



Inverell Shire Council

2010 - 2020

*Asset
Management
Plan*



Version Control

Version Number	Date	Approved	Modification
V 1.0	25/11/09	DCS-KB	Completed Plan
V 1.1	30/04/10	DCS-KB	Reviewed based on Draft Budget
V 1.2	30/06/10	DCS-KB	Reviewed based on adopted Budget
V 1.3	30/03/12	DCS-KB	Reviewed
V 1.4	30/04/13	DCS-KB	Reviewed
V.1.5	10/10/14	DCS-KB	Reviewed
V.1.6	04/06/15	DCS-KB	Reviewed

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Preamble

This document was developed by Inverell Shire Council's as 1 of a 3 part of the Resourcing Strategy that assists;

- in the fulfilment of the Community Strategic Plans strategies,
- supports the Delivery Plan's Term Achievements and,
- achieves the Management Plan's objectives

Inverell Shire Council's Resourcing Strategy is comprised of Council's Long Term Financial Plan, Workforce Management Plan and Asset Management Plan.

These interrelated documents give consideration to the capacity for Council to deliver on it's responsibilities within "A Community for Everyone – Road Map For the Future 2009-2029" both inform and are informed by the four yearly Delivery Plans created to outline the strategies in place to meet these responsibilities.

These individual documents should be viewed as constituent elements of an overall strategy and will be under continuous review and adjustment as annual budgets and operating plans are developed. The diagram below outlines Council's integrated planning and reporting framework and outlines the relationship between the Resourcing Strategy and other elements of the framework.



Executive Summary

This Plan is a summary of the detailed asset management plans prepared for Council's Infrastructure Assets and Council's overall approach to the management of its vast range of assets. Both this plan and the individual asset category plans are dynamic living documents and are reviewed annually. Council in June, 2013 was independently assessed by the Office of Local Government as having "Moderate" Infrastructure management processes and practices, indicating that it has a sound base to move forward from in respect of its Asset Management and the ongoing development of its Asset Management Systems.

What Council Provides

Council provides a significant infrastructure network to enable services to be provided to the community. These services are provided through the construction, maintenance, operation, renewal and disposal of assets in the broad areas of:

- Roads and Transport
- Council Buildings and Facilities
- Open Space and Recreation
- Water Systems
- Sewerage Systems
- Stormwater Systems
- Waste Management

What does it Cost?

There are two key indicators of cost to provide these services.

- The life cycle cost being the average cost over the life cycle of the asset (termed depreciation), and
- The total maintenance and capital renewal expenditure required to deliver existing service levels in the next 10 to 20 years covered by Council's Long Term Financial Plan.

Where are we at?

Council's asset assessment over all its asset classes, has determined (as at May, 2015) that Council needs to expend to \$11.6M in the General Fund, and nil in the Water and Sewerage Funds to bring all of its Assets up to a Satisfactory Condition. This amount relates entirely to Council's Sealed Roads (\$9.8M), Timber Bridges \$1.0M and Unsealed Roads (\$0.8M) Road Infrastructure Assets. In seeking to address this matter, Council in February, 2010 adopted its Road Infrastructure Ten (10) Year Financial and Asset Management Plan. This plan allocated significant additional funding to Road Asset Maintenance and Renewal, and Council also acquired the latest technology plant and equipment to assist in providing cost effective and efficient road asset renewal. This has seen Council's Road Infrastructure Backlog fall to its existing level. The 2015/2016 Budget provides an additional special allocation of \$6M to address Council's Road Infrastructure Renewal which reduces Council's Infrastructure Backlog to < 2.0%, being below the "Fit for the Future Benchmark".

In respect of the Water and Sewerage funds, and Council's Waste Management Function, long term modelling indicates that the maintenance and asset renewal/upgrade/new asset needs in these areas, will be able to be provided under the existing pricing structures, with price increases at or only marginally above increases in the Consumer Price Index. This is, however, dependant on energy cost increases and Council's ability to achieve additional efficiencies in its operations within these important areas.

Overall, the General Fund is the only area where Council may find it difficult to meet its Infrastructure Renewal needs in the medium to long term. However, if the strategies contained in Council's "Fit for the Future" Roadmap are fully implemented, Council will be in a strong position to meet its Infrastructure Renewal needs in the General Fund in the medium and long terms. The "Fit for the Future" strategies result in the Infrastructure Backlog being reduced to and being maintained at 0.0% from 2025, a very strong industry achievement.



Plans for the Future

Council plans to operate and maintain the infrastructure network to achieve the following strategic objectives.

1. Ensure the network is maintained at a safe standard.
2. Ensure that infrastructure provides the functions sought by the community.
3. Ensure, by providing sufficient funding, that infrastructure provides services at the standard that the community agrees to and can afford.

The Long Term Financial Plan, the Workforce Management Plan and this Asset Management Plan supports directly and or indirectly the five destinations of the “A Community for Everyone – Road Map for the Future 2009-2029” being:



A recognised leader in the broader context.



A community that is healthy, educated and sustainable.



An environment that is protected and sustained.

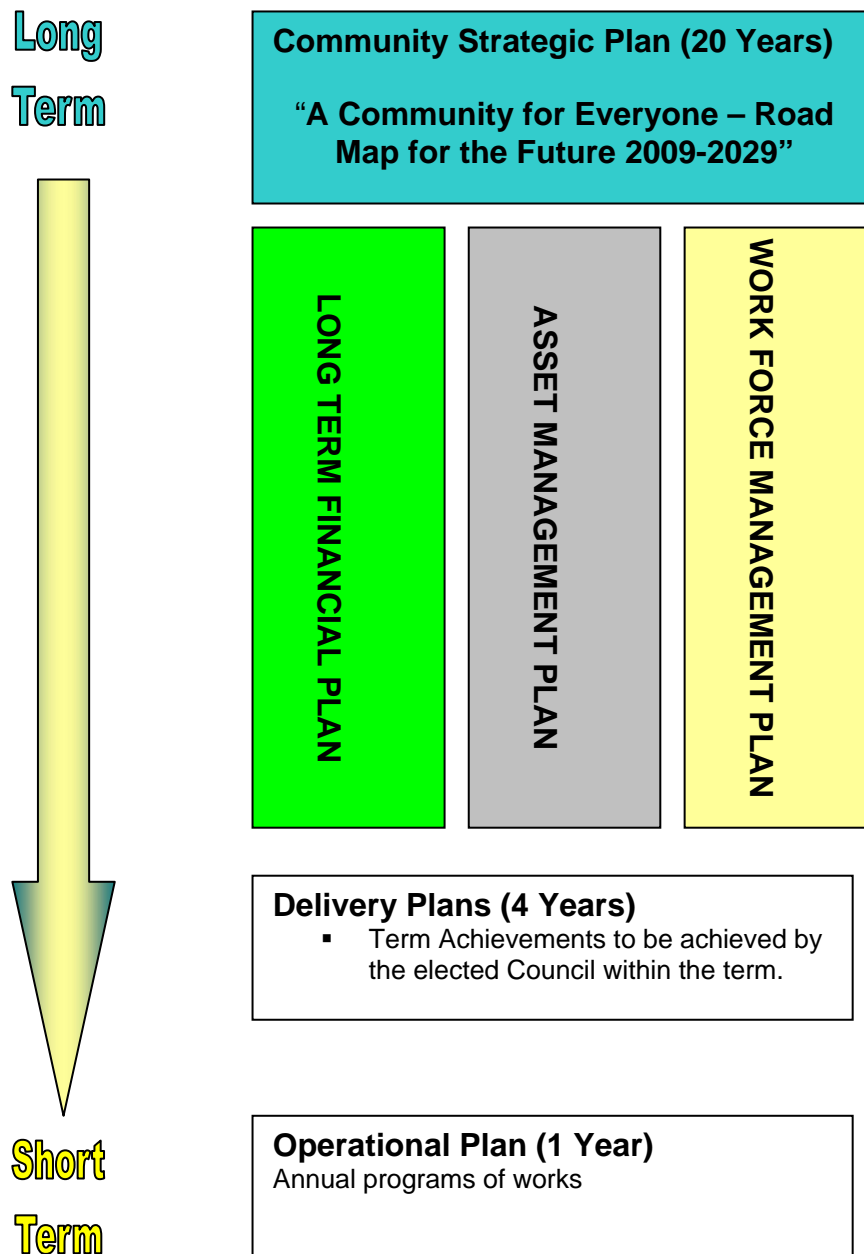


A strong local economy.



The Community is supported by sustainable services and infrastructure.

Council's Delivery Plans, Capital and Operational budgets are guided by the Community Strategic Plan. The directions of the Community Strategic Plan – “A Community for Everyone – Road Map for the Future 2009-2029” will remain a focus of this supporting plan. The diagram below represents how this plan sits within the Resourcing Framework.



Measuring our Performance

Quality

Council's Infrastructure assets will be maintained in a serviceable condition on a continuing basis. Defects found or reported that are outside our service standards, will be prioritised and scheduled for appropriate action as resources permit.

Function

Our intent is that infrastructure is provided and maintained in partnership with other levels of government and stakeholders to meet the needs of the community. Infrastructure assets will be maintained at a safe and functional level as set out in this Asset Management Plan. Council's assets will be maintained at a safe and functional level by:

- Ensuring sufficient funding is provided to keep assets at a satisfactory level of service, with the aim of ensuring that all infrastructure assets are rated at either a "good" or "satisfactory" condition; and,
- Ensuring that assets rated at being in a "good" condition remain at this rating level.

Safety

We will inspect all infrastructure assets as part of a cyclical inspection regime. Inspections are carried out, with defects identified and repaired in accordance with adopted servicing regimes and schedules to ensure they are in a safe operating condition.

Continuing Actions

We will continue to:

- Validate our preliminary information on infrastructure assets so that further detailed analysis of the current funding shortfalls can be assessed.
- Improve our expenditure reporting so that the detailed expenditure relating to individual assets can be assessed.
- Identify in consultation with the community the levels of service required.
- Identify the risks associated with not providing funding.
- Identify priorities for funding.

1. Introduction

1.1 Background

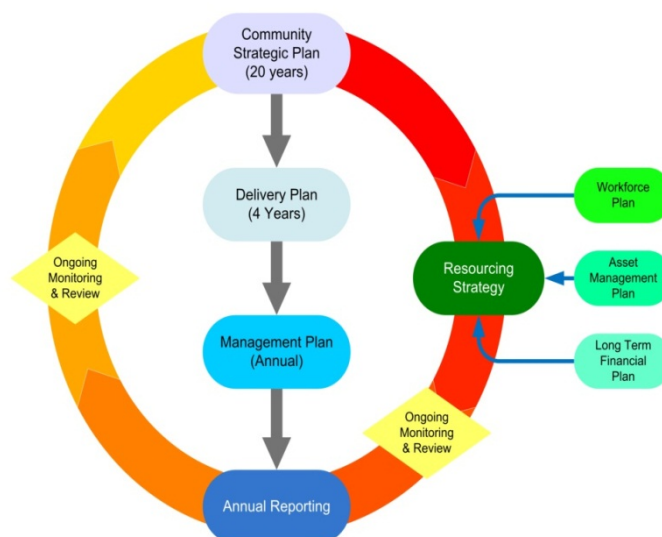
The primary aim of Council's Asset Management Plan (AMP) is to communicate information about assets, including the actions required, to provide a defined level of service, in the most cost effective manner. It also demonstrates Council's compliance with regulatory requirements.

This plan has been developed in accordance with actions outlined in the Asset Management Strategy and the Asset Management Policy, and will provide the framework under which all individual assets classes will be managed.

The Asset Management Plan is to be read in conjunction with the following plans:

- **Community Strategic Plan - Delivery Plan**
- **Management Plan**
- **Resourcing Strategies** - **Asset Management Framework - Policy Strategy Individual AMP (Asset Class based)**
- **Long Term Financial Plan**
- **Workforce Force Management Plan**

The abovementioned documents, together with other plans and policies form the framework of Inverell Shire Council's Resourcing Strategy as detailed in the Integrated Planning and Reporting Guidelines, as developed by the Department of Local Government (DLG).



2. Purpose

2.1 Developing the Asset Management Plan

The Inverell Shire Council provides a wide range of services and infrastructure to its community. The efficient and effective delivery of these services and infrastructure requires strong and informed decision making processes. These processes enable Council to adequately plan for the maintenance, renewal and replacement of its existing assets and informs the process of the development of new assets.

In developing this Plan, Council has determined its asset maintenance resource needs to meet its service levels. The 2011/2012 to 2014/2015 Budgets were developed on this basis. These Budgets placed a much stronger focus on enhanced Asset Maintenance as a vehicle of extending the useful lives of Council's Assets. Throughout this period Council, has been in a position to be able to allocate additional funding to Asset Maintenance and Asset Renewal as needs have arisen. This process has been extended to the 2015/2016 Budget and Council's "Fit for the Future" Roadmap.

Also in developing this Plan, Council has estimated its asset upgrade and renewal resource needs. In addition to this, projections have been made in respect of new asset needs taking into consideration Council's annual five year population growth rate of 0.624% p.a.

2.2 Asset Management Principles

2.2.1 Key Elements

This Asset Management Plan is prepared as a 'core' asset management plan in accordance with the International Infrastructure Management Manual. It is prepared to meet legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

Future revisions of this Asset Management Plan will move towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs.

The key elements of infrastructure asset management are:

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

2.2.2 Asset Sustainability

Asset sustainability identifies the need to at a minimum spend, the same amount on renewing assets as Council's annual depreciation expense, and to provide sufficient funding to address accumulated Infrastructure Renewal funding shortfalls. To achieve this, a gap analysis based on the individual Asset Management Plans has been identified in the Asset Management Strategy as indicated in the Executive Summary.

As noted above, Council needs to expend \$11.6M (Auditable Amount) being \$11.6M in the General Fund, and nil in the Water and Sewerage Funds to bring its Assets up to an Average Condition.

Based on its gap analysis conducted to date, Council has in place the following strategies:

- **Public Buildings** – Council's Public Building have been assessed as being in an Excellent, Good or Average Condition and only require routine maintenance, with minimal capital expenditures in the short to medium term. Council has undertaken and extensive Building Renewal and Upgrade Program over the last 10 years renewing or refurbishing all of its major Public Building Assets;
- **Other Structures** - Council's Other Structures have been assessed as being in a Good Condition and only require routine maintenance, with minimal capital expenditures in the short to medium term. In the long term however, Council will in 2017/2018 be undertaking a major refurbishment of the 1950's 50 metre Inverell Swimming Pool and its associated infrastructure. Council has undertaken a range of major maintenance and asset renewal works in this matter during the last 12 months and also holds funds of \$1.75M in the Swimming Pools Internally Restricted Asset to Fund these works;
- **Public Road Assets** – Council has assessed its Road Assets in 2014/2015 as being in the Excellent, Good, Average and Poor Condition Rating Areas. Council undertook a full review of its Road Infrastructure Asset Class utilising independent industry experts. This Review determined that Council needs to expend \$11.612M to address its asset renewal needs in this area on top of its existing Funded Road Infrastructure Renewal Programs (Roads \$10.612M, Bridges \$1.0M). In addressing this matter Council's 2015/2016 allocates an additional \$5.0M to Rural Roads Renewal and \$1.0M to Rural Bridges Renewal, on top of its continuing \$5.4M Rural Road Renewal Program. This will see Council's Infrastructure Backlog reduce to <2% being under the Fit for the Future Benchmark. Council has in place a strategy to reduce its Infrastructure Backlog to 0.0% by 2025;
 - Sealed Roads – Council has assessed its Sealed Road Assets (Independent Specialist Technical Assessment completed 2015) as having a current infrastructure backlog of \$9.8M. Council has over the last five (5) years been reviewing its Bitumen Sealed Road maintenance and renewal program and associated Service Levels. This has resulted in an increase in the Bitumen

Sealed Roads Maintenance, Bitumen Heavy Patching and Bitumen Reseals Programs as means of addressing needs in this area. This has been supplemented by the introduction of new plant (a Road Pavement Reclaimer, a Cement/Lime Spreader Truck and in 2014 a Posi Track Loader with a 1 metre wide Road Planner) and other efficiency measures. Council's 2015/2016 Budget allocates and additional \$4.2M to Bitumen Road Reseals, Heavy Patching and Stabilisation, reducing the Infrastructure Backlog on this Asset Class to \$5.6M;

- Unsealed Roads – Council has assessed its Unsealed Road Assets (Independent Specialist Technical Assessment completed 2015) as having a current infrastructure backlog of \$0.8M. Council has over the last four (4) years been reviewing its Gravel Road maintenance and renewal program and associated Service Levels. This has resulted in a significant increase in the Gravel Roads Maintenance and Gravel Re-sheeting Programs to address needs in this area. This has been supplemented by the use of Larger Gravel Trucks and other efficiency measures including the use of Gravel Additives. Council's 2015/2016 Budget allocates and additional \$0.8M to Gravel Road Resheeting, reducing the Infrastructure Backlog on this Asset Class to \$0.0M;
- Carparks – All Carparks have been assessed as being in a Good Condition. The Turnham Carpark and Sweaney Street Carparks will require bitumen resealing in the short to medium term. This will be funded from Council's recurrent Urban Reseals Program with no Infrastructure Backlog being reported for this asset class;
- Bridges Concrete – All of Council's Concrete Bridges have been assessed (Independent Specialist Technical Assessment completed 2015) as being Excellent, Good or Average Condition and only require routine maintenance, with minimal capital expenditures in the short to medium term. Council has built 17 new Concrete Bridges over the last 15 years replacing old Timber Bridges, with no Infrastructure Backlog now being reported for this asset class;
- Bridges Timber – Council has assessed its 2 remaining Timber Bridges as being in a Good (Nullamanna) and Poor Condition (Tintot). The Tintot Timber Bridge requires replacement to ensure compliance with HML and a \$1M Project is funded in the 2015/2016 Budget. This will leave the Nullamanna Bridge as the only Timber/Concrete Bridge in the Shire with no Infrastructure Backlog now being reported for this asset class;
- Culverts – All of Council's Culverts have been assessed (Independent Specialist Technical Assessment completed 2015) as being Excellent, Good, Average and a small number in the Poor Condition rating. A funding program is in place to renew those Culverts in the Poor Condition Rating in 2015/2016. The remainder only require routine maintenance, and routine

capital expenditures in the short to medium term. This Asset Class was part of the 2014/2015 Road Infrastructure Audit;

- Causeways - All of Council's Causeways have been assessed as being Excellent, Good or Average Condition and only require routine maintenance, and routine capital expenditures for renewals in the short to medium term. This Asset Class were part of the 2014/2015 Road Infrastructure Audit; and
- Footpaths – All of Council's Footpaths have been assessed as being Excellent, Good or Average Condition and only require routine maintenance, and routine capital expenditures for renewals in the short to medium term. Council recently adopted a Plan for the expansion of the Footpath and Bikepath network with works totalling \$0.44M programmed for 2015/2016.
- **Water Assets** – All Water Fund Assets have been assessed as being in Good or Average Condition. Work on the new \$4.7M Ashford Water Treatment Plant will be completed in mid 2015. Council has determined a priority list of Infrastructure Works for the Water Fund, incorporating the asset Renewal Works and a number of new projects. These works have been included in the Water Fund Twenty (20) Year Long Term Financial Plan, which indicates that the Fund has the capacity to fund the required works over the medium to long term. Should additional funding be forthcoming Council will be able to accelerate these works for enhanced community benefit.
- **Sewerage Assets** – All Sewer Fund Assets have been assessed as being in an Excellent, Good or Average Condition and only require routine maintenance, with minimal capital expenditures in the short term. Council has determined a priority list for Infrastructure Renewal and upgrade Works for the Sewer Fund and a number of new projects. These works have been included in the Sewer Fund Twenty (20) Year Long Term Financial Plan, which indicates that the Fund has the capacity to fund the required works over the short to medium term. Council in 2015/2016 will be undertaking significant asset renewal and upgrade works (\$3.6M) at the Inverell Sewerage Treatment Works to cater for growth demands and is also planning to renew the Inverell Main Sewerage Pump Station in the medium term to meet community growth and risk management needs. Should additional funding be forthcoming Council will be able to accelerate these works for enhanced community benefit.
- **Drainage Works** – Council has assessed its Drainage Assets to be in a Good Condition in its 2014/2015 Infrastructure Audit. Council does however, have Drainage Infrastructure upgrade needs of \$1.5M in respect of the Gilgai Drainage (\$0.9M to kerb and gutter the village), and Inverell Drainage - May Street Underground Drain and Brissett Street area major drainage upgrades (\$0.6M). Council has in place a funding strategy to address these matters in the medium to long term. Work on the Gilgai Drainage Project commenced in 2012/2013 and continues with \$0.4M allocated to this project in the 2015/2016 Budget. Some works have been completed on the Brissett Street area Project with \$0.1M allocated in the 2015/2016 Budget.

Noting the above, this Asset Management Plan seeks to move Council to a position of real long-term sustainability with no or only a limited unfunded infrastructure renewal needs over a period of 10 years. The scope and standard of Council's services will be continually reviewed and consideration will be given to extending these where necessary to cover changing community needs and demands. Council does, however, require a significant increase in Own Sources as detailed in its Fit for the Future Roadmap to ensure its Communities Infrastructure needs can be met to 2020 and beyond. Without additional funding Council will not be able to meet the Communities Infrastructure renewal needs and the Infrastructure Backlog will accelerate rapidly from its existing low level.

3. Objectives

3.1 Councils Objectives

The objective of the Asset Management Plan is to identify Council's assets, their condition and performance and to maintain and preserve these assets at the desired condition levels required by the community. Assets reported as being outside these service levels will be repaired to a serviceable standard on a priority basis as resources become available taking into consideration community safety issues.

Council is intent on having an appropriately maintained infrastructure network in partnership with other levels of government and stakeholders that meets the needs of the community. The Asset Management Plan provides an overview of the main infrastructure assets as summarised in Table 3.1.

In the preparation of Council's Annual Budgets, Council is strongly aware that if sufficient funds are not allocated to asset preservation, Council's investment in those assets will reduce, together with the capacity to deliver services to the community.

Table 3.1- Assets covered by this Plan

Council is responsible for the following assets:

ASSET CLASS		VAUE AS AT 30/06/2014 \$'000
Road Infrastructure		305,009
Stormwater Drainage		14,390
Water Supply Network		71,627
Sewerage Network		45,245
Plant/Equipment		8,011
Office Furniture/Fittings/Equip		854
Land		22,465
Buildings and Structures		52,108
Waste Management		784
Quarries		166
Other		463
Works in Progress		4,092
TOTAL		525,214

(Source 2013/2014 Financial Reports)

A full breakdown of Council's current assets are included at the end of this document.

4. Levels of Service

4.1 The Community's partnership with Council

Inverell Shire Council's consults with the citizens of the Inverell Shire Local Government Areas (LGA) through various forms of communication mediums both informal and formal.

This includes, but is not limited to formal Precinct Meetings (Village meetings), Community forums, and local Radio station Talkback, local newspaper and various Committees of Council. Council also monitors closely its computerised Computer request system which allows effective and efficient response to the citizens, in turn establishing patterns for preventative and or permanent resolution and allocation of resource focus.

Being a regional area, the elected Council and Council staff not only work in the LGA, but live and are participates in community life. This allows for informal communications where feedback for Council can be free given in a more relaxed atmosphere.

Information, feedback and consultation - it is acknowledged that the community places great importance on the services provided by Council's infrastructure assets, for example the maintenance of local roads and footpaths. Although it is clear that community perception of Council's performance in the provision of services is increasing, there are areas which have been identified for improvement.

The community has indicated that its major priorities for Council are:

- Roads and footpaths,
- Stormwater Drainage,
- Water Supply (potable),
- Sewer and
- Recreational Facilities

4.2 Current Levels of Service

Inverell Shire Council is focused on providing quality services and infrastructure to its community and has defined service levels in respect of each of the major asset classes:

1. Community Levels of Service – define how the community receives the service in terms of safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance.
2. Operational or Technical Measures of Performance – these define how the minimum Community Levels of Service are met.

4.3 Desired Levels of Service

At present, indications of desired levels of service are obtained from various sources including Community Strategic Plan – “A Community for Everyone – Road Map for the Future 2009-2029”, Community feedback to Councillors and staff both formal and informal, Customer requests through Council’s Customer Request System and correspondence through Council’s electronic Records System.

Council has yet to quantify all of its desired Levels of Service. This is currently being developed and will be documented in future revisions of this Asset Management Plan.

In the preparation of Council’s Fit for the Future Roadmap Council has determined that it is not prepared to reduce its existing Service Levels in respect of its Assets, due to the significant and lasting negative economic, environmental and social impacts this would have on the Shire Community and the Region.

5. Future Demand

5.1 Demand Forecast

Demand factors for Council’s assets are reviewed on an annual basis to determine if there is an impact on Council’s existing Assets and their expected “Useful Lives”.

5.2 The Community Strategic Plan Link

The Community Strategic Plan (“A Community for Everyone – Road Map for the Future 2009-2029”) was created by consulting the community, to identify their values together with their specific needs and wants so as to provide a useful indication of the levels of service and performance that should be developed. The development of the plan segmented the community base and consulted a range of differing type of customers who have differing needs and expectations of assets and the services they receive.

In particular the community identified:

- The need for a well maintained and functional road infrastructure network;
- The need for attractive and well maintained parklands/river foreshores and continuing opportunities for exercise, recreation, lifestyle and aesthetics.
- The need for Council to provide services and support infrastructure for the growing community;
- The need for Environmental Sustainability and the management of environmental factors; and
- Opportunity to develop as an environmentally sustainable community with environmentally responsible and sustainable practice, to protect the highly valued natural assets of the foreshore and parklands.

The community also noted that Council would need to carefully prioritise its maintenance and capital budgets and resources to provide for the progressive improvement of its infrastructure assets.

The 5 Destinations and the strategies contained in the Community Strategic Plan are supported either directly or indirectly by Council Assets.

Direct strategy examples include:

- S.01 Sound Local Government Administration, Governance and Financial Management are provided.
- S.03 Council provides equitable services, consistent with available resources and priorities to meet the Shire's identified needs and preferences.
- S.07 Provide accessible and usable recreation facilities and services meet the needs of the community.
- S.08 Civil infrastructure is secured, maintained and used to optimum benefit.
- S.09 Council's buildings, parks and open space assets are maintained to a standard fit for their contemporary purpose.
- S.10 Maintain and enhance a safe, efficient and effective local road network.
- S.12 Provision of safe and efficient networks to ensure connectivity between population centres.
- S.13 Provide communities with quality potable water supply, effective drainage and sewerage systems.
- S.15 Promote the effective integration of waste management and recycling services

5.3 Changes in Technology

Technology changes will have significant impacts on the delivery of services and infrastructure covered by this plan.

The following are examples of the gains currently being made by Council due to the adoption of changing technology:

- Council's purchases of Road Surface Reclaiming Equipment , has already led to significant gains being made in the maintenance and renewal of Council's Sealed and Unsealed Road Assets. Heavy Patching works on Bitumen Sealed Roads for example can now be completed at approximately a 50% saving for each job completed. Sealed Road Stabilisation can be completed for up to 50% less than tradition Road Pavement Rehabilitation, delivering a Sealed Road Pavement with a very similar useful life;
- The utilisation of a compactor and improved recycling activities at the Inverell Waste Depot has extended the life of the facility by an estimated 30 years. Council is currently implementing a new Shire Wide Waste Management Strategy which will further assist in this area;
- The installation of Computerised Controls at the Water Treatment and Sewerage Plant and Pumping Stations, have substantially reduced the time staff need to devote to monitoring the Plants and the linked Pump Stations/Reservoirs;
- Laser Control Equipment has been added to Council Road Plant resulting in cost savings and a higher quality of finish on major roads projects; and
- New Energy Efficiency Lighting Technologies and Solar Power Generation systems have improved the energy efficiency of Council's Public Buildings.

5.4 Demand Management Planning

Council is critically aware that the sustainable delivery of services and infrastructure is dependant of sound Demand Management Practices, and that this includes not providing more services and infrastructure, but rather providing only those services and infrastructure that meet clearly identified and widely supported community needs. This requires that Council, as part of its asset management practices on a regular basis, assesses whether the community's infrastructure needs are being met or whether the communities needs are changing.

In preparing and reviewing Council's Asset Management Plans, Council will ensure it maintains the capacity to enable it to respond appropriately to changing needs within its available resource base. This dictates that strong linkages are maintained between Council's Asset Management Plans and the Long Term Financial Plan, and further that each Council resource allocation decision is made taking into consideration the impact the decision will have on Council's limited resource base and its long term sustainability.

This ultimately means that in many instances, ad hoc community requests for Council to provide additional or new assets or services outside of Council's existing asset base, that do not meet clearly identified and widely supported community needs, will not be accommodated.

5.5 New Assets for Growth

Council is critically aware of the need to provide upgraded and new assets to accommodate community growth. Council in the renewal of its assets, takes into consideration its community's growth needs and demands. Council is aware that additional asset capacity is usually able to be achieved efficiently and effectively at the time existing assets are renewed.

Council has delivered \$21M of new and upgraded Assets over the last two Council Terms (7 years) outside of its Road Infrastructure Assets. It has delivered \$40M of Road Infrastructure Asset renewal and upgrades over the same period.

New Assets will generally be funded by a combination of Grants, Developer Levies, increased and new User Charges, Loans, Rate Base Growth and from Accumulated Surplus Funds. Council sets aside funding in each year specifically for the funding of new strategic growth assets in its "Strategic Capital Projects and Infrastructure Fund.

6. Actions to Date (04-06-15)

- 2012/2013, 2013/2014, 2014/2015, 2015/16 to 2024/2025 Budgets and Long Term Financial Plan prepared in accordance with this Plan;
- Road Infrastructure Ten (10) Year Finance and Asset Management Plan (currently being revised);
- Water Supply – Twenty (20) Year Financial and Asset Management Plans (Revised 2015);

- Sewer Services - Twenty (20) Year Financial and Asset Management Plans (Revised 2015);
- Waste Management Ten (10) Year Financial Management and Asset Management Plan;
- Work is continuing on the remaining Plans;
- Installation of a new integrated Asset Management Computer System (TechnologyOne); and
- Review of Council's Services Levels, Infrastructure Renewal backlog/Infrastructure Renewal Gap and Long Term Financial Plans.

7. Fit for the Future

Council is required to submit its "Fit for the Future" Roadmap to the State Government by 30 June, 2015. The Roadmap includes three Benchmarks that Council must meet in respect of the management of its Infrastructure Assets. The Roadmap also includes Council's Strategies which it will be implementing over the period to 30 June, 2020 to ensure Council meets these Benchmarks over this period and into the future.

SUSTAINABILITY BENCHMARK:

Building and Infrastructure Renewal Ratio:

Objective: - Maintain Building and Infrastructure Renewal Ratio at greater than 100% average over three years.

Strategy:

- a) Continue existing Building and Infrastructure Renewal Programs over the 2016 to 2020 period and supplement with additional Own Source Revenues, and a Special Road Infrastructure Renewal Program – \$6M in 2015/2016.
- b) Continue Council's program of encouraging creativity and innovation in service and infrastructure delivery to achieve industry Best Practice and lower overall Service and Infrastructure costs.

Assumptions:

- i) 2.5% Rate Peg in 2016/2017 and that the IPART approves the full 14.25% Special Rate Variation. The following amounts to be allocated from the Special Rate Variation to Rural Road Infrastructure Renewal:

2017/2018	\$	400,000
2018/2019	\$	850,000
2019/2020	\$	1,500,000
- ii) Road Infrastructure Residual Values Brought to Account as at 30/06/15 significantly reducing Road Infrastructure Depreciation Expense from 2015/2016.

- iii) Inverell Swimming Pool Asset Renewal Project 2017/2018 fully funded from Internally Restricted Assets and new loans.

Key Milestones:

- 1) Special Road Renewal Infrastructure Backlog Program implemented in 2015/2016 - \$6M and all works completed by 30 June 2017.
- 2) Inverell Swimming Pool Asset Renewal Project completed by 30 June 2018.

Outcome:

Building and Infrastructure Renewal Ratio for 2014/2015 to 2016/2017 of 174.2% and 2017/2018 to 2019/2020 of 151.4% substantially reducing the Infrastructure Backlog and preventing it from escalating in future periods (The Backlog should reduce to 0.0% by 2025)

Impact on Other Measures:

The strategy included in this Benchmark assists Council in meeting and maintaining the required Infrastructure Backlog Benchmark in the short, medium and long term.

BUILDING & INFRASTRUCTURE ASSET RENEWAL RESULT			
Benchmark: - Greater than 100% average over 3 years			
	GENERAL FUND		
2011-12	3,851	=	76.6%
	5,029		
2012-13	3,707	=	71.8%
	5,165		
2013-14	7,285	=	122.1%
	5,964		
2014-15	8,032	=	142.0%
	5,655		
2015-16	11,123	=	257.5%
	4,319		
2016-17	5,328	=	123.0%
	4,333		
2017-18	5,882	=	135.5%
	4,342		
2018-19	6,513	=	149.8%
	4,347		
2019-20	7,351	=	168.9%
	4,352		
Average 2011-12 to 2013-14		✗	90.2%
Average 2014-15 to 2016-17		✓	174.2%
Average 2017-18 to 2019-20		✓	151.4%

INFRASTRUCTURE AND SERVICE MANAGEMENT BECHMARKS**Infrastructure Backlog Ratio:**

Objective: - Maintain Infrastructure Backlog <2% for the period 2016 to 2020, and remove by 2025

Strategy:

- a) Continue existing Building and Infrastructure Renewal Programs over the 2016 to 2020 period and supplement with a Special Road Infrastructure Renewal Program (Infrastructure Backlog) - \$6M in 2015/2016.
- b) Allocate the following amounts from the Special Rate Variation to the Special Road Infrastructure Renewal Program with the remainder of the funds to be directed to Asset Maintenance to extend Asset Useful Lives and the Urban Asset Renewal Program:

2017/2018	\$	400,000
2018/2019	\$	850,000
2019/2020	\$	1,500,000
- c) Lobby for an increase in the Regional Roads Block Grant and Repair Program noting that the majority of the Road Asset Infrastructure backlog is on the Regional Road Network that was transferred from the State Government to Council without adequate compensation.

Assumptions:

- i) IPART approves the full 14.25% Special Rate Variation.
- ii) 30 June, 2020 Road Asset Valuation and Condition Rating Audit produces a Backlog Amount consistent with the results of the current Infrastructure Backlog Program, (Natural Disasters and severe weather events excluded).
- iii) Only limited asset renewals to be completed over the 2016 – 2020 period outside of Council's Road Infrastructure Asset Class and the Inverell Swimming Pool Project, noting that Council has already completed the renewal and upgrade of its major building and infrastructure assets.

Key Milestones:

- 1) Special Road Renewal Infrastructure Backlog Program - \$6M completed by 30 June, 2017.
- 2) 14.25% Special Rate Variation in addition to the Rate Peg achieved and the following funds directed to the Infrastructure Backlog and works completed in the year allocated:



2017/2018	\$ 400,000	Backlog reduces to \$ 5.21M
2018/2019	\$ 850,000	Backlog reduces to \$ 4.36M
2019/2020	\$ 1,500,000	Backlog reduces to \$ 2.86M

Outcome:

Infrastructure Backlog reduced to 0.94% by 30 June, 2020. Backlog then reduced to 0.0% by 30 June, 2025.

Impact on Other Measures:

The strategies included for this Benchmark will result in Council having a greater level of Financial flexibility in the medium to long term, providing it with a greater capacity to cope with complex and unexpected change, broaden its partnerships with the State and Federal Governments and to undertake new functions and programs.

INFRASTRUCTURE BACKLOG RESULT			
Benchmark: - < 2%			
		GENERAL FUND	
2013-14	25,747 297,478		8.66%
2014-15	5,611 299,855	=	1.87%
2015-16	5,611 305,459	=	1.84%
2016-17	5,611 305,254	=	1.84%
2017-18	5,211 305,594	=	1.71%
2018-19	4,361 306,560	=	1.42%
2019-20	2,861 302,777	=	0.94%
			0.94%

NOTE: The final outcome will be dependant on the absence of a deleterious effect of natural disasters and severe weather events on Council's Infrastructure Assets, particularly its Road Infrastructure Assets. That said the Special Rate Variation will better equip Council in future 3 years to be able to cope with events of this nature.

Asset Maintenance Ratio:

Objective: - Maintain Asset Maintenance Ratio at >100%

Strategy:

- Continue to allocate the required funds to maintain Council's Assets at a high standard which maximises asset useful life including allocating the following amounts from the Special Rate Variation to asset maintenance:

2017/2018	\$	86,000
2018/2019	\$	136,000
2019/2020	\$	186,000

Assumptions:

- i) IPART provides for ongoing Rate Pegging amounts which reflect the true increase in Local Government Costs.
- ii) IPART approves the full 14.25% Special Rate Variation. Resumption of Finance and Assistance Grant Indexation in 2017/2018 by the Federal Government.
- iii) Only a limited range of new, relatively low cost, Assets will be added to Council's Asset Inventory over the 2016 – 2020 period outside of Council's Waste Services. Council's major focus will be on the maintenance and renewal of its existing assets, addressing the Infrastructure Backlog, an encouraging continued economic and industry development within the Shire and Region.

Key Milestones:

- 1) 2015/2016 Asset Maintenance Program fully funded and completed
- 2) 2016/2017 Asset Maintenance Program fully funded and completed
- 3) 2016/2017 Asset Maintenance Program fully funded and completed
- 4) 2017/2018 Asset Maintenance Program fully funded and completed (Increase in Maintenance from SRV of \$86K – Gravel/Bitumen Maintenance noting the need to ensure the Infrastructure Backlog does not re-emerge)
- 5) 2018/2019 Asset Maintenance Program fully funded and completed (Increase in Maintenance from SRV of \$136K noting the need to ensure the Infrastructure Backlog does not re-emerge)
- 6) 2019/2020 Asset Maintenance Program fully funded and completed (Maintain additional \$186K asset maintenance allocation).

Outcome:

Asset Maintenance Ratio for the period ending 2019/2020 of 100.7% achieved.

Impact on Other Measures:

The Strategies for this Benchmark also have a significant impact on ensuring the Infrastructure Backlog Benchmark maintains its substantial downward trend and that the Building and Infrastructure Renewal Ratio is maintained at greater than 100% average over three years. These Benchmark requirements will not be met if sufficient funding is not available from Own Source Revenues to complete Council's Asset Maintenance and Renewal Programs.

ASSET MAINTENANCE RESULT			
Benchmark: - Greater than 100% average over 3 years			
		GENERAL FUND	
2011-12	5,969	=	101.2%
	5,897		
2012-13	5,428	=	100.1%
	5,421		
2013-14	5,312	=	101.6%
	5,228		
2014-15	5,418	=	101.1%
	5,359		
2015-16	5,500	=	100.9%
	5,450		
2016-17	5,555	=	101.4%
	5,477		
2017-18	5,752	=	100.4%
	5,727		
2018-19	5,974	=	100.2%
	5,961		
2019-20	6,220	=	100.2%
	6,206		
Average 2011-12 to 2013-14		✓	101.0%
Average 2014-15 to 2016-17		✓	101.1%
Average 2017-18 to 2019-20		✓	100.7%

NOTE: Council has a strong focus on the maintenance of its assets to ensure strong service delivery capability to our community and to maximise asset useful lives. In 2010/2011 Council significantly increased its Maintenance Activities in a wide range of areas, however, this came at a direct cost to its funding for its Capital Improvement Programs. Noting Rate Pegging, substantial reductions in Interest Rates and the Indexation Freeze on the Finance and Assistance Grants, this has resulted in it becoming increasingly difficult to allocate sufficient funding to Asset Maintenance, despite Council's ongoing Operational Efficiency and Effectiveness Program and its low operational costs. This now requires that Council pursue significant additional Own Source Revenue not later than 2017/2018 to ensure that this required Benchmark is met on a continuing basis.

8. Breakdown of Council's Assets

Note 9a NOTES TO THE FINANCIAL STATEMENTS

INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

By Asset Type *

At 30/6/2014													
	At 30/6/2013				MOVEMENTS DURING YEAR					At 30/6/2014			
	COST \$,'000	FAIR VALUE \$,'000	ACCUM. DEPREC. AND IMPAIRMENT \$,'000	WDV \$,'000	ADDITIONS \$,'000 **	WDV OF DISPOSALS \$,'000	DEPN. AND IMPAIRMENT \$,'000	TRANSFERS/ ADJUSTMENTS \$,'000	*** REVALUATION INCREMENTS / DECREMENTS \$,'000	COST \$,'000	FAIR VALUE \$,'000	ACCUM. DEPREC. AND IMPAIRMENT \$,'000	WDV \$,'000
Capital WIP	2,497			2,497	3,899			-2304		4,092			4,092
Plant and Equipment		20,347	11,798	8,559	1,663	323	1,888				21,058	13,047	8,011
Office Equipment		1,101	497	604	126		117				1,167	564	613
Furniture & Fittings		664	428	236	48		43				711	470	241
Land													
- Operational Land		12,701		12,701							12,701		12,701
- Community Land		9,764		9,764				-205			9,559		9,559
Buildings (**)- Non Specialised		21,040	1,358	19,682	688		174	-540	-1,076		20,048	1,468	18,580
- Specialised		9,269	969	8,300	1,833		77				11,102	1,046	10,056
Other Structures		11,424	652	10,772	577		278				12,001	930	11,071
Infrastructure (**)													
- Roads		298,868	124,033	174,835	4,603		3,901				303,470	127,933	175,537
- Bridges		90,756	38,174	52,582	891		868				91,648	39,043	52,605
- Footpaths		3,889	1,286	2,603	109		78				3,998	1,364	2,634
- Bulk Earthworks (non-deprec)		74,003		74,003	230						74,233		74,233
- Storm Water Drainage		29,949	15,644	14,305	458		373				30,406	16,016	14,390
- Water Supply Network		91,083	20,959	70,124	354		792		1,941		93,987	22,360	71,627
- Sewerage Network		59,936	15,583	44,353	353		684		1,223		61,968	16,723	45,245
- Swimming Pools		3,866	649	3,217			73				3,866	722	3,144
-Other Open Space/Recreational Assets		9,920	967	8,953	651		142				10,572	1,110	9,462
-Other Infrastructure				0									0
Other Assets													
- Heritage Collections	75			75	2						77		77
-Library Books	991		718	273	135		91				1,126	809	317
-Other	389		298	91			22				389	320	69
Tip Asset	863		59	804			20				863	79	784
Quarry Asset	334		155	179			13				334	168	166
TOTALS	5,149	748,580	234,217	519,512	16,620	323	9,634	-3,049	2,088	6,881	762,495	244,162	525,214

9. Road Asset Condition Table

ROAD ASSET CONDITION TABLE			ASSET TREATMENT		
LEVEL	CONDITON	DESCRIPTION	SEALED ROADS - SEAL	SEALED ROADS - PAVEMENT	GRAVEL ROADS
1	Excellent	Normal Maintenance	Planned routine maintenance	Planned routine maintenance	Planned routine maintenance
2	Good	Some surface/pavement structure deterioration - patching only needed to repair	Minor maintenance, eg Bitumen Patching, plus planned routine maintenance	Minor maintenance, eg Bitumen Patching, plus planned routine maintenance	Minor maintenance, eg Gravel Patching, plus planned routine maintenance
3	Average	Surface/pavement structure deterioration - Maintenance required, eg Heavy Patching	Significant maintenance, eg significant bitumen patching, crack sealing, (Consider for Reseal)	Significant maintenance and heavy patching (Consider for Stabilisation)	Significant maintenance, eg significant gravel patching and shaping (Consider for Gravel Resheet and formation works)
4	Poor	Deterioration materially affecting entire surface/ pavement structure - requires renovation within 1 year	Requires full bitumen reseal in next budget period (Program for Reseal)	Pavement requires stabilisation or rehabilitation in next budget period (Program for stabilisation or rehabilitation)	Requires Gravel Resheet in next budget period (Program for Gravel Resheet)
5	Very Poor	Deterioration is of sufficient extent to render the surface/pavement structure unserviceable	Asset is unserviceable, seal has failed causing pavement failure	Asset is unserviceable, requires immediate pavement rehabilitation	Asset is unserviceable, requires immediate full gravel resheet and formation works
NOTES:					
The Work undertaken on Condition 3 Assets returns the Asset to Condition 2					
The Work undertaken on Condition 4 and 5 Assets returns the Asset to Condition 1					

INVERELL MAIN BRIDGE AT END OF ITS USEFUL LIFE



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