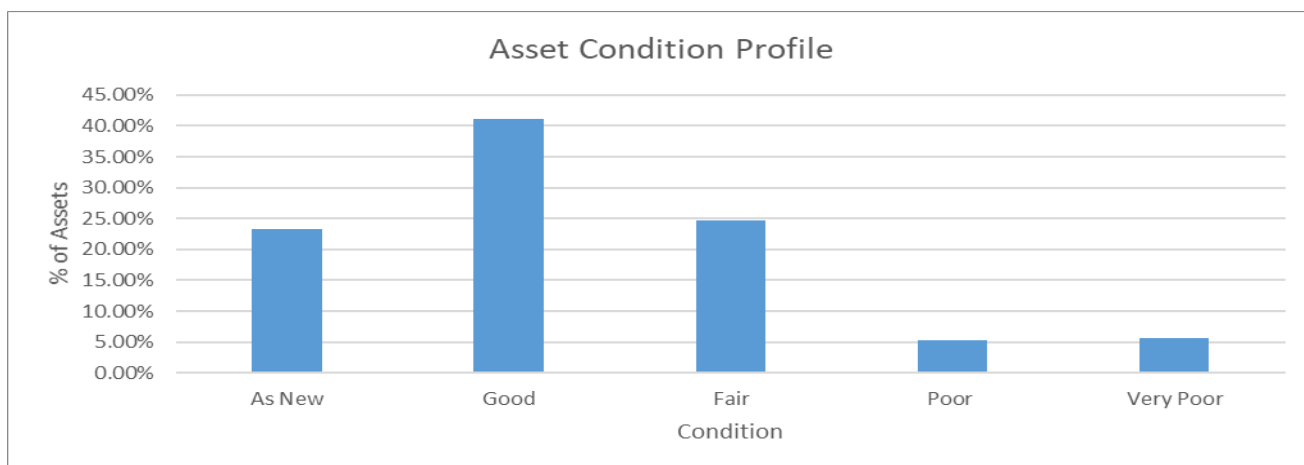


Figure 1 Asset Condition Profile

Are We Meeting Our Adopted Service Levels?

Yes, and Council is working towards formally adopting quantified levels of service. The maintenance and operations expenditure projections in this AMP are based on historical spending and therefore it may be assumed that similar future funding will continue to provide similar levels of service (if supported with appropriate investment in renewals).

Are We Managing Growth?

This AMP uses Council's adopted growth rate of 1% per annum. The current assets are expected to meet the required service capacity for increased population.

Are We Managing Our Risks?

Yes, Council is managing risks by developing strategies and policies as well as making resources available to provide services to the community. Council has a 'duty of care' to the community, its customers, in relation to the management of the assets. There are numerous types of risks Council is concerned about, including financial, service and safety. The risks were assessed by Council based on their likelihood and consequences to generate solutions to mitigate or eliminate them.

\$9.32M is forecast for operations and maintenance over the next 10 years. It is expected that the maintenance tasks included in this expenditure will mitigate the service risks to an acceptable level. Additional funding is required to mitigate risks associated with asset management practices and reliance on this AMP.

The Financials

Table 0-2: 10 Year Forecast Expenditure

| Financial Year Ending | Risk Treatment | New or Upgrade | Operations | Maintenance | Renewals | Total |
|-----------------------|----------------|----------------|--------------------|--------------------|--------------------|---------------------|
| 2020 | \$0 | \$0 | \$119,100 | \$726,008 | \$0 | \$845,108 |
| 2021 | \$0 | \$0 | \$119,100 | \$744,158 | \$661,765 | \$1,525,023 |
| 2022 | \$0 | \$0 | \$119,100 | \$762,762 | \$220,800 | \$1,102,662 |
| 2023 | \$0 | \$0 | \$119,100 | \$781,831 | \$0 | \$900,931 |
| 2024 | \$0 | \$0 | \$119,100 | \$801,376 | \$25,300 | \$945,776 |
| 2025 | \$0 | \$0 | \$119,100 | \$821,411 | \$17,250 | \$957,761 |
| 2026 | \$0 | \$0 | \$119,100 | \$841,946 | \$417,495 | \$1,378,541 |
| 2027 | \$0 | \$0 | \$119,100 | \$862,995 | \$17,250 | \$999,345 |
| 2028 | \$0 | \$0 | \$119,100 | \$884,570 | \$0 | \$1,003,670 |
| 2029 | \$0 | \$0 | \$119,100 | \$906,684 | \$87,400 | \$1,113,184 |
| Total | \$0 | \$0 | \$1,191,000 | \$8,133,739 | \$1,447,260 | \$10,771,999 |

Table 0-3: Long Term Financial Plan

| Financial Year Ending | New/Upgrade | Operations & Maintenance | Renewals | Total |
|-----------------------|-------------|--------------------------|--------------------|---------------------|
| 2020 | \$0 | \$845,108 | \$0 | \$845,108 |
| 2021 | \$0 | \$863,258 | \$661,765 | \$1,525,023 |
| 2022 | \$0 | \$881,862 | \$220,800 | \$1,102,662 |
| 2023 | \$0 | \$900,931 | \$0 | \$900,931 |
| 2024 | \$0 | \$920,476 | \$25,300 | \$945,776 |
| 2025 | \$0 | \$940,511 | \$17,250 | \$957,761 |
| 2026 | \$0 | \$961,046 | \$417,495 | \$1,378,541 |
| 2027 | \$0 | \$982,095 | \$17,250 | \$999,345 |
| 2028 | \$0 | \$1,003,670 | \$0 | \$1,003,670 |
| 2029 | \$0 | \$1,025,784 | \$87,400 | \$1,113,184 |
| Total | \$0 | \$9,324,739 | \$1,447,260 | \$10,771,999 |

The comparison of the projected 10-year expenditure and the funding included in the LTFP can be seen in Figure 2: Comparison 10-Year Expenditure against Funding.

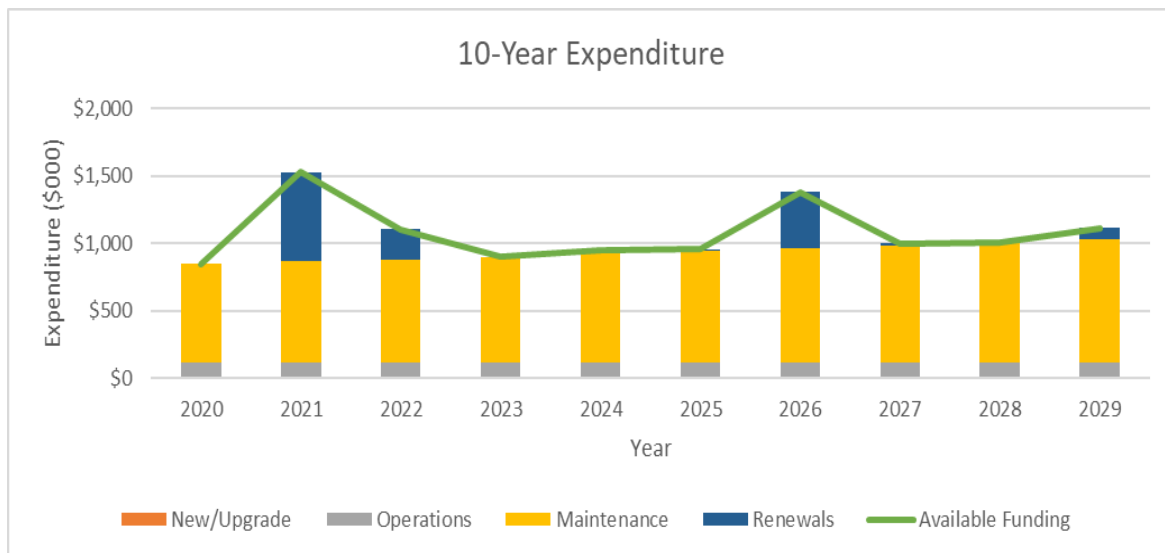


Figure 2: Comparison 10-Year Expenditure against Funding

Can We Financially Sustain our Current Levels of Service?

Yes

Council has fully funded the Open Space and recreation services in the LTFP, therefore, the Open Space and Recreation services are financially sustainable.

Other Considerations

Confidence in the asset condition data has been estimated as 70% and requires improvement. The condition and remaining life data suggest poor aligned between technical and financial assessments and potential asset integrity issues.

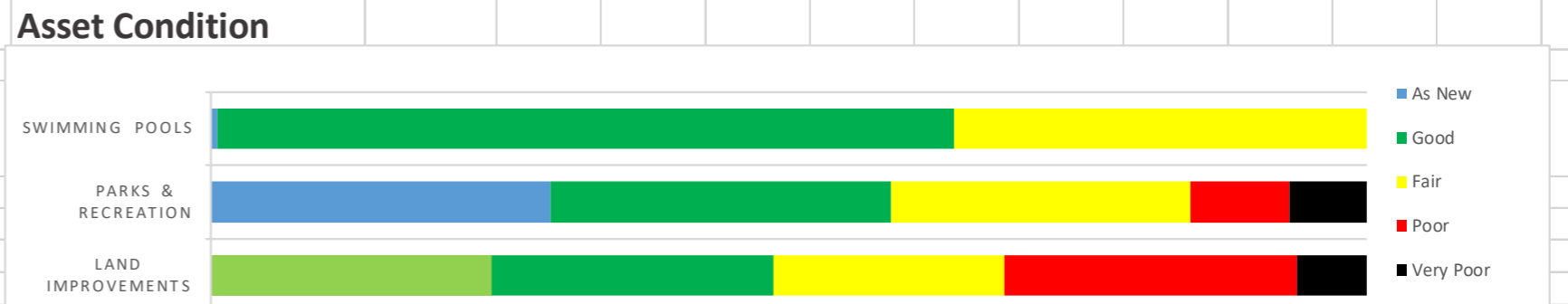
The financial reporting of Operations, Maintenance and Capital expenditure is not adequate to support detailed assessment. Forecasts are based on assumptions and historical spending.

What is our way forward?

1. Council adopts the current LTFP, this AMP and the supporting works programs
2. Council allocate funding to support the improvement initiatives identified in section 5 of this AMP
3. The New/Upgrade funding allocations in the LTFP be re-allocated to the renewal program.
4. Any future New or upgrade projects will require additional funding to be allocated to the current funding levels.
5. Council note that this AMP is based on currently available data and assumptions that may affect its accuracy and integrity of forecast works programs.
6. Council allocate funding based on condition renewals and that consideration is given to redistribute surplus funding to other asset classes and improvement initiatives.
7. That levels of services be developed, costed and adopted by Council.
8. That provisional funding allocations for future Planning and Design be included in annual budgets.

Edward River Council
State of the Assets - Open Space and Recreation
17-May-19

| Asset Class | Replacement Cost | Accumulated Depreciation | Current Value | Average Annual Asset Consumption |
|--------------------|---------------------|--------------------------|--------------------|----------------------------------|
| Land Improvements | \$3,746,075 | \$1,334,336 | \$2,411,740 | \$57,150 |
| Parks & Recreation | \$4,332,362 | \$1,006,922 | \$3,325,439 | \$103,872 |
| Swimming Pools | \$4,043,055 | \$968,899 | \$3,074,156 | \$78,489 |
| Total | \$12,121,492 | \$3,310,157 | \$8,811,334 | \$239,510 |



Current Levels of Service

The levels of service for the services that the open space and recreation infrastructure assets deliver have been defined. Council is currently conducting a review to establish the link between operations & maintenance activities and levels of service.

Current Risks

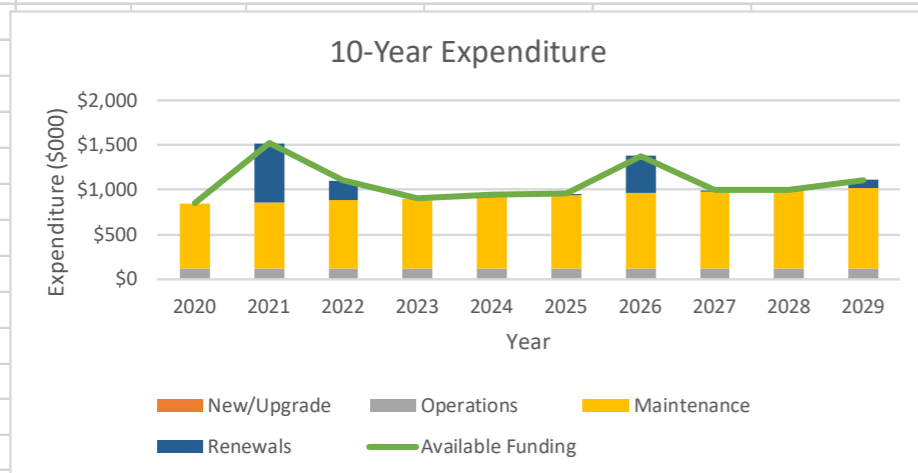
Council has identified several risks in regards to the open space and recreation infrastructure assets. The majority of these are service delivery risks.

Conclusion

Council has enough funding available to sustainably deliver the open space and recreational services. This is based on the new/upgrade funding being used to support the CAPEX renewals program and no New/Upgrade works being programmed.

Financial Forecasts

| | Expenditure (\$'000) | | | | | | | | | | |
|-----------------------------------|----------------------|----------------|----------------|--------------|--------------|--------------|----------------|--------------|----------------|----------------|-----------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Total |
| Renewal | \$0 | \$662 | \$221 | \$0 | \$25 | \$17 | \$417 | \$17 | \$0 | \$87 | \$1,447 |
| New/Upgrade | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Maint. & Ops | \$845 | \$863 | \$882 | \$901 | \$920 | \$941 | \$961 | \$982 | \$1,004 | \$1,026 | \$9,325 |
| Total | \$845 | \$1,525 | \$1,103 | \$901 | \$946 | \$958 | \$1,379 | \$999 | \$1,004 | \$1,113 | \$10,772 |
| Long Term Financial Plan (\$'000) | | | | | | | | | | | |
| Renewal | \$0 | \$662 | \$221 | \$0 | \$25 | \$17 | \$417 | \$17 | \$0 | \$87 | \$1,447 |
| New/Upgrade | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Maint. & Ops | \$845 | \$863 | \$882 | \$901 | \$920 | \$941 | \$961 | \$982 | \$1,004 | \$1,026 | \$9,325 |
| Total | \$845 | \$1,525 | \$1,103 | \$901 | \$946 | \$958 | \$1,379 | \$999 | \$1,004 | \$1,113 | \$10,772 |
| Surplus | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Cumulative Surplus | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |



Sustainability

| | | Target | Value |
|-------------------------------------|--|---------|-------------|
| Consumption Ratio | Indicates the Written Down Value of Council's Depreciable assets relative to their 'as new' value in up to date prices (highlights aged condition) | 40%-80% | 72% |
| Sustainability Ratio | Indicates whether Council's funding for Infrastructure asset class is sufficient for the long-term delivery of current service levels | >90% | 100% |
| New/Upgrade Funding Ratio | Indicates the extent to which the planned new/upgrade projects are funded in the long-term budget allocation. | 100% | 100% |
| Renewal Funding Ratio | Indicates the extent to which the proposed renewal works are funded in the long-term budget allocation. | 100% | 100% |
| Operations & Maintenance | Assumed that current expenditure levels for operations and maintenance activities will be maintained for the 10-year planning period. | 100% | 100% |

Introduction

Purpose

The purpose of this Asset Management Plan (AMP or Plan) is to:

- Consolidate Edward River Council's (Council's) understanding of its assets within the Open Space and Recreation asset class
- Document levels of service and risk
- Provide short- and medium-term capital works plans
- Support informed decision making and guide Long-Term Financial Planning budget requirements
- Provide a plan to work towards improved accuracy and confidence in future iterations of this Plan.

Scope

This AMP relates to the management of Open Space and Recreational Infrastructure assets (the Assets) which are recognised as assets owned by Council. Assets in this class typically comprise of the following classes:

Table 2: Asset Summary

| Asset Type | Quantity | Replacement Value (June 2018) |
|--------------------|------------|----------------------------------|
| Swimming Pools | 20 | \$4,043,055 |
| Parks & Recreation | 111 | \$4,332,362 |
| Land Improvements | 51 | \$3,746,075 |
| Total | 182 | \$12,121,492 |

Corporate Context

In 2009 a new Integrated Planning and Reporting (IP&R) framework for NSW local government was introduced. The IP&R framework requires councils to prepare a suite of long-term strategic documents, including a Community Strategic Plan, Resourcing Strategy and Delivery Program, as well as an annual Operational Plan. Integration of these strategic documents is key to effective long-term planning and assist us in providing ratepayers with the best level of service that we can.

Figure 3 illustrates how the IP&R framework ensures that local planning and reporting is informed, relevant, and responsive to community needs.



Figure 3 Integrated Planning and Reporting Hierarchy

Community Strategic Plan

The Community Strategic Plan is the highest-level plan that Council prepares. The purpose of the Community Strategic Plan is to identify our community's main priorities and aspirations for the future and to plan strategies for achieving these goals. In doing this, the planning process considers the issues and pressures that may impact the community and the level of resources that will realistically be available to achieve its aspirations.

Informed by extensive community and stakeholder consultation, the Edward River 2030 Community Strategic Plan seeks to answer four key questions:

- Where are we now?
- Where do we want to be in 10 years?
- How will we get there?
- How will we know when we have arrived?

At an operational level, the Community Strategic Plan is implemented through Council's Delivery Program and annual Operational Plans, which outline the activities and actions that are the responsibility of Council in achieving our shared vision.

Resourcing Strategy

The Edward River 2030 Community Strategic Plan provides a vehicle for expressing our community's long-term aspirations. However, the vision set out in this Plan will not be achieved without sufficient resources – time, money, assets, and people – to carry them out.

The Resourcing Strategy comprises the following components:

- **Asset Management Planning:** Council's asset management planning is supported by an Asset Management Policy, Asset Management Strategy, and individual Asset Management Plans for all assets under Council's control. Considering 'whole of life' asset management from planning, purchase, operation, and maintenance – to disposal of assets; the Asset Management Strategy forecasts community requirements and the capacity to meet them on a short-, medium-, and long-term basis.
- **Long Term Financial Planning:** The Long-Term Financial Plan (LTFP) tests community aspirations as contained in the Community Strategic Plan against the financial realities of delivering on those aspirations. The LTFP integrates with Edward River 2030 through the Delivery Program and one-year Operational Plan.
- **Workforce Management Planning:** The Workforce Management Plan addresses the human resourcing requirements of the Community Strategic Plan, including what people, skills, experience and expertise are required to achieve its strategic objectives.

This AMP is prepared under the above hierarchy and direction of Council's mission, values, goals and objectives.



Through consultation with government, community, business, and industry, we have developed a clear vision as to what we want the Edward River region to look like in 2030.

During this consultation, we developed a vision for the Edward River to strive toward:

We are the centre of the Southern Riverina. Home to a connected and engaged community, driven by a diverse economy. We work together to lead our community, achieve our potential and embrace our future.

This vision is designed to encourage commitment to our future and engender a sense of common purpose and responsibility in all stakeholders responsible for delivering Edward River 2030.

In 2030, our community wants the Edward River region to be:

- A great place to live
- A prosperous and vibrant economy
- A valued and enhanced natural environment
- A region with quality and sustainable infrastructure
- A community working together to achieve its full potential

Relationship to Other Asset Related Council Documents

This AMP aligns and should be read in conjunction with the framework of Council documents as shown in Figure 4 below:

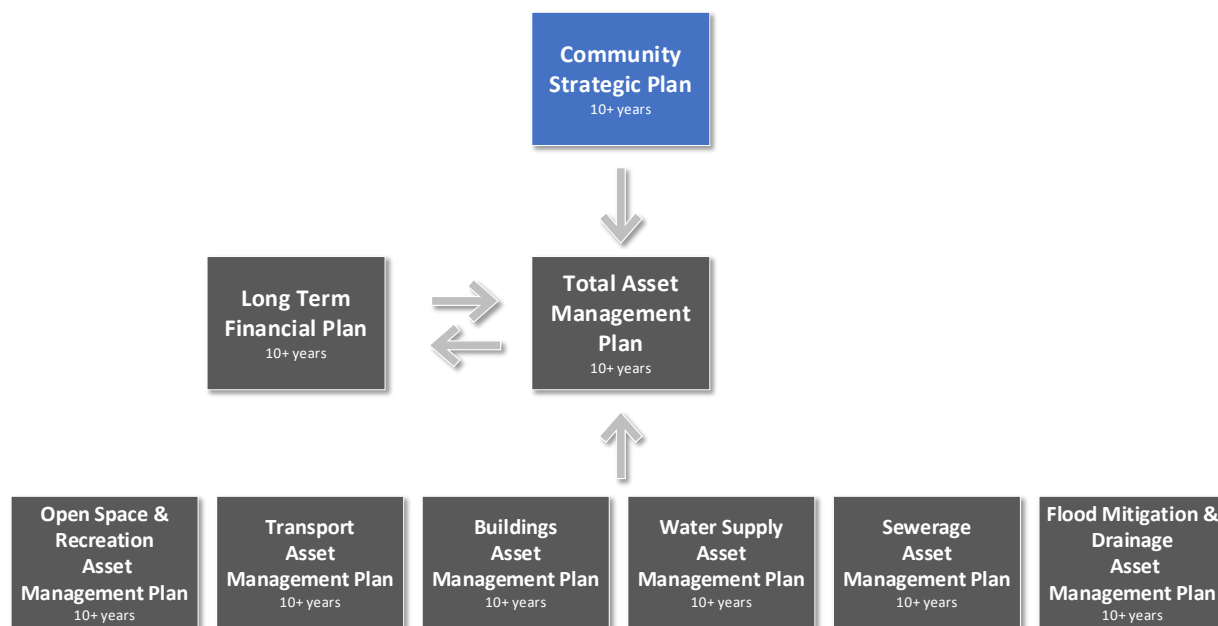


Figure 4 – Asset Management Document Hierarchy

Key documents supporting this AMP are included in Table 3 Related Documents

Table 3 Related Documents

| Document | How Related | Reference |
|---------------------------|--|-----------|
| Asset Management Policy | <p>The Asset Management Policy includes the defining principles of asset management within Council. This AMP supports such principles by:</p> <ul style="list-style-type: none"> • Considering the entire life cycle of the assets, • Supporting the development of cost-effective management strategies for the long term, • providing a defined level of service which can be monitored and used as the basis for aligning affordability with community aspirations, • understanding and meeting the demands of growth through demand management and asset investment, • managing risks associated with the assets; and • Defining actions required to support continuous improvement in asset management practices. | |
| Condition Assessment Plan | Contains the methodologies, defect assessment procedures, and the condition rating system used to formally assess the structural integrity and appearance of assets. | |
| Service Level Agreement | Contains all maintenance and operational specification requirements for assets under this AMP. | |
| Risk Register | Contains all identified asset related risks applicable to this AMP. | |

| Document | How Related | Reference |
|-----------------------------|---|-----------------|
| Maintenance Manual | Contains details on how maintenance activities are to be delivered to meet adopted levels of service. | |
| Land Development Guidelines | Contains design and construction details for new assets. | Council website |
| Others... | | |

Stakeholder Input

Various stakeholders were considered in the preparation of this AMP who will have different roles in implementing its outcomes. These stakeholders and their role are shown in Table 4.

Table 4: Key Stakeholders

| Key Stakeholder | Role |
|--|--|
| Councillors | <ul style="list-style-type: none"> • Represent needs of community. • Allocate resources to meet Council's objectives in providing services while managing risks. • Ensure the organisation is financially sustainable. • Custodians of the assets and services, providing the interface with the community regarding the levels of service, good governance, and management practices. |
| CEO | <ul style="list-style-type: none"> • Manage organisation operational activities and future planning strategic direction. |
| Director Corporate Services (Director of Governance, Finance and Information services) | <ul style="list-style-type: none"> • Long-Term Financial Plans and operational financial data. • Defining information requirements for audit and reporting purposes. |
| Director Infrastructure | <ul style="list-style-type: none"> • Manage delivery of the AMP and initiatives. • Capital works projects planning and deliver. • Operational and service levels, data information and analysis. |
| Community and Ratepayers | <ul style="list-style-type: none"> • User of services. • Source of funding. |
| State and Commonwealth Government | <ul style="list-style-type: none"> • Active in the management of assets and services across the region. |
| Council Staff | <ul style="list-style-type: none"> • Directly involved with the renewal, maintenance and operation of the network and the management framework, both operationally and financially. • Delivery of operational plans informed by this AMP. |
| Emergency Services | <ul style="list-style-type: none"> • Respond to community needs and emergency situations. |

Legislative Requirements

Council is required to meet many legislative requirements including Federal and State legislation and regulations. Key relevant legislation is shown in Table 5.

Table 5: Legislative Requirements

| Legislation | Requirement |
|---------------------------------|---|
| Local Government Act NSW | <p>Sets out role, purpose, responsibilities and powers of local government including the preparation of a long-term financial plan supported by asset management plans for sustainable service delivery.</p> <p>The system of financial management established by a local government must include –</p> <p>a) The following financial planning documents prepared for the local government-</p> <ul style="list-style-type: none"> i. A 5-year corporate plan that incorporates community engagement; ii. A long-term asset management plan; and iii. A long-term financial forecast. |
| Local Government Regulation NSW | <p>Preparation of long-term asset management plan, the plan continues in force for the period stated in the plan unless the local government adopts a new long-term asset management plan, and the period stated in the plan must be 10 years or more.</p> <p>A local government's long-term asset management must provide for strategies to ensure the sustainable management of the assets mentioned in the local government's asset register and the infrastructure of the local government; and state the estimated capital expenditure for renewing, upgrading and extending the assets for the period covered by the plan; and be part of, and consistent with, the long-term financial forecast.</p> |

This AMP contributes to supporting Council's legislative requirements.

Consider including the following:

Local Government Act 1993 - 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.

Playground Australian Standard AS4685:2014 - Sets out standards to ensure the fun yet safe activity of children using playground equipment

Cemeteries and Crematoria Act 2013 Aims to ensure that NSW cemetery and crematorium operators

provide sustainable, innovative and culturally appropriate services in a consistent, transparent and accountable manner

Workplace Health & Safety Act 2011 Protects workers and other person against harm to their health

and safety and welfare through elimination or minimisation of risks arising from work

OLG Integrated Planning and Reporting framework Sets out standards for asset management plans and requires the plan to integrate with community plans and resourcing strategy

Environmental Planning and Assessment Act 1979 Sets out assessment and approval processes of community services and facilities

Protection of the Environment Operations Act 1997 - Protect, restore and enhance the quality of the environment in NSW

National Guidelines for NSW Swimming and Spa Code of Practice Pool Operation guidelines

NSW Department of Health - Water quality guidelines

Plan Maturity

This development of this AMP is targeted at a first cut, ‘core-level’ AMP as defined in the International Infrastructure Management Manual. Detailed information is in Table 6 below.

Core level AMP’s are developed to meet minimum legislative and organisational requirements and provide basic technical management outputs, including:

- Statements on current levels or aspirational levels of service
- Forward asset renewal programs
- Associated cash flow projections.

Table 6 Core Level Asset Management Capabilities

| <i>AM Category</i> | <i>Core Assessment requirements</i> |
|-------------------------------|---|
| <i>Asset Management Plans</i> | <ul style="list-style-type: none"> • <i>Plan contains basic information on assets, service levels, planned works, and financial forecasts (5-10 years) and future improvements.</i> • <i>The plan also includes executive summary, description of services and key/critical assets, top-down condition and performance description, future demand forecasts, description of supporting AM processes, 10-year financial forecasts, and 3-year AM improvement plan.</i> |

Other “Core” Assessment requirements that can be included in the AMP include the following:

| | |
|---|--|
| <i>Risk Management</i> | <ul style="list-style-type: none"> • <i>Risk framework developed.</i> • <i>Critical assets and high risks identified.</i> • <i>Documented risk management strategies for critical assets and high risks.</i> |
| <i>Quality Management</i> | <ul style="list-style-type: none"> • <i>Defined quality policy and basic Quality Management System.</i> • <i>All critical activity processes documented.</i> |
| <i>Levels of Service and Performance Management</i> | <ul style="list-style-type: none"> • <i>Customer groups defined, and requirements informally understood.</i> • <i>Levels of service and performance measures in place covering a range of service attributes.</i> • <i>Annual reporting against performance targets.</i> |
| <i>Demand Forecasting</i> | <ul style="list-style-type: none"> • <i>Demand forecasts based on robust projection of a primary demand factor (e.g.: population growth) and extrapolation of historic trends.</i> • <i>Risk associated with demand change broadly understood and documented.</i> • <i>Demand management is considered in major asset planning.</i> |
| <i>Operational Planning</i> | <ul style="list-style-type: none"> • <i>Emergency response plan is developed.</i> • <i>Asset utilisation is measured for critical asset groups and is routinely analysed.</i> |
| <i>Maintenance Planning</i> | <ul style="list-style-type: none"> • <i>Asset criticality considered in response processes.</i> • <i>Fault tracking and closure process.</i> • <i>Strategy for prescriptive versus performance-based maintenance developed.</i> • <i>Key maintenance objectives established and measured.</i> |
| <i>Capital Works Planning</i> | <ul style="list-style-type: none"> • <i>Projects have been collated from a wide range of sources such as hydraulic models, operational staff, and risk processes.</i> • <i>Capital projects for the next three years are fully scoped and estimated.</i> |
| <i>Financial and Funding Strategies</i> | <ul style="list-style-type: none"> • <i>10+ year financial forecasts based on current AMP outputs.</i> • <i>Significant assumptions are specific and well-reasoned.</i> • <i>Expenditure captured at a level useful for AM analysis.</i> |
| <i>Asset Register Data</i> | <ul style="list-style-type: none"> • <i>Sufficient information to complete asset valuation — basic physical information recorded in a spreadsheet or similar (e.g. location, size, type), but may be based on broad assumptions or not complete.</i> • <i>Replacement cost and asset age/life.</i> • <i>Asset hierarchy, asset identification and asset attribute systems documented.</i> |
| <i>Asset Condition</i> | <ul style="list-style-type: none"> • <i>Condition assessment programme in place for major asset types, prioritised based on asset risk.</i> • <i>Data supports asset life assessment.</i> • <i>Data management standards and processes documented.</i> • <i>Programme for data improvement developed.</i> |
| <i>Information Systems</i> | <ul style="list-style-type: none"> • <i>Asset register enables hierarchical reporting (at component to facility level).</i> • <i>Customer request tracking and planned maintenance functionality enabled.</i> • <i>System enables manual reports to be generated for valuation, renewal forecasting.</i> |
| <i>Service Delivery Mechanisms</i> | <ul style="list-style-type: none"> • <i>Service delivery roles clearly allocated (internal and external), with contracts in place for external service provision.</i> |

Existing Infrastructure Base

This section provides an overview of the infrastructure assets covered by this AMP. The overview provides an understanding of the age, value, and condition of Council's existing infrastructure asset base.

Asset Summary

A summary of the open space and recreation assets covered by the AMP are included in Table 7.

Table 7: Asset Summary

| Asset Type | Quantity | Replacement Value (June 2018) |
|--------------------|------------|-------------------------------|
| Swimming Pools | 20 | \$4,043,055 |
| Parks & Recreation | 111 | \$4,332,362 |
| Land Improvements | 51 | \$3,746,075 |
| Total | 182 | \$12,121,492 |

Asset Hierarchy

Implementing an asset hierarchy is one of the most important steps in open space and recreation an effective asset management program. Such a hierarchy provides both context and organization to the asset register.

The asset register is the fundamental building block for asset management and when organised in hierarchical order is the vehicle by which the information system most effectively enables the assessment of the assets as individual components, composite assets, or groups of assets.

Council's hierarchy for Open Space and recreation assets is provided in Table 8: Asset Hierarchy.

Table 8: Asset Hierarchy

| Asset Class | Asset Category | Asset Group |
|--------------------|----------------|----------------------|
| Swimming Pools | Shed | Pump Shed |
| | | Storage Shed |
| | Shelter | Shade Structure |
| | Pool | Pool Shell |
| | Fencing | Fencing |
| | Lighting | Lighting |
| Parks & Recreation | Barbeque | BBQ |
| | Landscaping | Hardstand |
| | | Pot Plant |
| | | Watering System |
| | Park Furniture | Seat |
| | | Table & Seat |
| | Playground | Playground |
| | | Playground Equipment |
| | Fencing | Post and Chain Link |
| Post and Rail | | |
| Footbridge | Footbridge | |
| Boating Facilities | Boat Ramp | |

| | | |
|-------------------|-------------------|---------------------|
| | Sports Facilities | Mooring Posts |
| | | Court |
| | | Cricket Nets |
| | | Cricket Pitch |
| | Skate Park | |
| | Adornment | Sculpture |
| | Security lighting | Flood lights |
| Wharf | Hardstand | |
| Signage | Signage | |
| Land Improvements | Landscaping | Landscaping |
| | | Retain Wall |
| | | Watering System |
| | Fencing | Boom Gate |
| | | Fencing |
| | | Metal Panel |
| | | Post and Chain Link |
| | | Post and Rail |
| | Adornment | Clock Tower |
| | | Columbarium Wall |
| | | Flagpole |
| | | Fountain |
| | | Memorial |
| | | Sculpture |
| | | Statue |
| | Wind sock | |
| | Security lighting | Flood lights |
| | Signage | Signage |
| | Washdown | Hardstand |
| | Electricals | Timeclock |
| Audio Visual | CCTV | |
| Water Storage | Water Storage | |
| Sewer System | Sewer System | |
| Storage Container | Storage Container | |
| Footpath | Shared Path | |
| Works | Works | |

Asset Standard (Useful) Life

An asset's standard or useful life is the period over which a depreciable asset is expected to be fully consumed. This period can be significantly impacted by Council's maintenance practices.

The standard or useful life is initially based on the manufacturer's recommended life. This is subject to change however, based on historical evidence of the impact of the local environment on the expected life.

The standard life for Council's Open Space and recreation assets varies significantly within each asset class. For example lighting assets have a standard life of 3 to 70 years. The result is that the standard lives for open space and recreation assets range from 20 to 175 years. The random spread is a result of the revaluation method that allocates a short life and a long life to a single asset component. These separate component lives are then averaged (weighted) to calculate an overall asset life.

While this method of determining lives may meet financial requirements it is not suitable for asset management purposes. Therefore the standard life for this asset class are to be reviewed

Age Profile

The age profile of the assets can be seen in Figure 5 below.

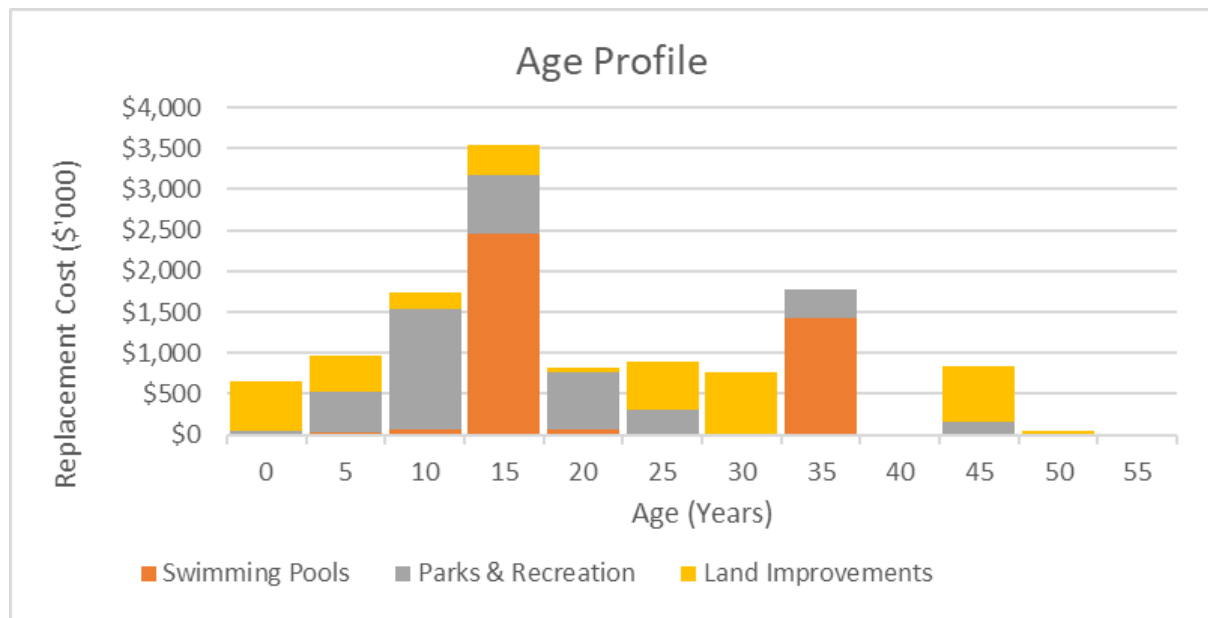


Figure 5: Asset Age Profile

Based on the recorded construction years, some of which have been estimated from financial data all of the assets are within the 0 to 60 years age bracket. This is consistent with the standard life assigned to the assets.

Asset Remaining Useful Life

The remaining useful lives of the assets are based on:

- Inspections by a suitable qualified person
- Calculated from supplied construction dates and adopted asset lives, or
- Estimated from the condition of the asset as a percentage of the expected life.

The profile of the remaining lives of open space and recreation assets is displayed in Figure 6.

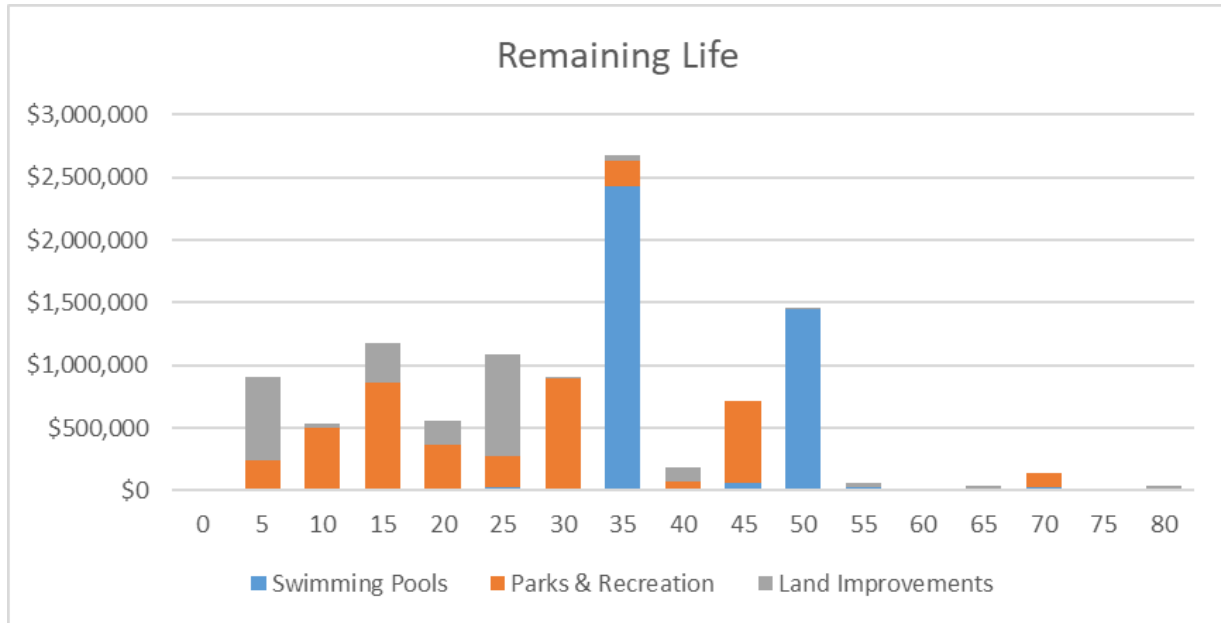


Figure 6: Asset Remaining Life

Note:

The records indicate that no assets have reached the end of their useful lives however, \$908,000 will require renewal within the next 5 years.

13.2% (\$1.6M) of the open space and recreation asset class have a remaining life greater than 80 years.

Asset Condition

Council has adopted a condition assessment method using a 5-point scale rating, varying from 'Very Good' to 'Very Poor' condition as can be seen in Table 9 below.

Table 9: Structural Condition Grading Model

| Structural Condition Grading Model | | | |
|------------------------------------|-----------|------------|--|
| 1 | As New | >70% | Sound physical condition. No signs of deterioration Only normal maintenance required. |
| 2 | Good | 70% - >50% | Acceptable physical condition; minor deterioration visible, no short-term failure risk. Minor defects only. Only minor work required, if any. |
| 3 | Fair | 50% - >10% | Acceptable physical condition; minimal short-term failure risk but potential for deterioration in long-term. Minor defects only. Minor components or isolated sections of the asset may need replacement or repair now but asset functions safely at adequate level of service. Work may be required but asset is serviceable. Maintenance required to restore the asset to an acceptable level of service. |
| 4 | Poor | 10% - >4% | Significant deterioration evident. Failure likely in short-term. Likely need to replace most or all of the asset. No immediate risk to health or safety but works are required to ensure asset remains safe. Substantial work required in short-term, asset barely serviceable. Asset requires renewal – works to be programmed. |
| 5 | Very Poor | <4% | Failed or failure imminent. Immediate need to replace most or the entire asset. Health and safety hazards exist which present a possible risk to public safety, or asset cannot be serviced/operated without risk to personnel. Asset is effectively unserviceable. Major work or replacement required urgently. |

Table 10 Asset Condition ratings

| Asset Type | Condition (% of Total Asset Base) | | | | |
|------------|-----------------------------------|--------|--------|-------|-----------|
| | As New | Good | Fair | Poor | Very Poor |
| Open Space | 23.21% | 41.08% | 24.69% | 5.37% | 5.65% |

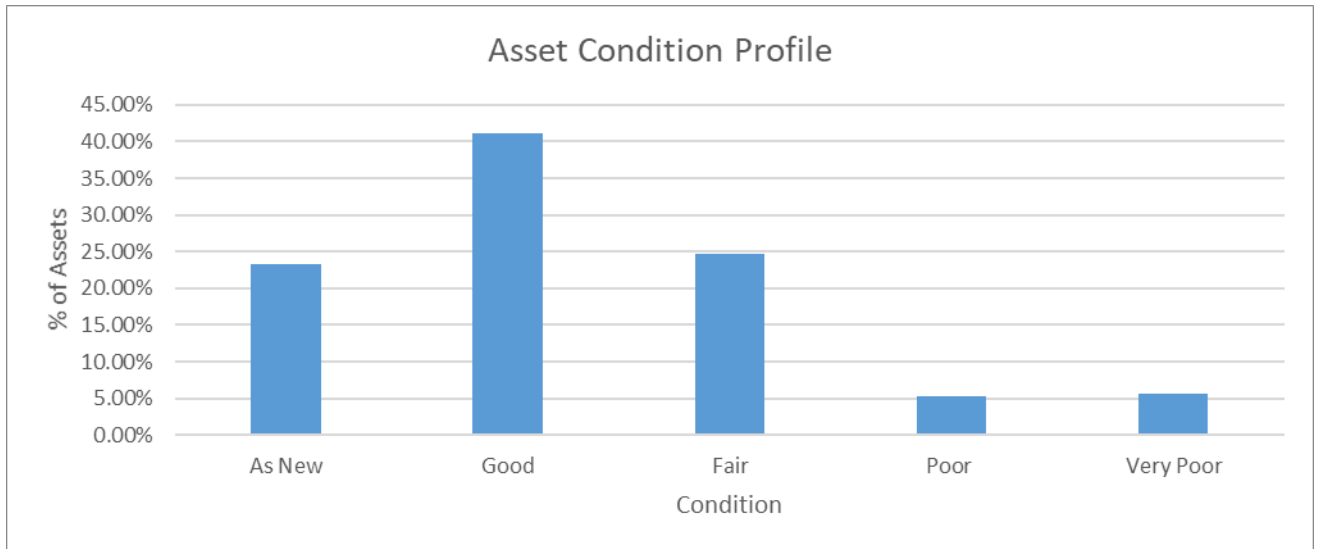


Figure 7 Asset Condition Profile

General Asset Condition

| | | | |
|-------------|-------|--------------|-----------|
| % Very Poor | 5.65% | \$ Very Poor | \$684,765 |
| % Poor | 5.37% | \$Poor | \$651,085 |

These figures indicate that 11% or \$1.34M of the open space and recreation infrastructure is failing or has failed and needs immediate attention. This is inconsistent with the remaining life profile that indicates that \$908,000 of open space and recreation assets will need renewal in the next 5 years.

The relationship between condition and remaining life will be addressed as and activity in the improvement plan to be included in future iterations of this AMP.

Details of the assets in poor or very poor condition and those with a remaining life of less than 10 years have been included in the works program in Appendix B – Renewals Plan

Asset Criticality

A critical asset is an asset for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non-critical assets.

Although critical assets have a high consequence of failure, they don't necessarily have a high likelihood of failure

Asset Criticality is a measure of how critical an asset is to the functioning of and/or the services provided by Council.

The importance or degree of asset criticality has been proposed to be based on the consequences of failure, i.e. consequences of failure are assigned a criticality factor.

Elements that may impact on asset criticality include:

- Safety
- Cost of Failure
- Complexity
- Severity of Duty
- Impact of failure
- Impact on Environment
- Location
- Loss of service
- Number of Customers Serviced
- Site function
- Public image impact

Social, environmental & economic factors may be considered.

Social may include

- Community disruption
- Health and safety
- Litigation

Environmental factors that may need to be considered are

- natural waterways
- parks
- national parks
- recreational grounds

Economic

- business and commercial activities being disrupted
- costs to the community

Criticality has been assigned using the ratings in

Table 11.

Table 11 Criticality Ratings

| Criticality Rating | | | | |
|--------------------|-------|----------|-------|---------|
| 1 | 2 | 3 | 4 | 5 |
| Insignificant | Minor | Moderate | Major | Extreme |

Currently Council does not have a criticality model therefore, based on the above criteria and the criticality ratings in Table 11 Criticality Ratings a preliminary default value (2) has been assigned to each asset. Further iterations of this plan will develop council's asset criticality models and improve the quality of the criticality assessment for individual assets.

Data Confidence

The lifecycle assessment is only as precise as the accuracy of the data Council holds. This data includes revaluation data of the assets, financial data, and asset register details.

Table 12: Data Confidence Rating

| Grade | Description | Accuracy |
|-------|----------------------------|----------|
| 1 | Accurate | 100% |
| 2 | Minor Inaccuracies | 95% |
| 3 | 50% Estimated | 80% |
| 4 | Significant Data Estimated | 70% |
| 5 | All Data Estimated | 60% |

(Section 4.3.7 of the IIMM, Version 3.0, 2006)

The inconsistencies between the condition and life data has resulted in the Open Space and recreation data being given a subjective data confidence rating of 3.

Further iterations of this plan will develop council's data confidence models and improve the quality of the assessment for each asset class.

Levels of Service

Level of Service Document Hierarchy

- **Edward River Community Strategy 2030**

The Community Strategy establishes, through community consultation, Council's aspirational goals and objectives for the delivery of Open Space services.

- **Asset Management Plan**

This Asset Management Plan (AMP) develops technical measures against which the aspirational goals and objectives can be measured (Technical Levels of Service). The level of compliance with SLA and activity specification is the performance measure for the technical service levels. These results are then used to report back to Council on the delivery of the Corporate goals.

- **Service Level Agreement**

The service level agreement (SLA) is a formal agreement between those responsible for the assets (and the services to be deliver), and the operational areas of Council charged with maintaining, operating, and upgrading existing assets or constructing new infrastructure.

- **Activity Specification**

The activity specification defines the target performance measures for maintenance, operations, or construction activities. It sets routine inspection and maintenance frequencies and for reactive maintenance sets intervention levels, response times, activity duration targets.

Levels of Service performance can be measured against the delivery of the activity targets detailed in the specification.

- **Maintenance Management Plan**

The Maintenance Management Plan (MMP) details how each activity is to be completed and may include the following:

- Standard Operating Procedures
- Work Instructions
- Hazard Risk Assessment
- References to Maintenance Manuals (particularly fleet, plant, mechanical and electrical assets)

Community Strategy 2030 (Community Levels of Service)

The Community Strategy relevant to this AMP is

Outcome 4 - A region with quality and sustainable infrastructure

The outcome target relevant to Open Space and Recreation services is:

4.1 Our built environment is managed, maintained and improved

Table 13: Council's Goals

| Council Role |
|---|
| <ul style="list-style-type: none">• Undertake a regular program of maintenance• Undertake sound asset management planning and asset mapping• Where appropriate upgrade existing or provide new infrastructure• Maximise funding opportunities to renew and upgrade-built infrastructure• Partner with the community to understand service needs and ensure infrastructure is fit for purpose. |

In addition to Council's aspirational goal and roles as detailed in Table 13, the Community Levels of Service relate to subjective service delivery outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, value, and legislative compliance.

Community levels of service measures used in this service management plan are:

Quality - How good is the service?

Function - Does it meet users' needs?

Capacity/Utilisation - Is the service over or under used?

These community levels of service are outlined in Table 14 Community Levels of Service.

Table 14 Community Levels of Service

| Service Level Outcome | Principle Activity | Strategic Elements | Performance Outcome | Assessed by |
|-----------------------|--|--|---|--|
| Reliability | Actively managing Council's available resources. | People can access what they need. | Appropriate Open Space and recreational facilities to provide services to the community. | Survey of access to open space and recreation assets (TBD) |
| Quality | Amenity fit for purpose, clean and tidy | People can live and function in clean and tidy environments. | Zero complaints of open space and recreation cleanliness. | TBD |
| | Healthy Urban and Natural Environment | People breathe clean air. | Proportion of open space and recreation assets that incorporate energy efficient design principles. | Air Quality Testing (TBD) |
| | Swimming Pools provide a safe environment | Pool water is safe to swim in | Zero complaints of swimming pool cleanliness and water quality. | Water Quality Testing |
| Function | Adequate capacity; All open space and recreation components functional | Open space and recreation Services are well maintained. | Zero Complaints of open space and recreation maintenance issues. | TBD |
| | Comply with relevant standards | People can access the required services. | Open Spaces are appropriate to use. | Survey of access to open space and recreation assets (TBD) |
| Condition | Planned maintenance. | Open space and recreation Services are well managed. | Long term asset management planning of Open Spaces and related infrastructure. | Progression of asset management plans. |
| | Open Spaces are safe, complying with all relevant codes and standards. | Open Spaces are compliant. | Stewardship of assets through effective planning for asset provision, maintenance and renewal. | Inspections and condition rating for Open Space assets. |

Technical Levels of Service

Technical levels of service support the community levels of service by turning subjective requirements of the Community Levels of Service into objective assessments. These technical measures aim to quantify the performance of the assets and services they provide and relate to the allocation of resources to service activities that the organisation undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Technical service measures are linked to annual budgets covering:

- **Operations**
the regular activities to provide services such as opening hours, cleansing frequency, mowing frequency, etc.
- **Maintenance**
the activities necessary to retain an asset as near as practicable to an appropriate service condition (e.g. open space and recreation and structure repairs),
- **Renewal**
the activities that return the service capability of an asset up to that which it had originally (e.g. frequency and cost of road resurfacing and pavement reconstruction, pipeline replacement and open space and recreation component replacement),
- **Upgrade**
the activities to provide a higher level of service (e.g. adding a room, increasing a service capacity) or
- **New**
a new service that did not exist previously (e.g. a new library).

Asset managers plan, implement and control technical service levels to influence the community service levels.¹

These technical Levels of Service are outlined in Table 15.

¹ IPWEA, 2011, IIMM, p 2.22

Table 15 Technical Levels of Service

| Classification | Open Space and recreational services | | |
|-----------------------------|---|---|---|
| Service Statement | Council has good quality Open Space and recreational facilities that are well maintained and fit for purpose | | |
| Performance Measure | Community feedback through operators, complaints and scheduled inspections. | | |
| Service Factors | Community Levels of Service | Technical Levels of Service | Performance Measures |
| Quality | | | |
| Condition | Open Space/structures are: <ul style="list-style-type: none"> Well maintained; Appear in good condition; Structurally sound; and Aesthetically pleasing | <u>Operations & Maintenance</u> <ul style="list-style-type: none"> Inspect assets on a routine basis to identify their condition Inspect assets on a routine basis to identify and address any defect and safety concerns Maintain assets in a tidy, safe, and functional condition | Assets condition assessed annually Defect inspections 90% of Open Space Maintenance cost between 1.5 -2.9% of open space and recreation renewal cost. <1 complaint / month |
| | | <u>Renewal</u> <ul style="list-style-type: none"> Renew/replace open space and recreation components when they no longer function at 90% Renew/replace open space and recreation when structure degrades to a dangerous level. | Open space and recreation condition being maintained 90% delivery of renewal programs |
| Function | | | |
| Access | Access to facilities and services is provided that is suited to the use | <u>New/Upgrade</u> <ul style="list-style-type: none"> Provide new/upgraded infrastructure to cater for community growth and in accordance with existing community demand Provide new/upgraded infrastructure as required to comply with industry standards or statutory requirements Ensure new/upgraded infrastructure is designed and constructed in accordance with Council's Guidelines. | 90% delivery of CAPEX programs 100% Compliance with design standards and guidelines |
| Capacity/Utilisation | | | |
| Cost Effectiveness | Open space and recreation/structures meet the appropriate capacity and utilisation requirements | <u>New/upgraded</u> <ul style="list-style-type: none"> Ensure new/upgraded infrastructure is designed and constructed in accordance with Council's Guidelines. Measure actual utilisation/capacity against planned values Monitor benefit realisation for new/upgrade works | 100% Compliance with design standards and guidelines Utilisation and Customer surveys Benefits realised within payback period. |

Growth

Development

The new assets required to meet development growth will be acquired free of cost from land developments and constructed/acquired by Council.

Acquiring these new assets will commit Council to fund on-going operations, maintenance and renewal 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 operations, maintenance and renewal costs.

Demand

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

Specific to Council, the demand factor that may impact on service delivery are summarised in Table 16.

Table 16: Demand Impact

| Demand Driver | Current Position | Projected Position | Potential Impact | Response Required |
|-------------------|---|-----------------------------------|---|--|
| Community Growth* | 8949 residents | *No current prediction available. | Population growth will result in an increase in asset use and have an impact on the lifecycle cost of the assets. | There is not enough growth to have a significant impact on services. |
| Demographic* | Median age 44.7 22.2% >65 years of age | *No current prediction available. | Increases in the median age increases the importance for service accessibility. | The average population being relatively young will increase the need for community infrastructure. |
| Tourism | Tourism and related industries account for less than XX% of the total employed in the Council area. | *No current prediction available. | An increase in visitors to the area will have a larger effect on infrastructure services. | Council will not have to increase size of the asset base specifically for tourism increases. |

(*Australian Bureau of Statistics – [Edward River Council])

Growth/Demand Response

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

Non-asset solutions focus on providing the required service without the need for Council to own the assets and demand management includes reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures.

Opportunities for demand will be developed in future revisions of this asset management plan.

Council's current adopted growth rate is 1% per annum. There is existing capacity in the Open Space infrastructure to cater for this level of growth for the term of this plan.

Risk Management

Risk Management Objectives

Council has a 'duty of care' to the community in relation to management of the assets and appropriate management of risk. Council must reduce risk where it is reasonable to do so. Risks that affect Council include:

- Risks associated with the loss of service by the failure of critical assets
- Financial risks from a lack of due diligence in the management of funding for the renewal, maintenance, and operation of the assets to provide agreed Levels of Service.
- Operational risks where data and information are not maintained to standards which enable competent management outputs.

The objectives to be achieved in managing risks under the AMP are:

- Identify high risk assets
- Maintain Levels of Service
- Mitigate risks to the public
- Reduce the number and magnitude of unplanned asset failures.

Managing risks involves identifying, assessing and treating risks.

Risk action options vary depending on several factors, including but not limited to:

- Available resources and funding,
- Risk assessment level and
- Network demand.

In this way, it may be reasonable to mitigate a lower risk when it is not practical to mitigate a high risk.

For each identified risk Council can elect to adopt one of the following positions:

- Take the risk
- Transfer the risk
- Treat the risk
- Terminate the risk

Risk Assessment Method

Risks vary in both likelihood and consequence. Analysing risks in a risk matrix can help to quantify the risk to then identify necessary treatment actions. The risk matrix used to assess Council's risks is shown below, however this may change as Council's risk procedures develop.

Table 17 Risk Assessment Matrix

| LIKELIHOOD | CONSEQUENCES | | | | |
|-------------------|-----------------|------------|---------------|------------|-------------------|
| | 1 Negligible | 2 Minor | 3 Moderate | 4 Major | 5 Catastrophic |
| A. Rare | Low | Low | Low | Moderate | High |
| B. Unlikely | Low | Low | Moderate | High | High |
| C. Possible | Low | Moderate | Moderate | High | Extreme |
| D. Likely | Moderate | Moderate | High | Extreme | Extreme |
| E. Almost Certain | Moderate | High | High | Extreme | Extreme |

The options to ‘treat’ risks are broadly outlined below.

| Risk Rating | |
|---------------|---|
| Low (L) | <p>Acceptable Risk</p> <ul style="list-style-type: none"> • Unlikely to require specific application of resources • Manage by routine procedures • Monitor, review and react. |
| Moderate (M) | <p>Acceptable Risk</p> <ul style="list-style-type: none"> • Unlikely to cause much damage and/or threaten the efficiency and effectiveness of the activity • Treatment plans to be developed and implemented by operational managers • Manage by specific monitoring or response procedures. |
| High Risk (H) | <p>Generally unacceptable</p> <ul style="list-style-type: none"> • Likely to cause some damage, disruption, or breach of controls • Senior management attention needed, and management responsibility specified • Treatment plans to be developed and reported to executives. |
| Extreme (E) | <p>Not acceptable</p> <ul style="list-style-type: none"> • Likely to threaten the survival or continued effective function of the organisation, either financially or politically • Must be managed by senior management with detailed treatment plan in place • Immediate action required. |

Asset Failure Risks

The asset risk profile has been calculated using the criticality of the asset as a measure of the consequence of failure and the condition rating as the likelihood of the asset failing. A risk rating was assigned to every open space and recreation asset.

Identified Operational Risks

Table 18 Assessed Risks

| Asset at Risk | Risk ID | Critical Incident | Cause | Likelihood | Consequences | Rating |
|---------------------------|---------|--|--|------------|--------------|----------|
| Open space and recreation | B01 | Non-compliance with Federal and State Statutes and Regulations and Local Government By-laws; | Requirements not known | Possible | Major | High |
| Open space and recreation | B02 | Non-compliance with Australian Standards, Codes of Practice, Guidelines and Manuals | Requirements not known | Possible | Major | High |
| Open space and recreation | B03 | Failure to protect public safety | No delineation of Open space and recreation users and transport users (Carparking) | Possible | Major | High |
| Open space and recreation | B04 | System or structural failure. | Soil movement Overloading structures Aging infrastructure | Possible | Major | High |
| Open space and recreation | B05 | Accidents | Softfall areas Slippery areas Design failure | Possible | Moderate | Moderate |
| Open space and recreation | B06 | Rubbish dumping, overgrown vegetation, pest and nuisance habitat | Lack of maintenance / vigilance, (both by community and Council), in relation to monitoring, reporting and addressing issues | Possible | Moderate | Moderate |

Risk Treatments

The risk report, shown in Table 21 Risk Report, outlines the risks identified in the risk assessment, their risk rating, the proposed actions and cost estimates to achieve the target risk result. Treatment options should be considered for the identified risks and integrated into the operations and maintenance activities for Council.

Table 19 Risk Report

| ID | Risk Description | Risk Assessment | Action | Proposed Treatment Options | Estimated Cost | Target Risk Result |
|-----|--|-----------------|--------|--|----------------|--------------------|
| B01 | Non-compliance with Federal and State Statutes and Regulations and Local Government By-laws; | High | Treat | Research and Staff Training | \$TBA | Low |
| B02 | Non-compliance with Australian Standards, Codes of Practice, Guidelines and Manuals | High | Treat | Research and Staff Training | \$TBA | Low |
| B03 | Failure to protect public safety | High | Treat | Hazard risk assessments by staff Implement Controls | \$TBA | Low |
| B04 | System or structural failure. | High | Treat | Condition Assessment program Implement AMPs | Nil | Low |
| B05 | Accidents | Moderate | Take | | Nil | Low |
| B06 | Rubbish dumping, overgrown vegetation, pest and nuisance habitat | Moderate | Take | Routine Inspections | Nil | Low |

Available Funding

The available funding was estimated based on the financial model provided by Council. The Capital expenditure has been extracted from Council's Financial Model, however the operations and maintenance expenditure funding forecasts are imbedded in the model data and not clearly identified by asset class. Therefore, these operational expenditure funding forecasts are based on current levels of expenditure. The assumption being that this level of funding is enough to deliver the current service levels.

The forecasts estimated in this AMP should be used as an indication of expenditure levels and distribution required for the Long-Term Financial Plan.

Long Term Financial Plan Summary

The LTFP funding available for operations, maintenance and infrastructure renewals is shown in Table 20 and Figure 8. The total allocation over the term of the LTFP is \$10.8M or \$1.08M per annum.

Table 20: Long Term Financial Plan

| Financial Year Ending | New/Upgrade | Operations & Maintenance | Renewals | Total |
|-----------------------|-------------|--------------------------|--------------------|---------------------|
| 2020 | \$0 | \$845,108 | \$0 | \$845,108 |
| 2021 | \$0 | \$863,258 | \$661,765 | \$1,525,023 |
| 2022 | \$0 | \$881,862 | \$220,800 | \$1,102,662 |
| 2023 | \$0 | \$900,931 | \$0 | \$900,931 |
| 2024 | \$0 | \$920,476 | \$25,300 | \$945,776 |
| 2025 | \$0 | \$940,511 | \$17,250 | \$957,761 |
| 2026 | \$0 | \$961,046 | \$417,495 | \$1,378,541 |
| 2027 | \$0 | \$982,095 | \$17,250 | \$999,345 |
| 2028 | \$0 | \$1,003,670 | \$0 | \$1,003,670 |
| 2029 | \$0 | \$1,025,784 | \$87,400 | \$1,113,184 |
| Total | \$0 | \$9,324,739 | \$1,447,260 | \$10,771,999 |

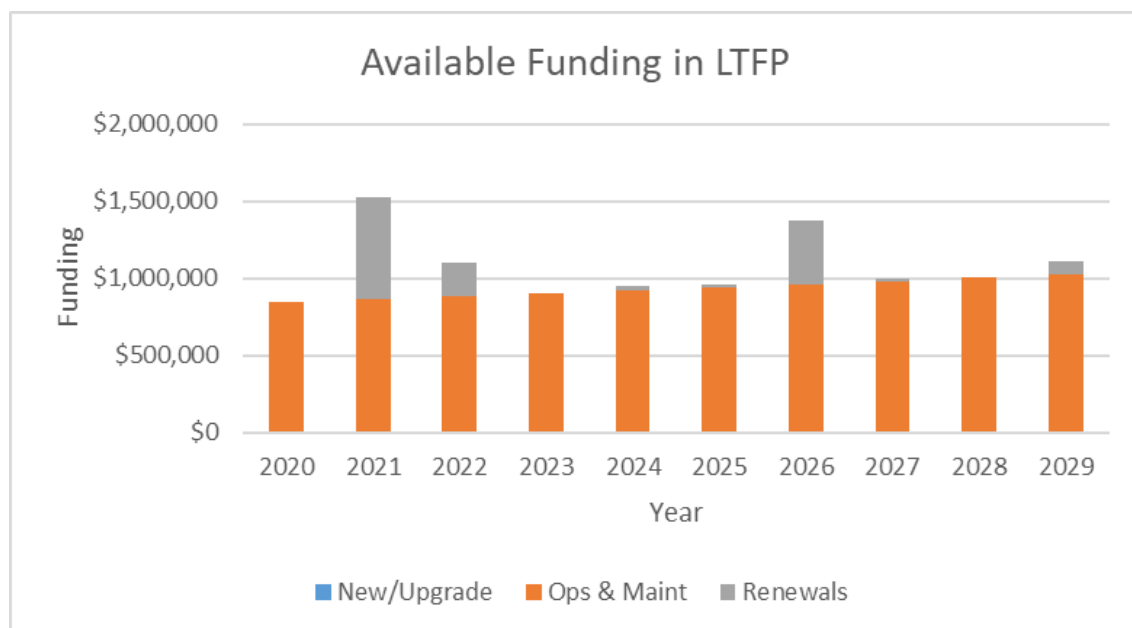


Figure 8: Open Space funding in the Long-Term Financial Plan

Renewals Planning

Analysis Approach

Renewal expenditure does not increase the asset’s design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade or new works expenditure.

The renewal models have been analysed in this AMP. The three models are as follows:

Depreciation Renewals

This is a ‘top down’ approach that uses 90% Of the depreciation or ‘consumption’ rate as a guide to how much Council should be investing in renewals to effectively maintain the assets. This is calculated from the financial register using valuation data. This does not necessarily reflect the technical condition of the assets or the potential impact on the life of the asset due to changes in maintenance and operational practices.

Condition Renewals

This is a more rigorous ‘bottom up’ approach that uses the condition of each asset and develops a renewal program on timely investment of expenditure to renew the asset at the end of its life. The forecast renewal expenditure is then more representative of when the expenditure is required.

Planned Renewals

Council’s planned renewal expenditure is based on Council’s current 10-year CAPEX program

Comparative Results

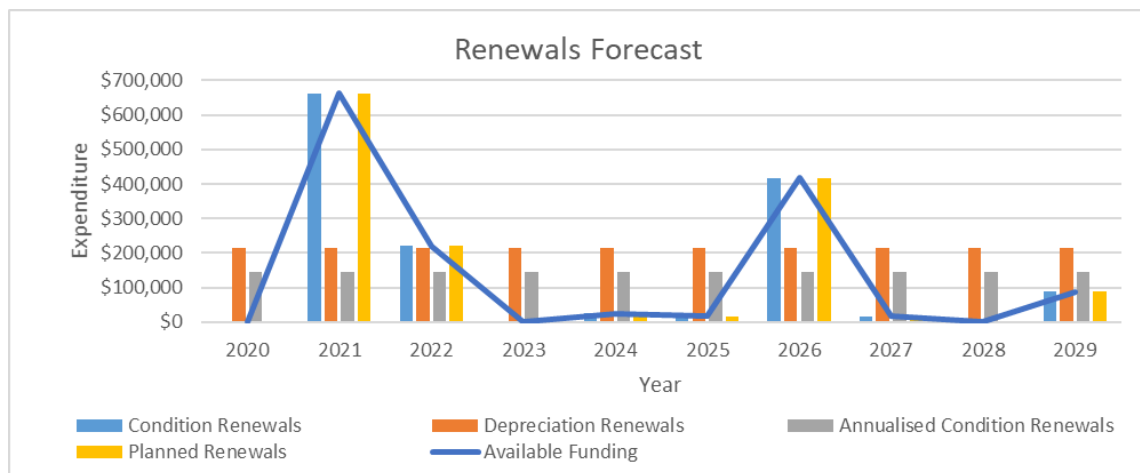


Figure 9 Comparative Renewal Forecasts

Table 21 Forecast renewal expenditure

| Financial Year Ending | Condition Renewals | Annualised Condition Renewals | Planned Renewals | Depreciation Renewals |
|-----------------------|--------------------|-------------------------------|--------------------|-----------------------|
| 2020 | \$0 | \$144,726 | \$0 | \$215,559 |
| 2021 | \$661,765 | \$144,726 | \$661,765 | \$215,559 |
| 2022 | \$220,800 | \$144,726 | \$220,800 | \$215,559 |
| 2023 | \$0 | \$144,726 | \$0 | \$215,559 |
| 2024 | \$25,300 | \$144,726 | \$25,300 | \$215,559 |
| 2025 | \$17,250 | \$144,726 | \$17,250 | \$215,559 |
| 2026 | \$417,495 | \$144,726 | \$417,495 | \$215,559 |
| 2027 | \$17,250 | \$144,726 | \$17,250 | \$215,559 |
| 2028 | \$0 | \$144,726 | \$0 | \$215,559 |
| 2029 | \$87,400 | \$144,726 | \$87,400 | \$215,559 |
| Total | \$1,447,260 | \$1,447,260 | \$1,447,260 | \$2,155,590 |

The Planned works are based on the Condition based program results and when compared with the depreciation renewal program:

- A renewals program based on 90% of annual depreciation forecasts expenditure of \$216K pa. This is over 144% of the program generated from the remaining life of the asset class. The difference reinforces the previously identified alignment issues between the financial data, asset lives and asset condition data.

Renewals Program

The renewal plan based on the condition and remaining life data held against each asset in the asset register has been prepared and is attached in Appendix D – Condition Based Renewals Plan.

Prior to the adoption of the renewal plan, a review of individual projects and the data held in the register will be validated by inspection and where discrepancies exist the Plan and the recorded data will be amended.

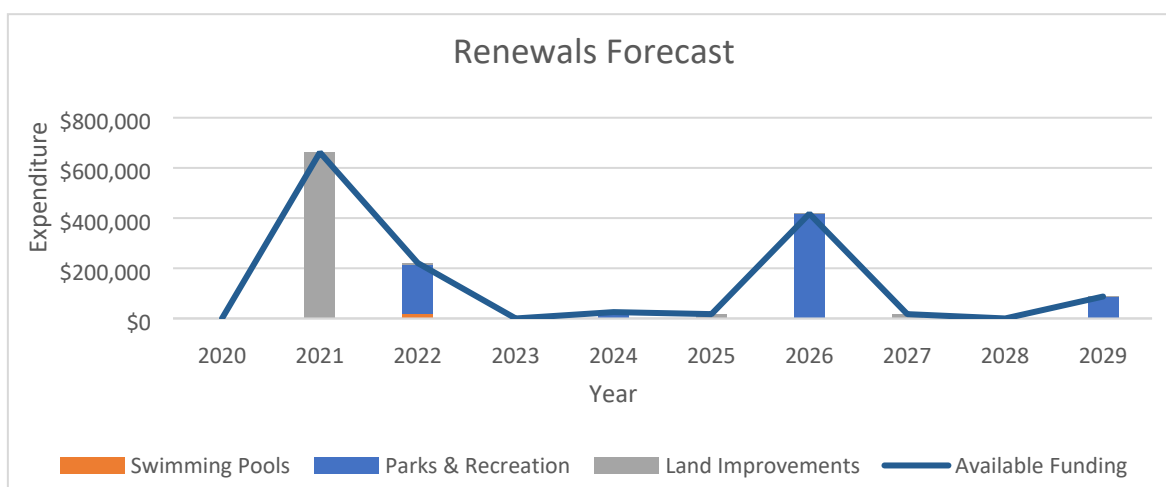


Figure 10 Renewal Funding

Renewals Planning Conclusion

The renewals programs and expenditure forecasts have been based on the recorded condition and estimated remaining life of the Open Space and recreation asset class.

It has been assumed that, as these assets are visible and have been regularly inspected by suitably qualified persons (as part of Council's asset valuation program), the renewal programs developed are fair and reasonable, however they will need to be validated on site before the program is adopted.

The condition based and planned renewals programs are fully funded in the LTFP.

Operations & Maintenance

Operations and Maintenance activities relate to the day-to-day running and upkeep of assets, the costs of which are particularly significant for dynamic/short-lived assets.

Operations expenditure is recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, eg power, fuel, staff, plant equipment, street sweeping, mowing, on-costs and overheads but excludes maintenance and depreciation.

Maintenance activities are those necessary for retaining an asset as near as practicable to its original condition, including regular ongoing day-to-day work necessary to keep assets functioning and in good repair. It is operating expenditure required to ensure that the asset reaches its expected useful life.

Operations & Maintenance Program

Currently maintenance is managed based on historical information and trends. The maintenance service objectives are to:

- Maintain Council's infrastructure in a safe, serviceable and aesthetic condition to the satisfaction of Council and the community;
- Maintain and preserve the functionality and value of the existing assets;
- To provide and maintain a safe environment for the community within the constraints of Council's financial capacity and resource capability, while displaying a reasonable "duty of care"; and
- Ensure the provision of a high standard of customer service and that customer requests are responded to quickly efficiently.

Council's future operations and maintenance expenditure is based on last financial year's financial statements. This data only provided very limited granularity and insight into the operations and maintenance work it represents. The operations and maintenance expenditure is not broken down into specific tasks. From this data it is not possible to assess whether the level of operations and maintenance being conducted is appropriate or how it will change over the planning period.

The projected operations and maintenance expenditure can be seen in Figure 8 Operations and Maintenance Expenditure Forecasts and Table 24 Asset Operations and Maintenance

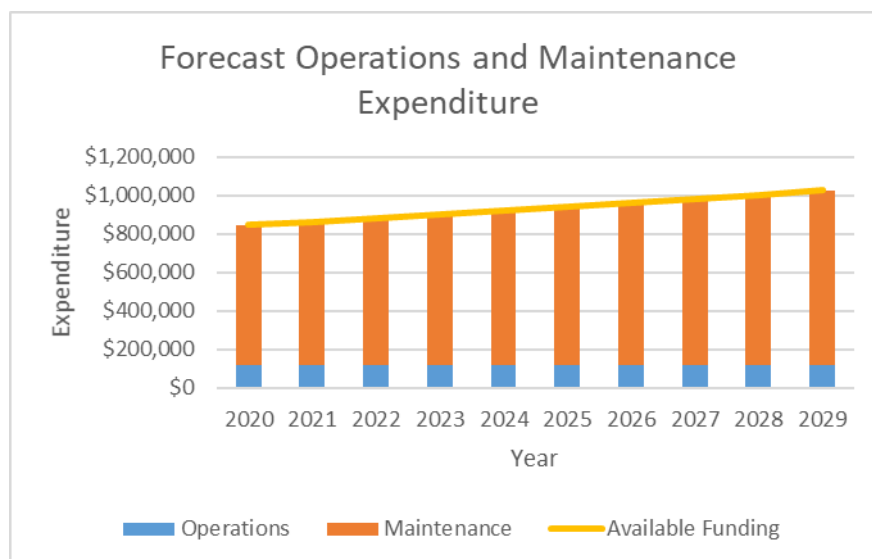


Figure 11 Operations and Maintenance Expenditure Forecasts

If Council's assets are well maintained and renewed in a timely manner, the forecast expenditure is expected to remain at a relatively constant level.

Table 22 Asset Operations and Maintenance Expenditure

| Financial Year Ending | Operations | Maintenance | Total |
|-----------------------|-------------|-------------|-------------|
| 2020 | \$119,100 | \$726,008 | \$898,551 |
| 2021 | \$119,100 | \$744,158 | \$909,114 |
| 2022 | \$119,100 | \$762,762 | \$919,942 |
| 2023 | \$119,100 | \$781,831 | \$931,040 |
| 2024 | \$119,100 | \$801,376 | \$942,416 |
| 2025 | \$119,100 | \$821,411 | \$954,076 |
| 2026 | \$119,100 | \$841,946 | \$966,028 |
| 2027 | \$119,100 | \$862,995 | \$978,278 |
| 2028 | \$119,100 | \$884,570 | \$990,835 |
| 2029 | \$119,100 | \$906,684 | \$1,003,706 |
| Totals | \$1,191,000 | \$8,133,739 | \$9,493,987 |

Operations and Maintenance Conclusion

It has been assumed that the current levels of funding provide an acceptable service level, therefore current operations and maintenance budgets have been extrapolated to forecast future expenditure requirements.

New and Upgrade

New and Upgrade expenditure is for the provision of, or improvement to, an asset where the outlay can reasonably be expected to provide benefits beyond the year of outlay, including a value management approach that aims to produce the most economic and creative solutions.

New/Upgrade Prioritisation Approach

The considerations taken into account when prioritising new/upgrade Projects. The discussion may include some example criteria as documented below:

- New/upgrade projects that involved legislative drivers were prioritised over others that did not, to ensure compliance with statutory requirements.
- Once the legislation assessment was completed, projects were assessed against alignment with approved Council plans, policies, and strategies. This was essential to ensure projects were not being developed outside the scope of strategic Council documents.
- A risk assessment was undertaken, to identify projects with higher risk. This was necessary to identify the consequences and impacts if projects were not undertaken. Projects identified as higher risk were prioritised over those with a lower risk.
- An assessment of community growth and demand based on technical levels of service on services within the Council area was undertaken. This highlighted that projects associated with growth areas such as the northern growth corridor warranted being prioritised over those not located in such an area.
- For projects concerning the upgrade of existing assets, these were given priority over new assets in order to maximise / enhance existing infrastructure before investing in new, additional assets
- Include evidence of a value management approach taking into consideration the Whole of Life costs of each project

New / Upgrade Program

There are no planned new or upgrade expenditure works in the current 10-year CAPEX program.

Asset Disposal/Rationalisation

Disposals and Transfers

There is currently no information regarding any assets that may have been disposed of. It has been assumed that all assets on the register are in use.

Forecast Expenditure

Financial Summary

The forecast expenditure outlined in Table 23 10-Year Forecast Expenditure below is based on the condition renewal approach. This totals \$16.2M over the 10-year planning period.

The expected annual cost to provide the current service levels for the Open Space and Other structures asset class is \$1.62M per annum.

Table 23 10-Year Forecast Expenditure

| Financial Year Ending | Risk Treatment | New or Upgrade | Operations | Maintenance | Renewals | Total |
|-----------------------|----------------|----------------|--------------------|--------------------|--------------------|---------------------|
| 2020 | \$0 | \$0 | \$119,100 | \$726,008 | \$0 | \$845,108 |
| 2021 | \$0 | \$0 | \$119,100 | \$744,158 | \$661,765 | \$1,525,023 |
| 2022 | \$0 | \$0 | \$119,100 | \$762,762 | \$220,800 | \$1,102,662 |
| 2023 | \$0 | \$0 | \$119,100 | \$781,831 | \$0 | \$900,931 |
| 2024 | \$0 | \$0 | \$119,100 | \$801,376 | \$25,300 | \$945,776 |
| 2025 | \$0 | \$0 | \$119,100 | \$821,411 | \$17,250 | \$957,761 |
| 2026 | \$0 | \$0 | \$119,100 | \$841,946 | \$417,495 | \$1,378,541 |
| 2027 | \$0 | \$0 | \$119,100 | \$862,995 | \$17,250 | \$999,345 |
| 2028 | \$0 | \$0 | \$119,100 | \$884,570 | \$0 | \$1,003,670 |
| 2029 | \$0 | \$0 | \$119,100 | \$906,684 | \$87,400 | \$1,113,184 |
| Total | \$0 | \$0 | \$1,191,000 | \$8,133,739 | \$1,447,260 | \$10,771,999 |

The available funding detailed in Table 22 Funding in the LTFFP is \$10.8 M.

The comparison of the projected 10-year expenditure and the funding included in the LTFFP can be seen in Figure 10-Year Expenditure Forecast below.

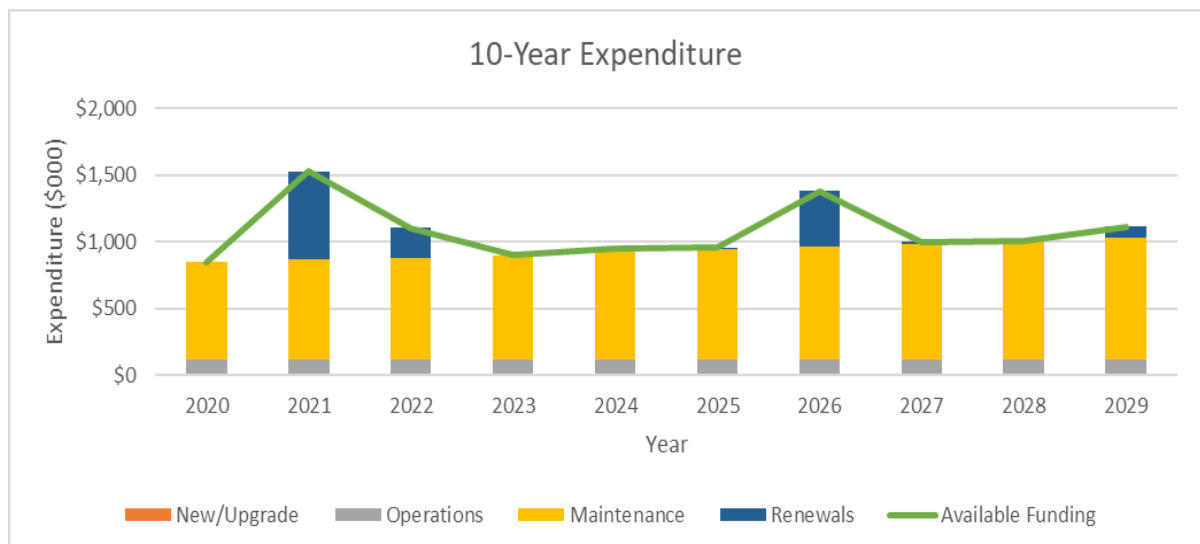


Figure 12-Year Expenditure Forecast

There is no funding shortfall.

Asset Values

The valuation shown in Table 24 Asset Valuations is based on:

- Council’s financial statements
- A review of the asset register;
- Unit rates based on Council’s construction costs and published rates; and
- Condition assessments to determine remaining useful life.

Table 24 Asset Valuations

| Asset Class | Replacement Cost | Accumulated Depreciation | Fair Value | Annual Depreciation |
|---------------------------|------------------|--------------------------|-------------|---------------------|
| Open Space and recreation | \$12,121,492 | \$3,158,643 | \$8,729,868 | \$239,510 |

Asset values are forecast to increase due to growth and acquisition. Figure 14 Asset Valuation Forecast projects the asset values over the planning period.

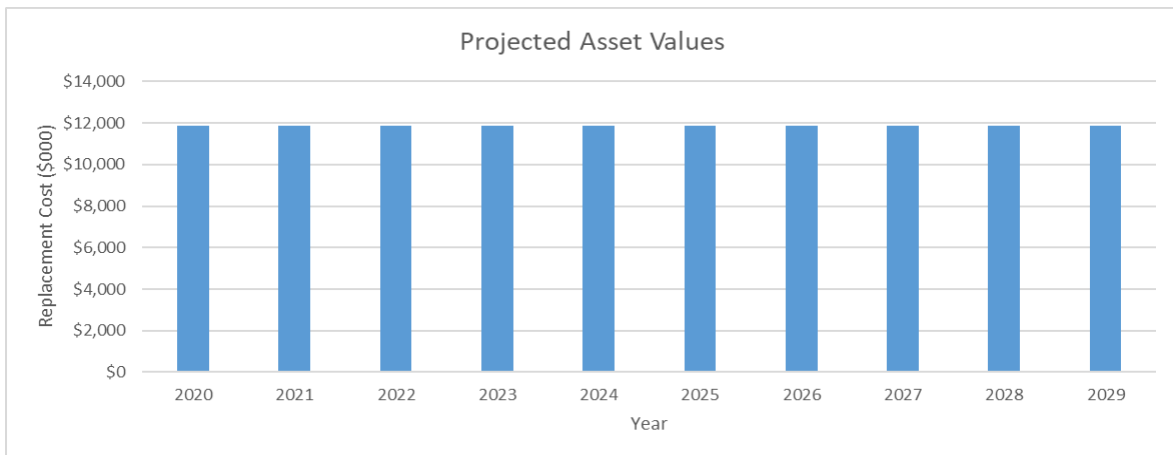


Figure 13 Asset Valuation Forecast

The projected effect on depreciation expense can be seen in Figure 15 Projected Depreciation Expense.

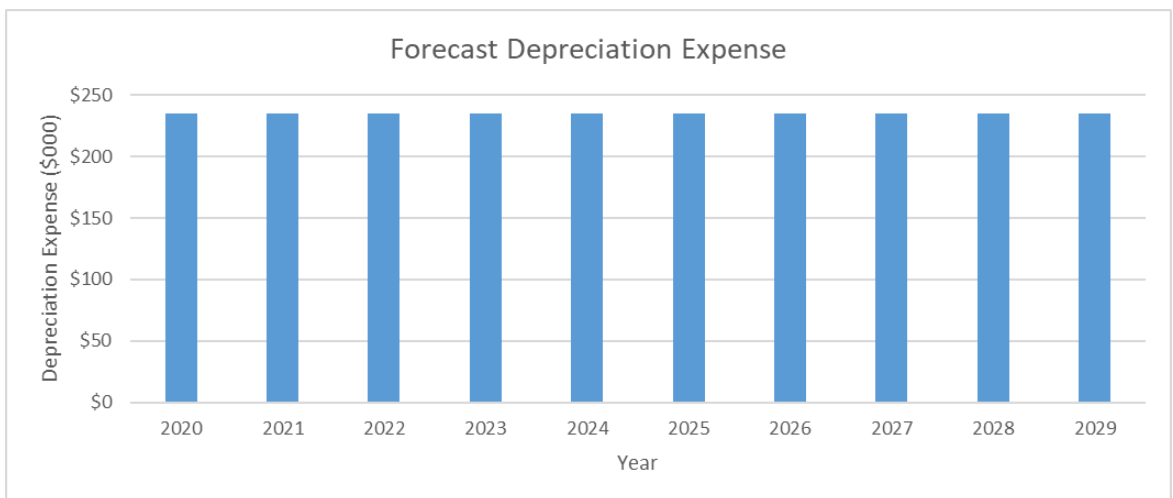


Figure 14 Projected Depreciation Expense

The projected value of the depreciated assets is expected to increase as the significant investment in new and upgrade projects is greater than the depreciation rate, this can be seen in Figure 16 Projected Value of Depreciated Assets.

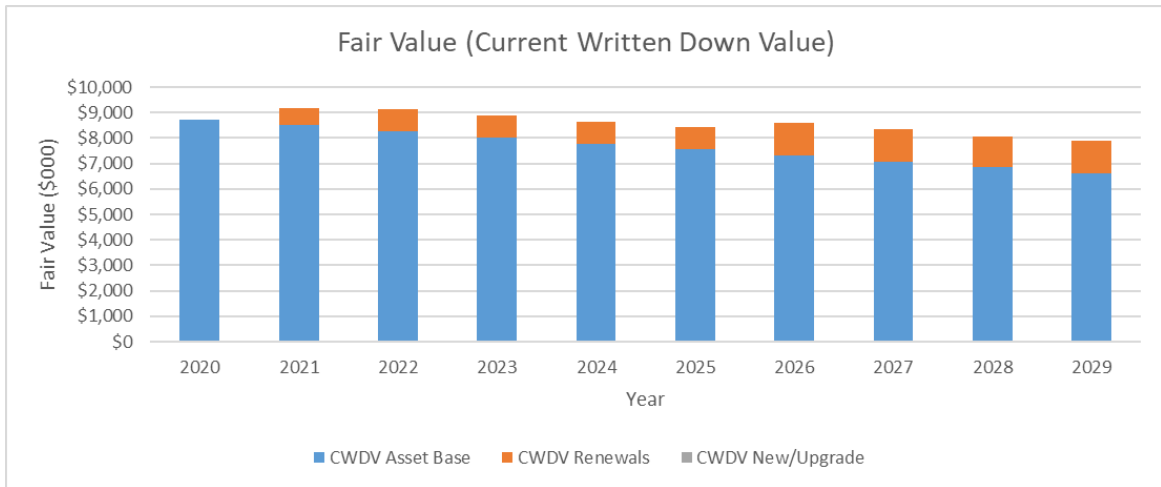


Figure 15 Projected Value of Depreciated Assets

Performance Ratios and Sustainability

The ‘financial sustainability’ outputs are provided to demonstrate the trends that the currently anticipated expenditure will have on key measures. Capital Expenditure for 2017-2018 is shown in Table 25 Capital Expenditure 2017-2018.

Table 25 Capital Expenditure 2017-2018

| Year | Capital Renewal Expenditure | Capital New/Upgrade Expenditure | Total Capital Expenditure |
|-----------|-----------------------------|---------------------------------|---------------------------|
| 2017-2018 | \$12,530 | \$0 | \$12,530 |

Consumption Ratio

The consumption ratio provides a measure of the percentage of the asset base consumed to date and an indication of how fast the assets are being consumed each year and whether investment may require adjustment.

FORMULA

Written down value of assets/
Gross current renewal costs

IN OTHER WORDS

The current value of the assets divided by What it would cost to renew them

TARGET

improvement over time
(40% - 80%)

Council = 72.0%

Table 26 Annual Asset Consumption

| | |
|---|-------|
| Annual Asset Consumption (Depreciation/Depreciable Amount) | 1.98% |
|---|-------|

This provides a measure of the percentage of the asset base remaining (yet to be consumed). It is derived by dividing the written down value of the assets by the gross current renewal cost.

The consumption ratio is currently 72.0% which is within target range of 40% to 80%.

On an annual basis the rate of asset consumption is 1.98% which is indicative of an average remaining useful life of $72/1.98 = 36$ years.

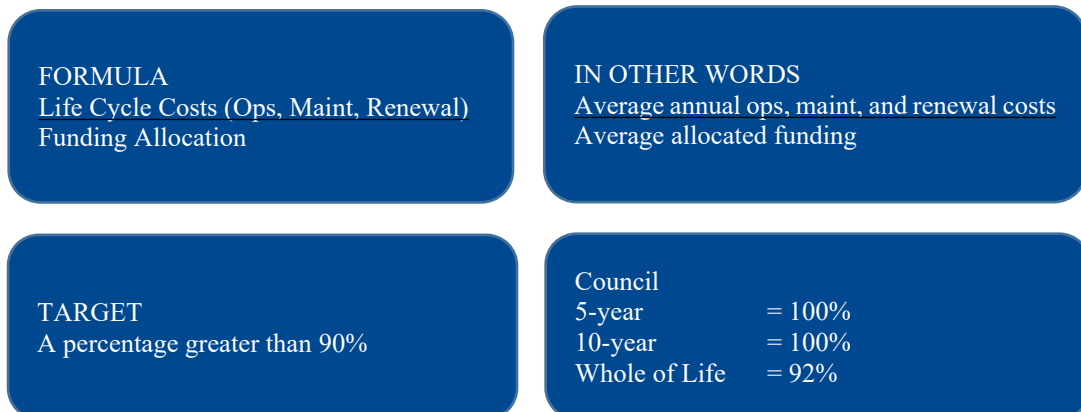
Service levels Sustainability Ratio

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 services to their communities in a financially sustainable manner.

There are three key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset class. These indicators are:

- Medium term ratios 5 and 10 year.
This ratio compares the projected operations, maintenance and capital renewal expenditures to the available funding. The Capital renewal estimate is based on 90% of the depreciation of the asset base. This includes the depreciation on planned new and upgraded assets. **It is an indication of the expenditure required to deliver current levels of service to existing customers and cater for growth.**
- Whole of life ratio
This ratio compares the projected operations, maintenance and capital renewal expenditures to the available funding. The Capital renewal estimate is based on the average renewal costs modelled over 100 years. This does not include the depreciation on planned new and upgrade assets. **It is an indication of the expenditure required to deliver current levels of service to the current customer base over the life of the current asset base.**

These forecast expenditures have been compared to budgeted allocations for the same expenditure types in the 10-year period to identify any funding discrepancies.



The figures are based on “end of life” renewal of assets

Table 27 Sustainability

| Condition (end of life) | 5 Year Financial Planning Period | 10 Year Financial Planning Period | Annualised Whole of Life Costs |
|-------------------------|----------------------------------|-----------------------------------|--------------------------------|
| Forecast Expenditure | \$5,319,499 | \$10,771,999 | \$1,171,984 |
| Forecast Budget | \$5,319,499 | \$10,771,999 | \$1,077,200 |
| Funding Surplus | \$0 | \$0 | -\$94,784 |
| Funding Ratio | 1.00 | 1.0 | 0.92 |
| Depreciation | | | |
| Funding Ratio | 0.97 | 0.94 | 0.92 |

The condition renewals funding ratios in Table 27 Sustainability indicate that renewal maintenance and operations services are fully funded in the LTFP

The depreciation-based target ratio of 0.9 or 90% of the depreciation amount, therefore, Council's current service levels are considered sustainable.

Evaluation of findings

Summary

- Council has sufficient funding in the LTFP to deliver its:
 - Condition or depreciation renewal programs,
 - Maintenance and operational activities (based on current levels of service and expenditure)
- Council Open Space and recreation services are financially sustainable. Based on condition renewals, the current funding allocation is at the level needed for this service. The shortfall of renewal funding is balanced against the new/upgrade funding in the LTFP. If New/Upgrade works are programmed, then the current service levels cannot be sustained.
- Confidence in the asset condition data has been estimated as 80% and requires improvement. The condition and remaining life data suggest poor aligned between technical and financial assessments and potential asset integrity issues.
- The financial reporting of Operations, Maintenance and Capital expenditure is not adequate to support detailed assessment. Forecasts are based on assumptions and historical spending.

Next steps

1. Council adopt the LTFP, AMP and associated works programs
2. Council re-allocate new/upgrade funding in the LTFP to renewal programs
3. Council note that this AMP is based on currently available data and assumptions that may affect its accuracy and integrity of forecast works programs.
4. Council allocate funding based on condition renewals.
5. That levels of services be further developed, costed and adopted by Council.
6. That provisional funding allocations for future Planning and Design be included in annual budgets.

Plan Improvement

Performance Measures

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

- The degree to which the required cash flows identified in the development of the final plan are incorporated into Council's long-term financial plan and Community/Strategic Planning processes and documents,
- 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;
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the Council's Strategic Plan associated plans,
- The Asset Renewal Funding Ratio achieving the target of 1.0.

Monitoring and Review Procedures

This plan will be reviewed during annual budget preparation and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of the budget decision process.

This plan has a life of three years and is due for major review in 2020. Interim reviews should be undertaken to check its validity.

Improvement Plan

An asset management improvement plan generated from this asset management plan is shown in Table 33

Table 28

| Task No. | Task | Responsibility | Resources Required | Timeline |
|----------|--|----------------|--------------------|----------|
| 1 | Confirm current levels of service for the assets and identify future demand impacts on levels of service. | | | |
| 2 | Align Condition, asset life information | | | |
| 3 | Review asset naming descriptions. Update where necessary. | | | |
| 4 | Further develop and update the asset management plan to support annual budget submissions. | | | |
| 5 | Develop priority ranking system for renewal/maintenance program. | | | |
| 6 | Review Asset Management processes and procedures and establish new or update as necessary. | | | |
| 7 | Prepare assets financial inputs for financial reporting. | | | |
| 8 | Develop distinction between maintenance and capital works. Consider in this assessment the distinction between maintenance and renewal works. | | | |
| 9 | Develop a condition assessment manual for the assets. | | | |
| 10 | Develop a corporate demand management plan and associated models. Apply the demand management plan to all asset groups, at each level to ensure that Council understands the funding needs to deliver the works. | | | |
| 11 | Review the Long-Term Financial Plan against the expenditure forecasts developed in this Asset Management Plan | | | |
| 12 | | | | |
| 13 | | | | |

Appendix A - Asset Management Practices

Council is currently using TechOne financial system for asset accounting processes and related reporting functions. Asset data included in the system is directly integrated with the financial system.

The intention is to record, further develop and consolidate the processes used for asset and services management, and then review the systems available which will complement those processes. The timeframe for that review will be established in the Asset and Services Management Practices Improvement Strategy.

The finance module is the responsibility of the finance department. The engineering and finance departments are jointly responsible for ensuring the integrity of the system and asset financial information overall.

TechOne has an asset database module that Council uses to monitor their assets. In this way the asset and financial data bases can be aligned. The key information flows into this asset management plan are:

- Council corporate and operational plans;
- Service requests from the community;
- Network assets information;
- The unit rates for categories of work/materials,
- Current levels of service and expenditures;
- Projections of various factors affecting future demand for services and new assets acquired by Council;
- Future capital works programs; and
- Financial asset values.

The key information flows from this asset management plan are:

- The projected works program and trends;
- The resulting budget and long-term financial plan expenditure projections; and
- Financial sustainability indicators.

These will impact the Long-Term Financial Plan, Strategic Longer-Term Plan, annual budget and departmental business plans and budgets.

Standards, guidelines and policy documents referenced in this asset management plan are:

- Council Corporate Plan (2013-2018).
- Council Operational Plan (2015/2016)
- Council Asset Management Policy
- Council Asset Management Strategy
- National Construction Code of Australia
- Disability and Discrimination Act
- Applicable Australian Standards associated with asset maintenance, renewal and upgrade works.

Appendix B – Renewals Plan

Open space and recreation Components Renewal Program based on Remaining Useful Life Date.

Prior to renewal of the asset component. Council should review the condition of the asset and if suitable update the remaining useful life to reflect the expectation of increased asset life.

| Asset Class | Asset Number | Component | Component Name | Description | Condition | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Total |
|-------------------|--------------|---------------|----------------------------|-------------|-----------|------|-----------|-----------|------|----------|----------|-----------|----------|------|----------|-------------|
| | | | Saleyards Cattle Yards | | | | | | | | | | | | | |
| Fencing | APV-LI-52 | Post and Rail | (Incl Ramps, Catwalks Etc) | | 5 | | \$661,765 | | | | | | | | | \$661,765 |
| Lighting | Peak-SP-4 | Lighting | Lighting | | 3 | | | \$18,400 | | | | | | | | \$18,400 |
| Park Furniture | PG00069 | Seat | Bench (Steel) x 21 | | 2 | | | \$38,640 | | | | | | | | \$38,640 |
| Park Furniture | PG00035 | Seat | Benches (x2) | | 3 | | | \$3,450 | | | | | | | | \$3,450 |
| Park Furniture | PG00014 | Seat | Seat | | 3 | | | \$7,360 | | | | | | | | \$7,360 |
| Park Furniture | PG00009 | Table & Seat | Table and Seat | | 1 | | | \$10,350 | | | | | | | | \$10,350 |
| Park Furniture | PG00013 | Table & Seat | Table and Seat | | 1 | | | \$17,250 | | | | | | | | \$17,250 |
| Park Furniture | PG00044 | Table & Seat | Table and Seat | | 3 | | | \$3,450 | | | | | | | | \$3,450 |
| Park Furniture | PG00088 | Table & Seat | Table and Seat | | 2 | | | \$9,200 | | | | | | | | \$9,200 |
| Park Furniture | PG00033 | Table & Seat | Table and Seat (2 Total) | | 2 | | | \$6,900 | | | | | | | | \$6,900 |
| Security lighting | TBA | Flood lights | Lighting | | 3 | | | \$44,850 | | | | | | | | \$44,850 |
| Security lighting | APV-LI-21 | Flood lights | Lights x2 | | 3 | | | \$4,600 | | | | | | | | \$4,600 |
| Security lighting | APV-LI-43 | Flood lights | Lighting | | 4 | | | \$10,350 | | | | | | | | \$10,350 |
| Security lighting | APV-LI-46 | Flood lights | Netball Lighting | | 4 | | | \$46,000 | | | | | | | | \$46,000 |
| Playground | PG00115 | Playground | Playground | | 3 | | | | | \$25,300 | | | | | | \$25,300 |
| Security lighting | APV-LI-30 | Flood lights | Lighting | | 5 | | | | | | \$17,250 | | | | | \$17,250 |
| Park Furniture | PG00106 | Seat | Seat | | 2 | | | | | | | \$49,680 | | | | \$49,680 |
| Park Furniture | PG00026 | Seat | Seats (104 Total) | | 2 | | | | | | | \$216,360 | | | | \$216,360 |
| Park Furniture | PG00002 | Seat | Seats (x9) | | 1 | | | | | | | \$18,630 | | | | \$18,630 |
| Park Furniture | PG00099 | Table & Seat | Table and Seat | | 5 | | | | | | | \$5,750 | | | | \$5,750 |
| Park Furniture | PG00101 | Table & Seat | Table and Seat | | 2 | | | | | | | \$3,450 | | | | \$3,450 |
| Park Furniture | PG00048 | Table & Seat | Table and Seat x2 | | 2 | | | | | | | \$8,050 | | | | \$8,050 |
| Park Furniture | PG00103 | Table & Seat | Table and Seat x5 | | 2 | | | | | | | \$14,375 | | | | \$14,375 |
| Barbeque | PG00093 | BBQ | BBQ (Single) | | 1 | | | | | | | \$9,200 | | | | \$9,200 |
| Landscaping | PG00061 | Hardstand | Bin Concrete Surround | | 2 | | | | | | | \$92,000 | | | | \$92,000 |
| Security lighting | APV-LI-27 | Flood lights | Flood Lighting | | 2 | | | | | | | | \$17,250 | | | \$17,250 |
| Security lighting | APV-LI-49 | Flood lights | Sports Lighting | | 2 | | | | | | | | | | \$87,400 | \$87,400 |
| | | | | | | \$0 | \$661,765 | \$220,800 | \$0 | \$25,300 | \$17,250 | \$417,495 | \$17,250 | \$0 | \$87,400 | \$1,447,260 |

Appendix C - Abbreviations

| | |
|------|--|
| AAAC | Average annual asset consumption |
| AMP | Asset Management Plan |
| ARI | Average Recurrence Interval |
| 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 |
| LGIS | Local Government Infrastructure Services |
| MMS | Maintenance Management System |
| PCI | Pavement Condition Index |
| RV | Residual Value |
| Vph | Vehicles per hour |

Appendix D – Glossary

Annual Service Cost (ASC)

1. Reporting actual cost. The annual (accrual) Cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.
2. For investment analysis and budgeting. 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 operations, maintenance, depreciation, finance/opportunity and disposal costs, less revenue.

Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

Asset class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

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 (AM)

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.

Average annual asset consumption (AAAC)*

The amount of an Council's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

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 expenditure - expansion

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

Capital expenditure - new

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

Capital expenditure - renewal

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability 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 generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

Capital expenditure - upgrade

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 operations and maintenance expenditure in the future because of the increase in the Council's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

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

Capitalisation threshold

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

Carrying amount

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

Component

Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

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, including 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.

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value.

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 arms length transaction.

Funding gap

A funding gap exists whenever an entity has insufficient capacity to fund asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current funding gap means service levels have already or are currently falling. A projected funding gap if not addressed will result in a future diminution of existing service levels.

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.

Investment Property

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

- a) Use in the production or supply of goods or services or for administrative purposes; or
- b) Sale in the ordinary course of business.

Key performance indicator

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

Level of service

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

Life Cycle Cost

1. Total LCC. The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. Average LCC. The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises annual operations, 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 operations, maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of life cycle sustainability.

Maintenance

All actions necessary for retaining an asset as near as practicable to its original condition, including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. It is operating

expenditure required to ensure that the asset reaches its expected useful life.

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.

Reactive maintenance

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

Significant maintenance

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

Unplanned maintenance

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance and renewal gap

Difference between estimated budgets and projected required expenditures for maintenance and renewal of assets to achieve/maintain specified service levels, 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 (eg 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

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of

the financial report or affect the discharge of accountability by the management or governing body of the entity.

Modern equivalent asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

Net present value (NPV)

The value to the Council of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from eg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

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 Council, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operations expenditure

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, eg power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Operating expense

The gross outflow of economic benefits, being cash and non cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

Pavement management system

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

PMS Score

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

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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).

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 operations and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Remaining useful life

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

Residual value

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

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, eg 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 in order 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 total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Service potential remaining

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. 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 (Depreciated Replacement Cost/Depreciable Amount).

Strategic Longer-Term Plan

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in Council's longer-term plans such as the service management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

Specific Maintenance

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

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 Council.

Value in Use

The present value of future cash flows expected to be derived from an asset or cash generating unit. 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 net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2009, Glossary