



LACHLAN SHIRE  
COUNCIL

Wiradjuri Country

Tottenham

Albert

Fifield

Condobolin

Derriwong

Lake  
Cargelligo

Tullibigeal

Murrin  
Bridge

Burcher

ASSET MANAGEMENT PLAN 2023

**BUILDINGS**



Document Control		Asset Management Plan			
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## **1.0 Executive summary**

### **1.1 The Purpose of the Plan**

This Asset Management Plan (AM Plan) details information about infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide over the 20 year planning period. The AM Plan will link to a Long-Term Financial Plan.

### **1.2 Asset Description**

This plan covers the infrastructure assets that provide properties and facilities for Council to perform its duties.

The Buildings network comprises:

- Residences for senior staff, doctors and other professionals
- General purpose and special purpose buildings to enable Council to function
- Medical & dental facility, museum, child care and community care buildings
- Public halls
- RFS (Rural Fire Service) sheds located around the shire
- Various parcels of land such as saleyards and unsold industrial land

This plan does not include special purpose buildings such as water and sewer treatment plants.

The above infrastructure assets have replacement value estimated at \$27.6M.

### **1.3 Levels of Service**

The allocation in the planned budget is insufficient to continue providing existing services at current levels for the planning period.

The main service consequences of the Planned Budget are:

- Existing assets will be maintained to the current levels where possible
- When assets are due for replacement or refurbishment, there will not always be sufficient funds to do the work when due

### **1.4 Future Demand**

The factors influencing future demand and the impacts they have on service delivery are created by:



- Change in population – this has been slowly declining over many years
- Change in demands for services in the community e.g. possible increased need for care & support services as the population ages

These demands will be approached using a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures.

- Monitor use of facilities, plan to change function or close when appropriate
- Liaise with affected groups and individuals – ensure facilities provided are the most appropriate for the intended purpose

## **1.5 Lifecycle Management Plan**

### **1.5.1 What does it Cost?**

The forecast lifecycle costs necessary to provide the services covered by this AM Plan includes operation, maintenance, renewal, acquisition, and disposal of assets. Although the AM Plan may be prepared for a range of time periods, it typically informs a Long-Term Financial Planning period of 10 years. Therefore, a summary output from the AM Plan is the forecast of 10 year total outlays, which for Buildings is estimated as \$12.6M or \$1.26M on average per year. Note this value is significantly affected by the addition of the new Condobolin Depot in 2021, valued at \$6.8M.

## **1.6 Financial Summary**

### **1.6.1 What we will do**

Estimated available funding for the 10 year period is \$12.1M or \$1,210,000 on average per year as per the Long-Term Financial plan or Planned Budget. This is 96% of the cost to sustain the current level of service at the lowest lifecycle cost.

The infrastructure reality is that only what is funded in the long-term financial plan can be provided. The Informed decision making depends on the AM Plan emphasising the consequences of Planned Budgets on the service levels provided and risks.

The anticipated Planned Budget for Buildings leaves a shortfall of \$48,000 on average per year of the forecast lifecycle costs required to provide services in the AM Plan compared with the Planned Budget currently included in the Long-Term Financial Plan. This is shown in the figure below. Note the first year is substantially skewed by construction of the new Condobolin Council Depot.



### Forecast Lifecycle Costs and Planned Budgets

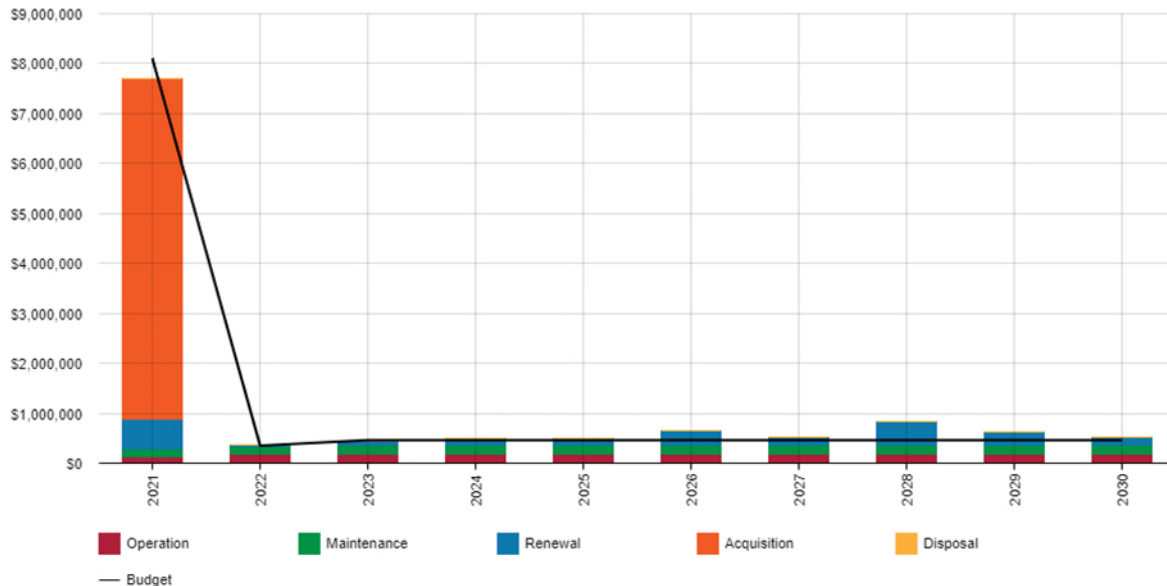


Figure Values are in current dollars.

We plan to provide Building services for the following:

- Operation, maintenance, renewal and acquisition of Buildings to meet service levels set by Council in annual budgets.

#### 1.6.2 What we cannot do

We currently do **not** allocate enough budget to sustain these services at the proposed standard or to provide all new services being sought. Works and services that cannot be provided under present funding levels are:

- Construction of new buildings
- Unplanned major repairs to buildings

#### 1.6.3 Managing the Risks

Our present budget levels are insufficient to continue to manage risks in the medium term.

The main risk consequences are:

- No provision for unexpected events requiring additional expenditure. This means overspending is a likelihood in some years
- We will not be able to respond to increases in community expectations with current budget



- There is insufficient budget to renew assets as they are due for replacement. Increased breakdowns, facility unavailability are likely outcomes

We will endeavour to manage these risks within available funding by:

- Prioritising the most critical renewals
- Not acquiring more new assets than the plan allows for

## 1.7 Asset Management Planning Practices

Key assumptions made in this AM Plan are:

- The life, value and condition data in the asset register is reasonably accurate
- The current annual budget is expected to remain similar in future years (but adjusted for inflation)
- No significant changes in population levels or facility demands
- All values are in current day dollars

Assets requiring renewal are identified from either the asset register or an alternative method.

- The timing of capital renewals based on the asset register is applied by adding the useful life to the year of acquisition or year of last renewal,
- Alternatively, an estimate of renewal lifecycle costs is projected from external condition modelling systems and may be supplemented with, or based on, expert knowledge.

The Asset Register was used to forecast the renewal lifecycle costs for this AM Plan.

This AM Plan is based on an uncertain level of confidence information. That is, we do not have accurate data on conditions and lives for many assets.

## 1.8 Monitoring and Improvement Program

The next steps resulting from this AM Plan to improve asset management practices are:

- Update asset descriptions in the asset register to reduce ambiguity. Presently it is difficult to relate some asset records to the corresponding physical asset
- Verify condition data for the asset group. Presently some data is incorrect
- Verify lifetime data for the asset group
- Community consultation to determine the best allocation of resources
- Improve links between Asset management Plan and Council's Long Term Financial Plan





## 2.0 Introduction

### 2.1 Background

This AM Plan communicates the requirements for the sustainable delivery of services through management of assets, compliance with regulatory requirements, and required funding to provide the appropriate levels of service over the planning period.

The AM Plan is to be read with the Lachlan Shire Council planning documents. This should include the Asset Management Policy and Asset Management Strategy, where developed, along with other key planning documents:

- Long term financial plan
- Community Strategic Plan 2017-2026
- Delivery Program 2017-2021 and 2022 to 2026

Lachlan Shire Council is working towards integration and further implementation of Asset Management Plans, Strategic Plans to align with the Long Term Financial Plan. Senior management are committed to improving Council's asset management performance.

The infrastructure assets covered by this AM Plan include buildings, furniture and fittings. For a detailed summary of the assets covered in this AM Plan refer to Table in Section 5.

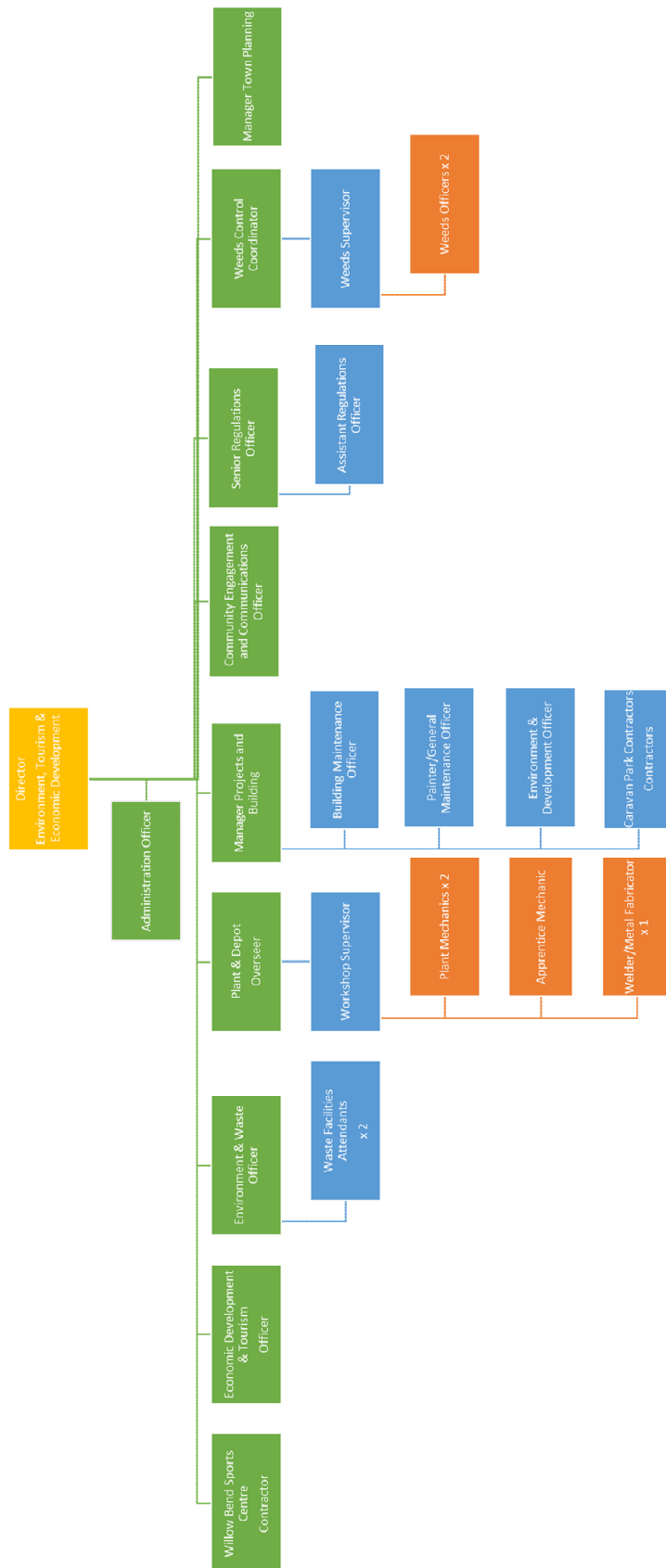
These assets are used to provide properties and facilities for Council to perform its duties.

The infrastructure assets included in this plan have a total replacement value of insert \$27.6M. Key stakeholders in the preparation and implementation of this AM Plan are shown in Table 2.1.

**Table 2.1: Key Stakeholders in the AM Plan**

Key Stakeholder	Role in Asset Management Plan
Elected Councillors and Mayor	responsible for adopting the policy and ensuring that sufficient resources are applied to manage the assets.
General Manager	has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council
Director Infrastructure Services	responsible for implementing asset management systems, policies and procedures
Area managers and staff	responsible for the management of assets within the area of responsibility as determined under asset management plans

Our organisational structure for service delivery from infrastructure assets is detailed below. The Buildings asset group section is shown magnified on the subsequent page for clarity.





## 2.2 Goals and Objectives of Asset Ownership

Our goal for managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Linking to a Long-Term Financial Plan which identifies required, affordable forecast costs and how it will be allocated.

Key elements of the planning framework are

- Levels of service – specifies the services and levels of service to be provided,



- Risk Management,
- Future demand – how this will impact on future service delivery and how this is to be met,
- Lifecycle management – how to manage its existing and future assets to provide defined levels of service,
- Financial summary – what funds are required to provide the defined services,
- Asset management practices – how we manage provision of the services,
- Monitoring – how the plan will be monitored to ensure objectives are met,
- Asset management improvement plan – how we increase asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 <sup>1</sup>
- ISO 55000<sup>2</sup>

A road map for preparing an AM Plan is shown below.

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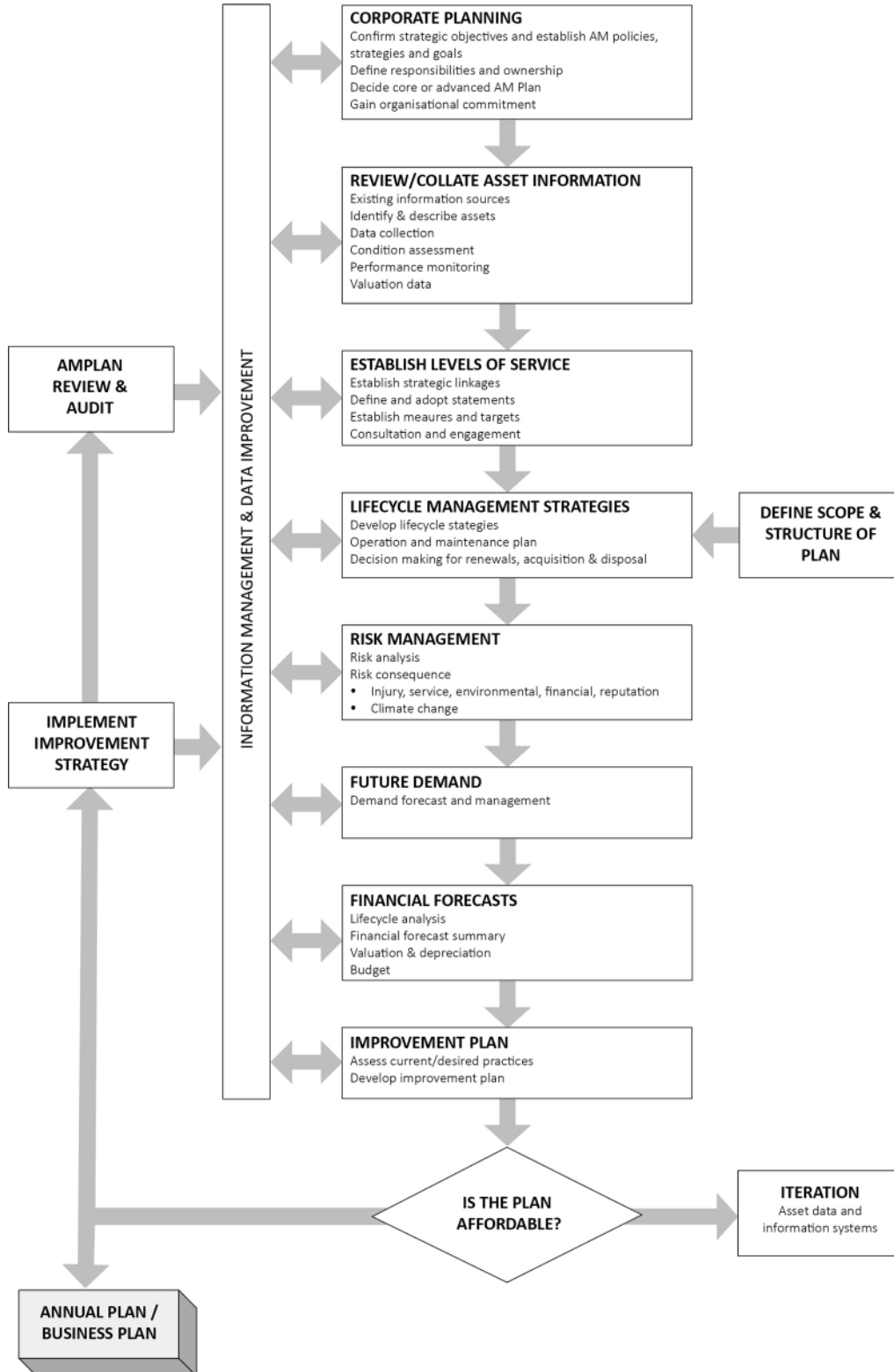
<sup>1</sup> Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

<sup>2</sup> ISO 55000 Overview, principles and terminology



**Road Map for preparing an Asset Management Plan**

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11





## 3.0 Levels of service

### 3.1 Customer Research and Expectations

This AM Plan is prepared to facilitate consultation prior to adoption of levels of service by the Council. Future revisions of the AM Plan will incorporate customer consultation on service levels and costs of providing the service. This will assist the Council and stakeholders in matching the level of service required, service risks and consequences with the customer's ability and willingness to pay for the service.

Management Plans have recently been developed for many assets sites or asset groups. These are gradually being implemented. These plans will be included in future revisions of AM Plans. It is expected that the Management Plans will impact some areas of budgeting and renewal.

### 3.2 Strategic and Corporate Goals

This AM Plan is prepared under the direction of the Council's vision, mission, goals and objectives.

Our vision is:

*Lachlan Shire Council's vision for the future is to be a progressive, vibrant and prosperous community where families come to stay and enjoy a relaxed, healthy way of life and community spirit.*<sup>3</sup>

Our mission is:

*To engage the community, providing and delivering progressive services whilst implementing a long term strategic plan leading to the social and economic benefit of the community.*

Strategic goals have been set by the Council. The relevant goals and objectives and how these are addressed in this AM Plan are summarised in Table 3.2.

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<sup>3</sup> Council website [www.lachlan.nsw.gov.au](http://www.lachlan.nsw.gov.au) – retrieved June 2021



**Table 3.2: Goals and how these are addressed in this Plan**<sup>4</sup>

<b>Goal</b>	<b>Objective</b>	<b>How Goal and Objectives are addressed in the AM Plan</b>
Upgrade community buildings	Provide facilities fit for purpose, well equipped and comfortable	The current budget is insufficient to significantly upgrade any buildings or other facilities
Improved health care for the community	Provide housing for medical and dental facilities	Existing facilities are sufficient for present usage. Some buildings are under-utilised due to difficulties retaining medical personnel
Childcare services and facilities that meet the needs of young families	Provide appropriate accommodation for child care services	Existing child care facilities are sufficient for needs and in acceptable condition
Increase community participation in arts and cultural activities	Provide suitable buildings and facilities that foster art and culture	Various buildings are used for this purpose. Most are in acceptable condition though some fittings are outdated

### 3.3 Legislative Requirements

There are many legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of the Building service are outlined in Table 3.3.

**Table 3.3: Legislative Requirements**

<b>Legislation</b>	<b>Requirement</b>
NSW Rural Fires Act 1997	Council takes ownership of RFS equipment and buildings. Council has obligations to maintain these at own expense
NSW Work Health & Safety Act 2011 and Regulation 2017	Employer to provide a safe work environment for staff
NSW Work Health and Safety Amendment (Information Exchange) Bill 2020	Rules for dealing with asbestos in old buildings
NSW Local Government Act 1993 and Regulation 2021	Roles and responsibilities of Councils. Includes preparation of Strategic Plans

<sup>4</sup> Lachlan Shire Council Community Strategic Plan 2017-2026



### 3.4 Customer Values

Service levels are defined in three ways, customer values, customer levels of service and technical levels of service. For this asset group (buildings), some customers are internal i.e. Council departments.

**Customer Values** indicate:

- what aspects of the service is important to the customer,
- whether they see value in what is currently provided and
- the likely trend over time based on the current budget provision

**Table 3.4: Customer Values**

<b>Service Objective:</b>			
<b>Customer Values</b>	<b>Customer Satisfaction Measure</b>	<b>Current Feedback</b>	<b>Expected Trend Based on Planned Budget</b>
Buildings well-presented and fit for purpose	Customer or occupier feedback	Minimal complaints	Not expected to change
RFS and SES stations well maintained	User feedback	Minimal complaints	Most RFS sheds are of recent construction. These will eventually need maintenance and Council does not receive funding for that
Sufficient and suitable buildings for community needs	Community and user group feedback	Minimal complaints	Not expected to change

### 3.5 Customer Levels of Service

The Customer Levels of Service are considered in terms of:

**Condition** How good is the service ... what is the condition or quality of the service?

**Function** Is it suitable for its intended purpose .... Is it the right service?

**Capacity/Use** Is the service over or under used ... do we need more or less of these assets?

In Table 3.5 under each of the service measures types (Condition, Function, Capacity/Use) there is a summary of the performance measure being used, the current performance, and the expected performance based on the current budget allocation.

These are measures of fact related to the service delivery outcome (e.g. number of occasions when service is not available or proportion of replacement value by condition %'s) to provide a balance in comparison to the customer perception that may be more subjective.





*Table 3.5: Customer Level of Service Measures*

Type of Measure	Level of Service	Performance Measure	Current Performance	Expected Trend Based on Planned Budget
<b>Condition</b>	Condition rating of the building or facility	Condition assessment done periodically e.g. annual inspection	Condition assessments range from 1 (excellent) to 5 (very poor) with majority around 3 (average)	Slow decline of asset condition unless additional funds allocated for renewals
	<b>Confidence levels</b>		Low (Professional Judgement with no data evidence)	Low (Professional Judgement with no data evidence). Improved knowledge of asset lifetimes required
<b>Function</b>	Are the Buildings and facilities appropriate for the intended purpose?	Utilisation of the buildings by community, tenants or Council departments (as appropriate)	Most are appropriate for the intended usage	Not expected to change
	<b>Confidence levels</b>		Low (Professional Judgement with no data evidence)	Low (Professional Judgement with no data evidence)
<b>Capacity</b>	Are the Buildings and facilities sufficient for the needs of users?	Occupancy rates, user feedback	Buildings are mainly sufficient for needs. There is a surplus of buildings in some areas	No significant changes
	<b>Confidence levels</b>		Medium (Professional judgement supported by data sampling)	Medium (Professional judgement supported by data sampling)

### 3.6 Technical Levels of Service

**Technical Levels of Service** – To deliver the customer values, and impact the achieved Customer Levels of Service, are operational or technical measures of performance. These technical measures relate to the activities and allocation of resources to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:



- **Acquisition** – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).
- **Operation** – the regular activities to provide services (e.g. opening hours, cleansing, mowing grass, energy, inspections, etc).
- **Maintenance** – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. road patching, unsealed road grading, building and structure repairs),
- **Renewal** – the activities that return the service capability of an asset up to that which it had originally provided (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),

Service and asset managers plan, implement and control technical service levels to influence the service outcomes.<sup>5</sup>

Table 3.6 shows the activities expected to be provided under the current 10 year Planned Budget allocation, and the Forecast activity requirements being recommended in this AM Plan.

**Table 3.6: Technical Levels of Service**

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
<b>TECHNICAL LEVELS OF SERVICE</b>				
<b>Acquisition</b>	Construct new Condobolin depot	Successful completion within budget	Construction commenced	Construction commenced
	Other new acquisitions and upgrades	Spending as per long term financial plan	Spending close to budgeted amounts (presently minor amounts only)	Spending close to budgeted amounts
		<b>Budget</b>	<i>\$6.8M for depot</i>	<i>\$6.8M for depot</i>
<b>Operation</b>	Electricity and utilities	Sufficient funds for costs?	Costs paid on time	Currently adequate
	Cleaning Council offices and visitor centres	Sufficient funds for costs?	Costs paid on time	Currently adequate
		<b>Budget</b>	<i>\$146,000</i>	<i>Average over 4 years \$144,000</i>

<sup>5</sup> IPWEA, 2015, IIMM, p 2|28.



Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
<b>Maintenance</b>	Repairs to buildings to maintain functionality	Repairs done within reasonable time frame and to suitable standard	Some repairs deferred due to budget	All repairs done within reasonable time frame
	Replacement of minor fittings with value < \$1000	Fittings replaced within reasonable time, within budget	Fittings replaced when needed, some delayed due to budget	Sufficient budget to allow replacement when required
		<b>Budget</b>	<i>\$146,000</i>	<i>Average over 4 years \$135,000</i>
<b>Renewal</b>	Equipment replacement program	Replace worn out or broken equipment as required within reasonable time period	Some items taking a long time to replace due to limited budget	Worn out or broken items (that are still needed) replaced within 30 days for low utility sites and 7 days for high utility sites
	Minor buildings and other structures renewed	Assets replaced as required within reasonable time period	Many locations have buildings or structures that should be renewed or replaced	Renew or replace within reasonable time frame
		<b>Budget</b>	<i>\$170,000</i>	<i>\$220,000</i>
<b>Disposal</b>	Cost of removal or demolition	Buildings or facilities removed or demolished	Inadequate, numerous buildings and structures across shire need demolishing. Some have asbestos which will increase cost of demolition	Assets no longer needed sold, repurposed or demolished within reasonable time
		<b>Budget</b>	<i>\$0</i>	<i>\$50,000</i>

Note: \* Current activities related to Planned Budget

\*\* Expected performance related to forecast lifecycle costs

It is important to monitor the service levels regularly as circumstances can and do change. Current performance is based on existing resource provision and work efficiencies. It is acknowledged changing circumstances such as technology and customer priorities will change over time.



## 4.0 Future demand

### 4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

### 4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented.

### 4.3 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

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 and demand management. Demand management practices can include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AM Plan.

**Table 4.3: Demand Management Plan**

Demand driver	Current position	Projection	Impact on services	Demand Management Plan
Population change and movement	Some facilities under utilised	Gradual decline in population and Shift of population from smaller towns	Operational & maintenance costs will not change significantly, so “cost per use” will increase at some facilities	Monitor use of facilities. Consider closing or shrinking facilities where appropriate. Some services could be relocated to nearby facilities
Change in demands by the public e.g. a change in community preference or needs	Some facilities underutilised, while others are well utilised	Unknown at present	Possible need to upgrade or change some facilities and services	Monitor usage. Where necessary, plan and implement changed or upgraded facilities. Some facilities may be justified to be closed



#### 4.4 Asset Programs to meet Demand

The new assets required to meet demand may be acquired, donated or constructed. Additional assets are discussed in Section 5.4.

Acquiring new assets will commit the Council to ongoing 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 for inclusion in the long-term financial plan (Refer to Sect 5).

#### 4.5 Climate Change Adaptation

The impacts of climate change may have a significant impact on the assets we manage and the services they provide. In the context of the Asset Management Planning process climate change can be considered as both a future demand and a risk.

How climate change impacts on assets will vary depending on the location and the type of services provided, as will the way in which we respond and manage those impacts.<sup>6</sup>

As a minimum we consider how to manage our existing assets given potential climate change impacts for our region.

Risk and opportunities identified to date are shown in Table 4.5.1

**Table 4.5.1 Managing the Impact of Climate Change on Assets and Services**

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Management
Average temperatures	Current trend is 0.43° per decade in the region	Increased temperature will make buildings less comfortable for occupants	Install better insulation and air-conditioning in buildings
Average rainfall	Average annual rainfall is slowly decreasing in the region	Less rainfall will impact availability of water for irrigation	Investigate water recycling
Storms and severe weather events	Severe weather events are increasing	Increased damage to infrastructure	Construction standards may increase (with consequent increased costs)

Additionally, the way in which we construct new assets should recognise that there is opportunity to build in resilience to climate change impacts. Building resilience can have the following benefits:

<sup>6</sup> IPWEA Practice Note 12.1 Climate Change Impacts on the Useful Life of Infrastructure



- Assets will withstand the impacts of climate change;
- Services can be sustained; and
- Assets that can endure may potentially lower the lifecycle cost and reduce their carbon footprint

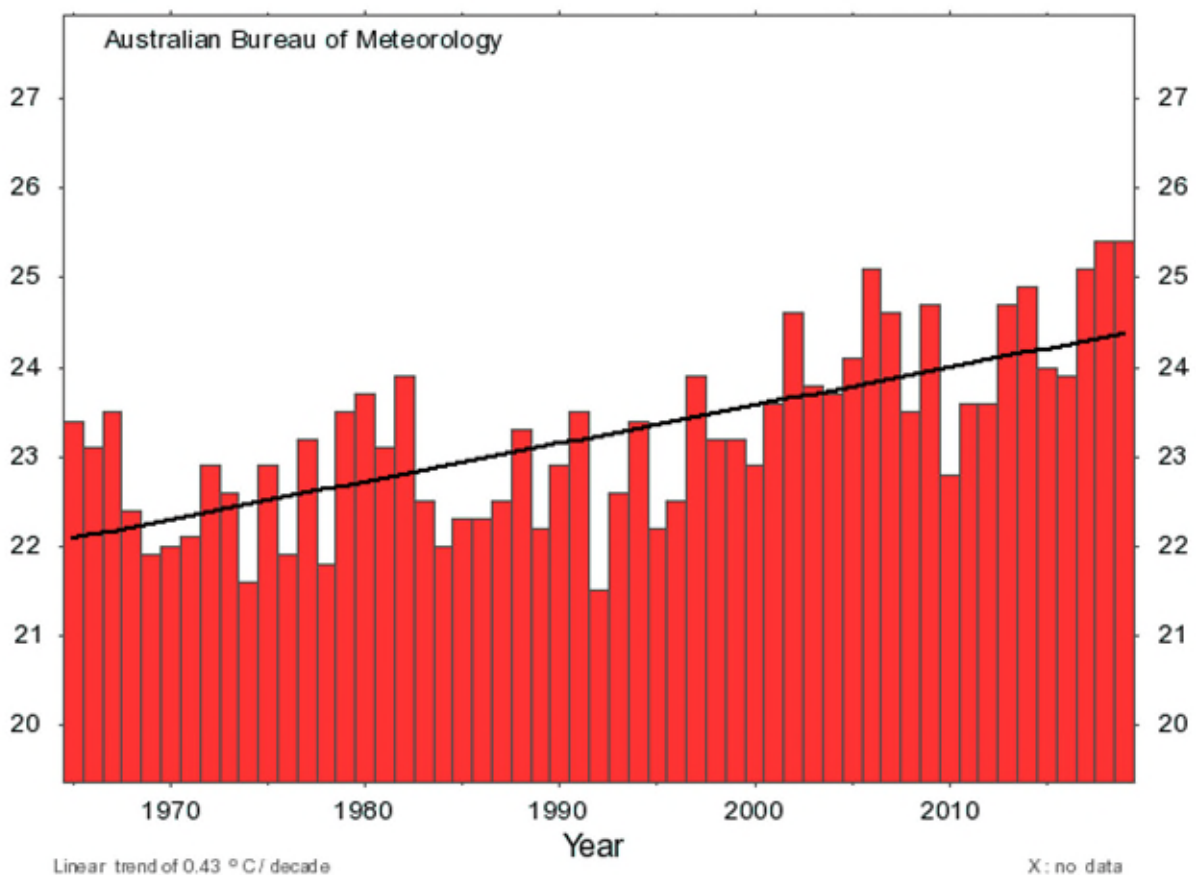
Table 4.5.2 summarises some asset climate change resilience opportunities.

**Table 4.5.2 Building Asset Resilience to Climate Change**

New Asset Description	Climate Change impact These assets	Build Resilience in New Works
New and renewed buildings	Solar radiation	Solar power is an increasingly worthwhile investment with short payback time
New or renewed buildings and structures	Storms and severe weather	Designs to include water capture e.g. tanks for roof water, to use for watering vegetation

The impact of climate change on assets is a new and complex discussion and further opportunities will be developed in future revisions of this AM Plan.

**Figure 4.5.3 Mean temperature 1965-2019 at West Wyalong (nearest monitoring site)**





## 5.0 Lifecycle management plan

The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service (Refer to Section 3) while managing life cycle costs.

### 5.1 Background Data

#### 5.1.1 Physical parameters

The assets covered by this AM Plan are shown in Table 5.1.1.

Building assets are located across the shire, mostly in towns with the majority in Condobolin. Council also has ownership of and responsibility for Rural Fire Service Sheds across the shire and these are usually located in rural settings. There are several community halls in rural locations.

The age profile of the assets included in this AM Plan are shown in Figure 5.1.1.

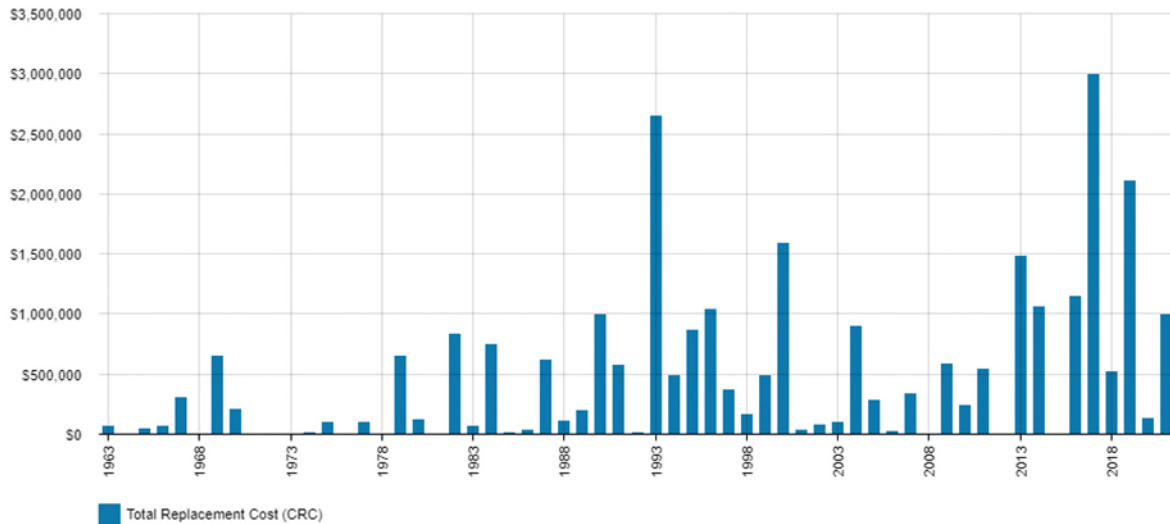
**Table 5.1.1: Assets covered by this Plan**

Asset Category	Dimension	Replacement Value
Buildings for Council own use (offices etc.)	Qty 14	\$5,656,000
Buildings for community services (child care, medical, dental, library, halls, residences etc.)	Qty 49	\$25,493,000
Rural Fire Service sheds	Qty 22	\$2,214,000
Special purpose buildings (depots, public toilets, airport hangars, caravan parks etc.)	Qty 101	\$17,896,000
<b>TOTAL</b>		<b>\$51,259,000</b>

Updated May 2023



**Figure 5.1.1: Asset Age Profile**



All figure values are shown in current day dollars.

Add discussion about the age asset profile. Outline how past peaks of investment that may require peaks in renewals in the future. Comment on the overall age versus useful lives of the assets.

**5.1.2 Asset capacity and performance**

Assets are generally provided to meet design standards where these are available. However, there is insufficient resources to address all known deficiencies. Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

**Table 5.1.2: Known Service Performance Deficiencies**

Location	Service Deficiency
Condobolin depot	needs replacement – scheduled 2024

Updated May 2023

The above service deficiencies were identified from staff inspections.

**5.1.3 Asset condition**

Condition is currently monitored by Council staff annually.

Condition is measured using a 1 – 5 grading system<sup>7</sup> as detailed in Table 5.1.3. It is important that a consistent approach is used in reporting asset performance enabling effective decision

<sup>7</sup> IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.





support. A finer grading system may be used at a more specific level, however, for reporting in the AM plan results are translated to a 1 – 5 grading scale for ease of communication.

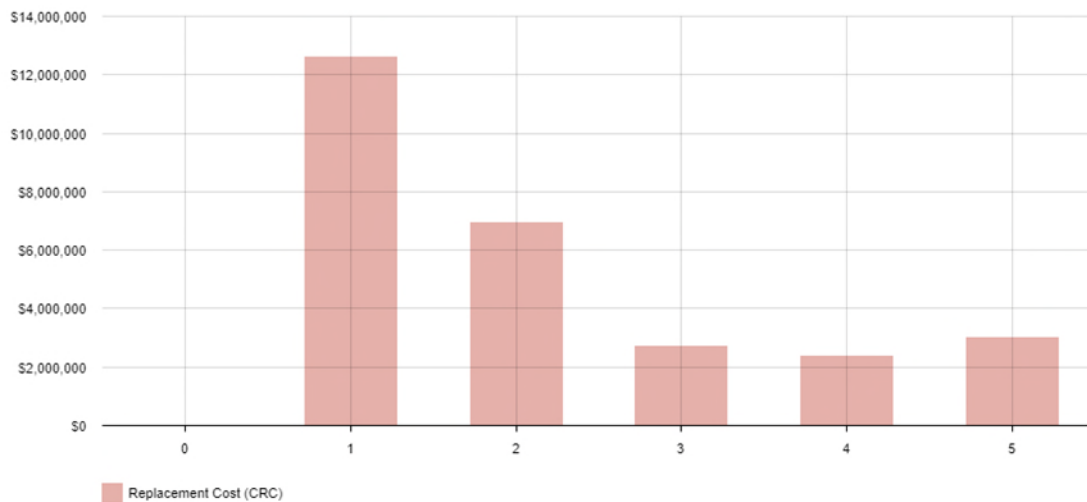
**Table 5.1.3: Condition Grading System**

Condition Grading	Description of Condition
1	<b>Very Good:</b> free of defects, only planned and/or routine maintenance required
2	<b>Good:</b> minor defects, increasing maintenance required plus planned maintenance
3	<b>Fair:</b> defects requiring regular and/or significant maintenance to reinstate service
4	<b>Poor:</b> significant defects, higher order cost intervention likely
5	<b>Very Poor:</b> physically unsound and/or beyond rehabilitation, immediate action required

The condition profile of our assets is shown in Figure 5.1.3.



**Figure 5.1.3: Asset Condition Profile**



The above asset conditions are not highly accurate. Whilst regular inspections take place, these tend to be more focussed on immediate maintenance needs rather than overall condition. For example a broken dishwasher may be identified, but not the need for refurbishment of a whole house. This issue has been identified and is noted in the Buildings asset group Improvement Plan.

All figure values are shown in current day dollars.

## 5.2 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical operational activities include cleaning, street sweeping, asset inspection, and utility costs.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating. Examples of typical maintenance activities include pipe repairs, asphalt patching, and equipment repairs.

The trend in maintenance budgets are shown in Table 5.2.1.

**Table 5.2.1: Maintenance Budget Trends**

Year	Maintenance Budget \$
2023	\$146,000
2024	\$150,000
2025	\$154,000

Updated May 2023



Maintenance budget levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance budget allocations are such that they will result in a lesser level of service, the service consequences and service risks have been identified and are highlighted in this AM Plan and service risks considered in the Infrastructure Risk Management Plan.

Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement.

### 5.2.1 Asset hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery.

The Buildings asset group comprises many different type of asset. Developing an asset hierarchy for this group is a complex undertaking that Council has not yet commenced. Compared to Road Transport with a far greater total value and a small number of asset types, it may not be worthwhile developing an asset hierarchy for Buildings.

The service hierarchy is shown is Table 5.2.2.

**Table 5.2.2: Asset Service Hierarchy**

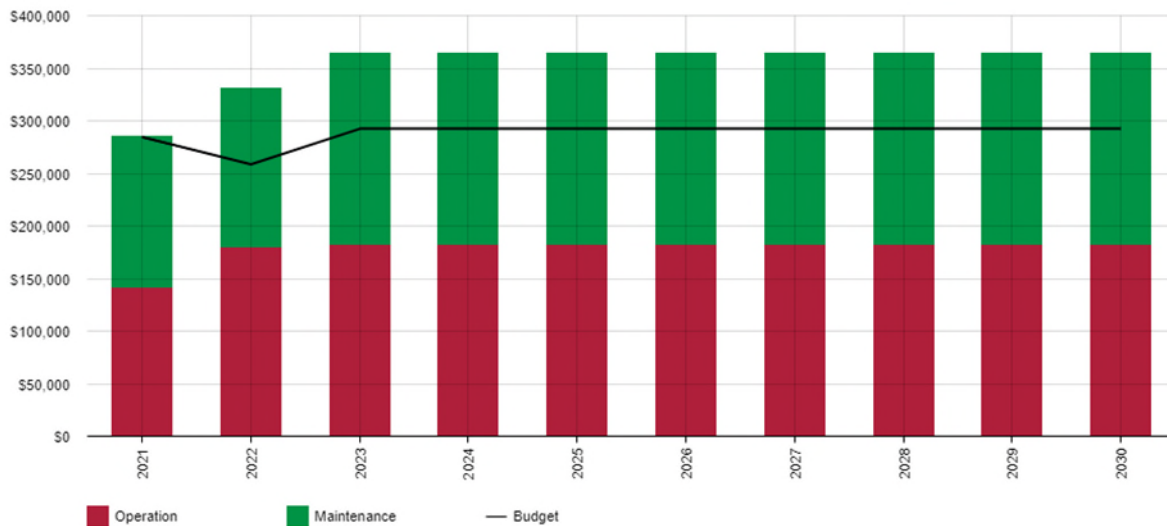
Service Hierarchy	Service Level Objective
To be determined	To be determined

### 5.2.2 Summary of forecast operations and maintenance costs

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed of the forecast operation and maintenance costs are expected to decrease. Figure 5.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.



**Figure 5.2: Operations and Maintenance Summary**



All figure values are shown in current day dollars.

The above graphs shows a shortfall in budget allocation. As new assets are added, the maintenance and operations costs tend to increase thereafter. Here, the new Condobolin depot is likely to have a greater operational cost than the old depot because of its improved amenities. For example air conditioning has an ongoing running cost. That will be partly offset by lower maintenance cost in the initial years.

The consequence of the budget shortfall is that some maintenance will need to be deferred to later years. This has the effect of reducing the level of service – facilities will suffer a decline in amenity and functionality.

### 5.3 Renewal Plan

Renewal is major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs.

Assets requiring renewal are identified from one of two approaches in the Lifecycle Model.

- The first method uses Asset Register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year), or



- The second method uses an alternative approach to estimate the timing and cost of forecast renewal work (i.e. condition modelling system, staff judgement, average network renewals, or other).

The typical useful lives of assets used to develop projected asset renewal forecasts are shown in Table 5.3. It is not known when useful lives of the Buildings asset group were last reviewed.

**Table 5.3: Useful Lives of Assets**

Asset (Sub)Category	Useful life
Commercial properties	80 years
Residential properties	50 years
Fire sheds (RFS)	50 years
Sheds and small structures	30 years

The estimates for renewals in this AM Plan were based on the asset register.

### 5.3.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. condition of a playground).<sup>8</sup>

It is possible to prioritise renewals by identifying assets or asset groups that:

- Have a high consequence of failure,
- Have high use and subsequent impact on users would be significant,
- Have higher than expected operational or maintenance costs, and
- Have potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.<sup>9</sup>

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.3.1.

<sup>8</sup> IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

<sup>9</sup> Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.



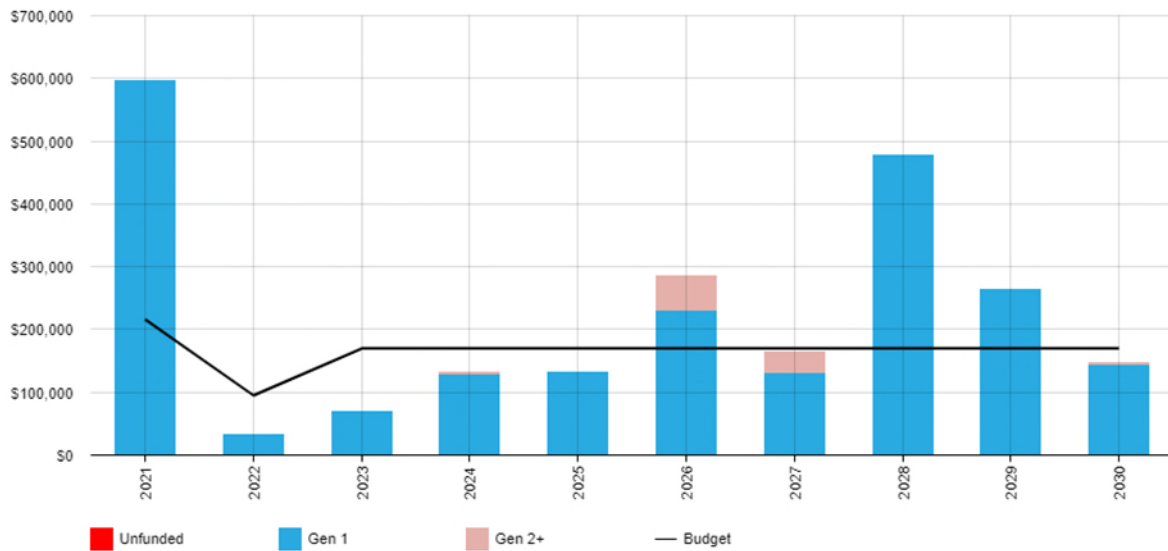
**Table 5.3.1: Renewal Priority Ranking Criteria**

Criteria	Weighting
Safety risk or legislative requirement	35%
Financial benefit i.e. replace with more efficient or economic item	20%
Condition of the asset	25%
Benefit to community e.g. replacement gives better service	20%
<b>Total</b>	<b>100%</b>

### 5.4 Summary of future renewal costs

Forecast renewal costs are projected to increase over time if the asset stock increases. The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 5.4.1. A detailed summary of the forecast renewal costs is shown in Appendix D.

**Figure 5.4.1: Forecast Renewal Costs**



All figure values are shown in current day dollars.

It can be seen from the above graph that some years have a renewal cost that is substantially greater than the expected budget. Intervening years do not always have capacity to shift the renewal to the following year. Unless significant additional budget can



be allocated, it is likely that Council will have to delay many renewals well beyond the desirable dates and/or reduce level of service for numerous facilities.

Deferred renewal increases risks to Council. Refer to Section 6 for details.

## 5.5 Acquisition Plan

Acquisition reflects are new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the Council.

### 5.5.1 Selection criteria

Proposed acquisition of new assets, and upgrade of existing assets, are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the Entities needs. Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.4.1.

**Table 5.5.1: Acquired Assets Priority Ranking Criteria**

Criteria	Weighting
Community and user demands	60%
Legislative changes	10%
Financial benefits e.g. improved efficiency	30%
<b>Total</b>	<b>100%</b>

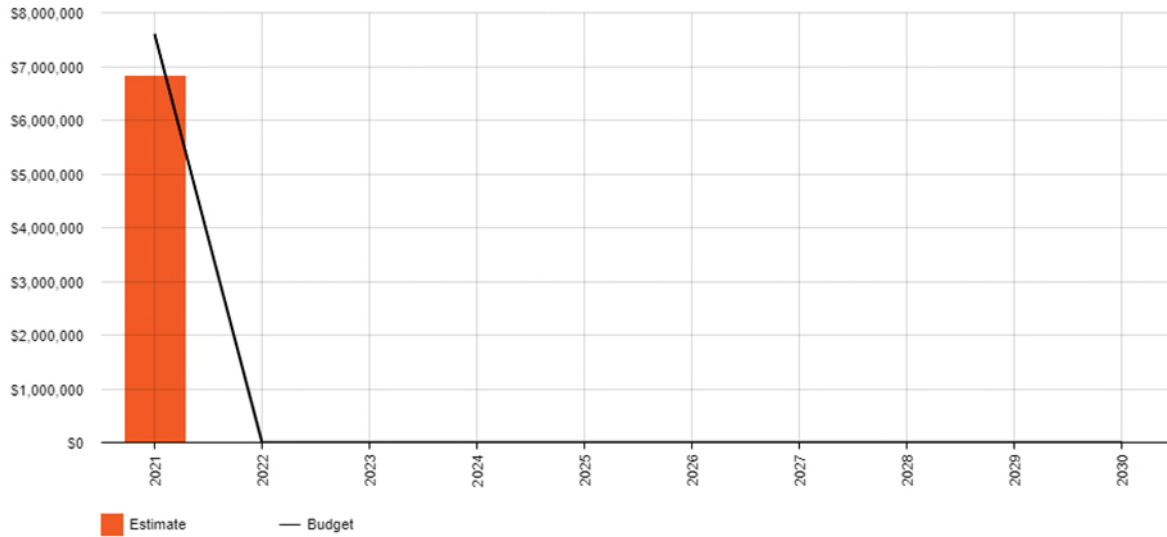
### Summary of future asset acquisition costs

Forecast acquisition asset costs are summarised / summarized in Figure 5.5.1 and shown relative to the proposed acquisition budget. The forecast acquisition capital works program is shown in Appendix A.

At time of writing, the only substantial acquisition is the Condobolin depot, commencing construction in 2021.



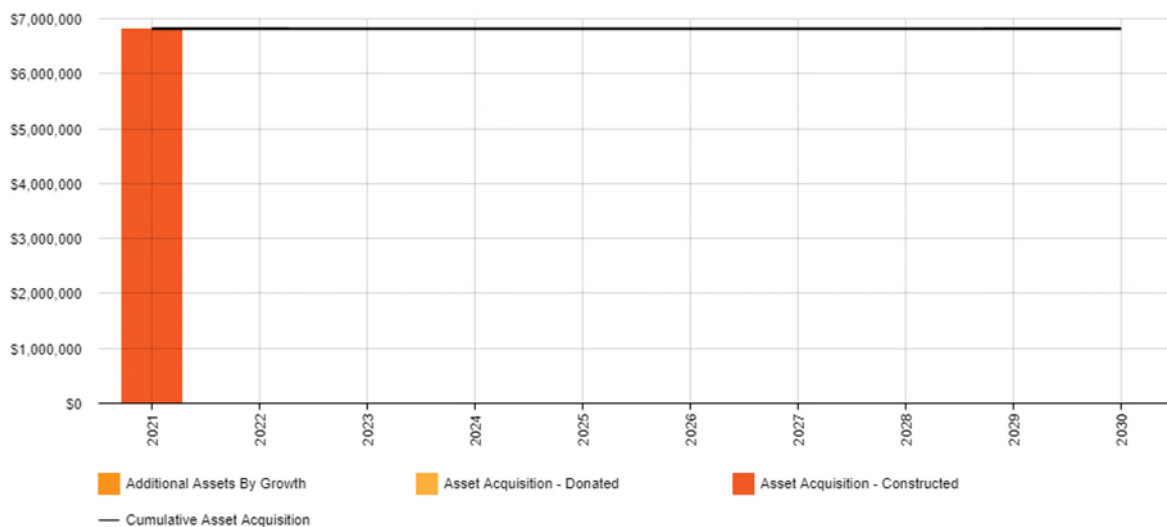
**Figure 5.5.1: Acquisition (Constructed) Summary**



All figure values are shown in current day dollars.

When an Entity commits to new assets, they must be prepared to fund future operations, maintenance and renewal costs. They must also account for future depreciation when reviewing long term sustainability. When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the acquired assets being taken on by the Entity. The cumulative value of all acquisition work, including assets that are constructed and contributed shown in Figure 5.4.2.

**Figure 5.5.2: Acquisition Summary**







All figure values are shown in current dollars.

Expenditure on new assets and services in the capital works program will be accommodated in the long-term financial plan, but only to the extent that there is available funding.

Often, new assets are acquired when suitable grant funding becomes available. The availability of such funding is beyond the control of Council and has not been included in this AM Plan.

Lachlan Shire Council has been successful in obtaining grant funding for a range of new assets in recent years. Part of this income stream has been used to add to the Buildings asset group. Unless there is a corresponding increase in the Operation and maintenance budgets, the level of service is likely to decline over the long term. Further, eventually the grant funded assets purchased in recent years will need replacement. Council's renewal budget is already less than the amount required. These additional assets will make the renewal budget shortage even more acute in later years. Council will need to carefully consider the total ownership costs when considering acquisition of new assets, even when "free money" is available to purchase them.

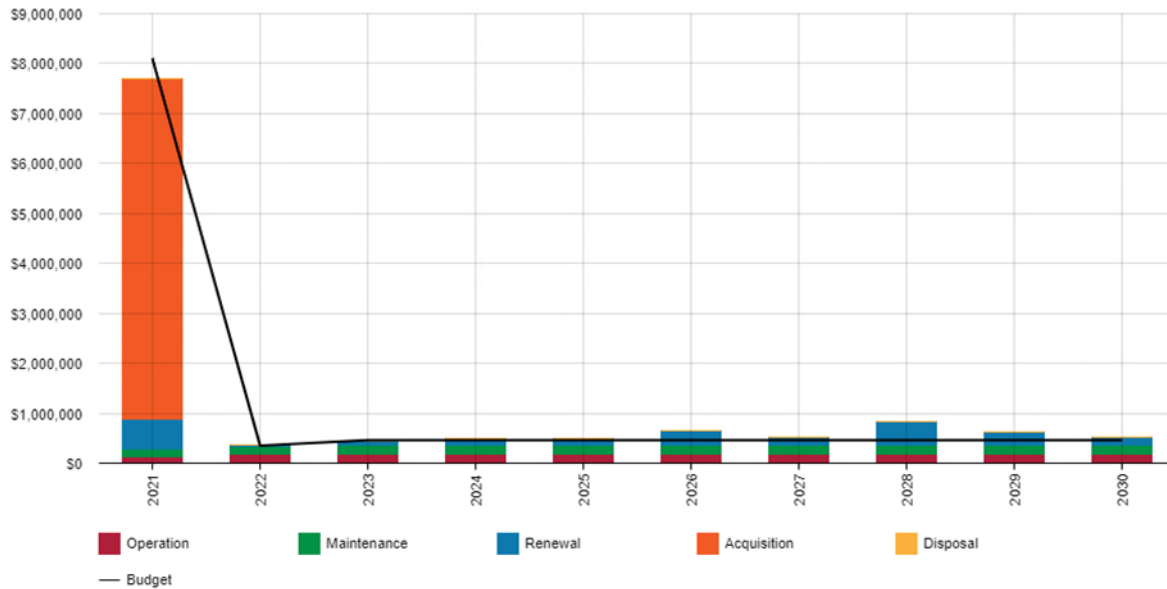
#### **5.5.2 Summary of asset forecast costs**

The financial projections from this asset plan are shown in Figure 5.5.3. These projections include forecast costs for acquisition, operation, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.



**Figure 5.5.3: Lifecycle Summary**



All figure values are shown in current day dollars.

The Lifecycle Forecast shows significant acquisition expenditure in 2021, which is mostly for the new Condobolin depot. In 2028 there is a significantly greater renewal forecast than estimated budget allows, and following years do not have budget capacity to allow deferral. The consequence of this will be a reduction in the level of service from that year, or the requirement to significantly increase the renewal budget.

## 5.6 Disposal Plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6. A summary of the disposal costs and estimated reductions in annual operations and maintenance of disposing of the assets are also outlined in Table 5.6. Any costs or revenue gained from asset disposals is included in the long-term financial plan.

**Table 5.6: Assets Identified for Disposal**

Asset	Reason for Disposal	Timing	Disposal Costs	Operations & Maintenance Annual Savings
Old Condobolin depot	Surplus to requirements	After construction of new depot and its occupation	Unknown at present	Unknown at present

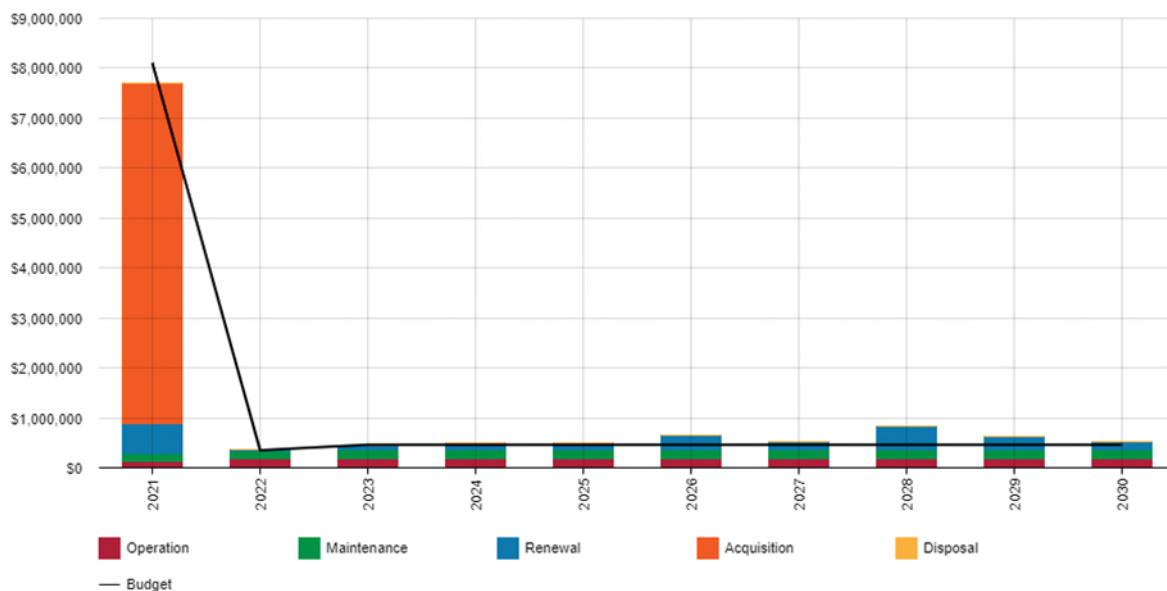


## 5.7 Summary of asset forecast costs

The financial projections from this asset plan are shown in Figure 5.7.1. These projections include forecast costs for acquisition, operation, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

*Figure 5.7.1: Lifecycle Summary*



All figure values are shown in current day dollars.

The values for 2021 year are significantly skewed by the construction of a new depot in Condobolin. The value of this is shown as an acquisition rather than a renewal. This is not because it is at a new site, but because the existing depot is recorded at very low replacement value. Therefore the additional value becomes an acquisition in order to correctly reflect the asset renewal ratios.

In 2026 and 2028 there is a greater renewal forecast than estimated budget allows, and following years may not have budget capacity to allow deferral. The consequence of this will be a reduction in the level of service from that year, or the requirement to increase the renewal budget.



## 6.0 Risk management planning

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2018 as: ‘coordinated activities to direct and control with regard to risk’<sup>10</sup>.

An assessment of risks<sup>11</sup> associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

### 6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are summarised in Table 6.1. Failure modes may include physical failure, collapse or essential service interruption.

**Table 6.1 Critical Assets**

Critical Asset(s)	Failure Mode	Impact
Council chambers	Structural issues e.g. roof leaking	Affects ability to provide services to community
Depots	Not meeting changing regulatory standards	Could seriously affect ability to provide services

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

### 6.2 Risk Assessment

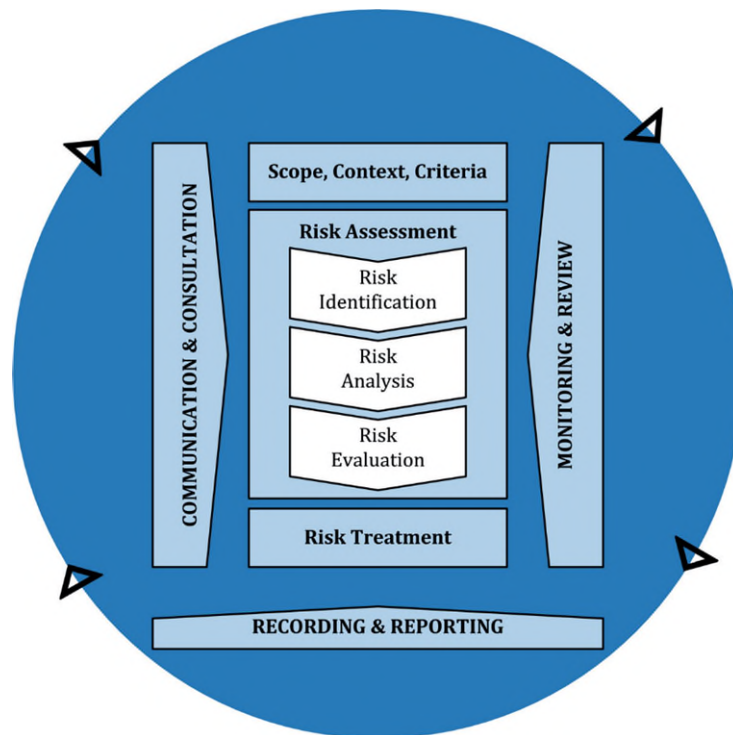
The risk management process used is shown in Figure 6.2 below.

<sup>10</sup> ISO 31000:2009, p 2

<sup>11</sup> At June 2022 an overall risk assessment for buildings has commenced but not been completed

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.



**Fig 6.2 Risk Management Process – Abridged**  
Source: ISO 31000:2018, Figure 1, p9

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, development of a risk rating, evaluation of the risk and development of a risk treatment plan for non-acceptable risks.

An assessment of risks<sup>12</sup> associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences.

Critical risks are those assessed with ‘Very High’ (requiring immediate corrective action) and ‘High’ (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment costs of implementing the selected

<sup>12</sup> REPLACE with Reference to the Corporate or Infrastructure Risk Management Plan as the footnote



treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and the Councillors.

**Table 6.2: Risks and Treatment Plans**

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
All buildings and structures	Not renewing assets when due will increase the maintenance cost, thus increasing total costs	High	Correctly assess condition of assets, implement a replacement/renewal plan	Low	TBD
All buildings and structures	Not performing maintenance when required, causes increased costs	High	Ensure sufficient budget allocated to perform "on time" maintenance	Low	\$40,000 annually
Community use buildings	Facilities not aligned with community expectations, causing poor allocation of resources	High	Verify asset maintenance and renewal programs align with the community strategic plan	Low	minimal

Note \* The residual risk is the risk remaining after the selected risk treatment plan is implemented.

### 6.3 Infrastructure Resilience Approach

The resilience of our critical infrastructure is vital to the ongoing provision of services to customers. To adapt to changing conditions we need to understand our capacity to 'withstand a given level of stress or demand', and to respond to possible disruptions to ensure continuity of service.

Resilience recovery planning, financial capacity, climate change risk assessment and crisis leadership.



Our current measure of resilience is shown in Table 6.3 which includes the type of threats and hazards and the current measures that the organisation takes to ensure service delivery resilience.

**Table 6.3: Resilience Assessment**

Threat / Hazard	Assessment Method	Current Resilience Approach
Changing community needs	Engage with community and users, ensure services and facilities are consistent with expectations	Low – we are not currently monitoring and assessing changing community needs
Climate change	Assess against benchmarks and guidelines	Medium – Council has recently started a significant rollout of solar power. There are opportunities to reduce Council’s impact on the environment e.g. water saving, fuel saving, telecommuting

Note: We do not currently measure our resilience in service delivery. This will be included in future iterations of the AM Plan.

## 6.4 Service and Risk Trade-Offs

The decisions made in adopting this AM Plan are based on the objective to achieve the optimum benefits from the available resources.

### 6.4.1 What we cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

- Condition and functional inspections are not as frequent as desirable for several asset groups
- Acquiring new assets will cause further reductions in level of service due to budget barely covering cost to run existing asset base

### 6.4.2 Service trade-off

If there is forecast work (operations, maintenance, renewal, acquisition or disposal) that cannot be undertaken due to available resources, then this will result in service consequences for users. These service consequences include:

- Reduction in level of service and customer satisfaction when renewals and upgrades are deferred

### 6.4.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may sustain or create risk consequences. These risk consequences include:



- Short to medium term closure of facilities until repairs can be completed
- Impact to Council reputation when facilities are not available

These actions and expenditures are considered and included in the forecast costs, and where developed, the Risk Management Plan.





## 7.0 Financial summary

This section contains the financial requirements resulting from the information presented in the previous sections of this AM Plan. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

### 7.1 Financial Sustainability and Projections

#### 7.1.1 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AM Plan for this service area. The two indicators are the:

- asset renewal funding ratio (proposed renewal budget for the next 10 years / forecast renewal costs for next 10 years), and
- medium term forecast costs/proposed budget (over 10 years of the planning period).

#### Asset Renewal Funding Ratio

Asset Renewal Funding Ratio<sup>13</sup>            19%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next 10 years we expect to have 19% of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget, and the cumulative shortfall, is illustrated in Appendix D.

#### 7.1.2 Medium term – 10 year financial planning period

This AM Plan identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

This forecast work can be compared to the proposed budget over the first 10 years of the planning period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the 10 year planning period is \$592,000 on average per year.

The proposed (budget) operations, maintenance and renewal funding is \$455,000 on average per year giving a 10 year funding shortfall of \$137,000 per year. This indicates that 77% of the forecast costs needed to provide the services documented in this AM Plan are accommodated in the proposed budget. Note, these calculations exclude acquired assets.

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<sup>13</sup> AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.



Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AM Plan and ideally over the 10 year life of the Long-Term Financial Plan.

### 7.1.3 Forecast Costs (outlays) for the long-term financial plan

Table 7.1.3 shows the forecast costs (outlays) required for consideration in the 10 year long-term financial plan.

Providing services in a financially sustainable manner requires a balance between the forecast outlays required to deliver the agreed service levels with the planned budget allocations in the long-term financial plan.

A gap between the forecast outlays and the amounts allocated in the financial plan indicates further work is required on reviewing service levels in the AM Plan (including possibly revising the long-term financial plan).

We will manage the 'gap' by developing this AM Plan to provide guidance on future service levels and resources required to provide these services in consultation with the community.

Forecast costs are shown in 2021 dollar values.

**Table 7.1.2: Forecast Costs (Outlays) for the Long-Term Financial Plan**

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Budget
2023	\$0	\$187,641	\$186,969	\$69,110	\$0	\$462,470
2024	\$0	\$187,641	\$186,969	\$130,713	\$0	\$462,470
2025	\$0	\$187,641	\$186,969	\$131,736	\$0	\$462,470
2026	\$0	\$187,641	\$186,969	\$285,701	\$0	\$462,470
2027	\$0	\$187,641	\$186,969	\$163,245	\$0	\$462,470
2028	\$0	\$187,641	\$186,969	\$477,715	\$0	\$462,470
2029	\$0	\$187,641	\$186,969	\$262,576	\$0	\$462,470
2030	\$0	\$187,641	\$186,969	\$146,886	\$0	\$462,470
2031	\$0	\$187,641	\$186,969	\$262,576	\$0	\$462,470
2032	\$0	\$187,641	\$186,969	\$146,886	\$0	\$462,470

Updated May 2023

## 7.2 Funding Strategy

The proposed funding for assets is outlined in the Entity's budget and Long-Term financial plan.



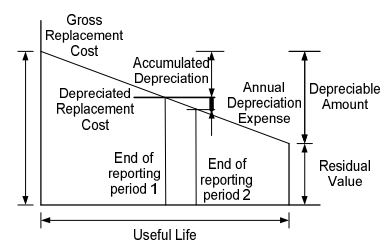
The financial strategy of the entity determines how funding will be provided, whereas the AM Plan communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

## 7.3 Valuation Forecasts

### 7.3.1 Asset valuations

The best available estimate of the value of assets included in this AM Plan are shown below. The assets are valued at Fair Value in accordance with AASB 116<sup>14</sup>

Replacement Cost (Current/Gross)	\$32.8M
Depreciable Amount	\$32.8M
Depreciated Replacement Cost <sup>15</sup>	\$22.0M
Depreciation	\$790,000



### 7.3.2 Valuation forecast

Asset values are forecast to increase overall as additional assets are added or removed from service.

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

Existing assets, when revalued are likely to increase in value, reflecting the typically increasing cost of replacement over time.

## 7.4 Key Assumptions Made in Financial Forecasts

In compiling this AM Plan, it was necessary to make some assumptions. This section details the key assumptions made in the development of this AM plan and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AM Plan are:

- The life, value and condition data in the asset register is reasonably accurate
- The current annual budget is expected to remain similar in future years (but adjusted for inflation)
- No significant changes in population levels or facility demands
- All values are in current day dollars

<sup>14</sup> AASB (Australian Accounting Standards Board) 116 – Property Plant and Equipment

<sup>15</sup> Also reported as Written Down Value, Carrying or Net Book Value.



## 7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AM Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on an A - E level scale<sup>16</sup> in accordance with Table 7.5.1.

**Table 7.5.1: Data Confidence Grading System**

Confidence Grade	Description
A. Very High	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B. High	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C. Medium	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Low	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Very Low	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 7.5.2.

<sup>16</sup> IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.



*Table 7.5.2: Data Confidence Assessment for Data used in AM Plan*

Data	Confidence Assessment	Comment
Demand drivers	E	Little data held or research done
Growth projections	B	From ABS data
Acquisition forecast	C	Based on 2021 budget
Operation forecast	C	Based on 2021 budget
Maintenance forecast	C	Based on 2021 budget
Renewal forecast		
- Asset values	C	To be reviewed next revaluation
- Asset useful lives	C	To be reviewed next revaluation
- Condition modelling	D	Errors noted in condition data
Disposal forecast	B	Disposal costs expected to be minimal and included in cost of asset replacement or renewal

The estimated confidence level for and reliability of data used in this AM Plan is considered to be Medium.



## 8.0 Plan improvement and monitoring

### 8.1 Status of Asset Management Practices<sup>17</sup>

#### 8.1.1 Accounting and financial data sources

This AM Plan utilises accounting and financial data. The source of the data is Council’s financial asset register “Authority”.

#### 8.1.2 Asset management data sources

This AM Plan also utilises asset management data. The source of the data is Council’s asset register held in the financial accounting system “Authority”.

### 8.2 Improvement Plan

It is important that an entity recognise areas of their AM Plan and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AM Plan is shown in Table 8.2.

**Table 8.2: Improvement Plan**

Task	Task	Responsibility	Resources Required	Timeline
1	Numerous entries in asset register have poor descriptions making identification of corresponding physical asset difficult. Verify each asset and update description where appropriate	Asset officer	Work with onsite staff to verify assets	2 years
2	Condition data for some assets is incorrect e.g. an item 2 years old with condition 5. Ensure condition data is correctly recorded	Asset officer	Work with asset valuer	2 years
3	Some assets are underutilised. Community consultation should be undertaken and some assets closed or have purpose reassigned where appropriate	Councillors, asset manager	Community consultation	2 years
4	AM Plan needs to be better linked with long term financial plan	Senior management	Work with finance staff	2 years
5	Review lifetimes for all types of asset in this asset class	Asset officer	Work with asset valuer	2 years
6	Asses resilience to risk factors for each asset group	Asset officer	Work with asset manager	2 years
7	A revaluation every five years	Asset officer	Often done with services of a	2 years

<sup>17</sup> ISO 55000 Refers to this as the Asset Management System



			specialist contractor	
8	Greater detail of planned acquisitions	Senior management	More detail required in the delivery program	2 years
9	Where possible, provide detail of expected grant funded acquisitions	Senior management	More detail required in the delivery program	2 years

### 8.3 Monitoring and Review Procedures

This AM Plan will be reviewed during the annual budget planning process and revised to show any material changes in service levels, risks, forecast costs and proposed budgets as a result of budget decisions.

The AM Plan will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, acquisition and asset disposal costs and planned budgets. These forecast costs and proposed budget are incorporated into the Long-Term Financial Plan or will be incorporated into the Long-Term Financial Plan once completed.

The AM Plan has a maximum life of 4 years and is due for complete revision and updating in 2025.

### 8.4 Performance Measures

The effectiveness of this AM Plan can be measured in the following ways:

- The degree to which the required forecast costs identified in this AM Plan are incorporated into the long-term financial plan,
- The degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures consider the 'global' works program trends provided by the AM Plan,
- The degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Planning documents and associated plans,
- The Asset Renewal Funding Ratio achieving the Organisational target (this target is often 90 – 100%).



## 9.0 References

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- IPWEA, 2015, 2nd edn., 'Australian Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney, [www.ipwea.org/AIFMM](http://www.ipwea.org/AIFMM).
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- IPWEA, 2018, Practice Note 12.1, 'Climate Change Impacts on the Useful Life of Assets', Institute of Public Works Engineering Australasia, Sydney
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- IPWEA, 2014, Practice Note 8 – Levels of Service & Community Engagement, Institute of Public Works Engineering Australasia, Sydney, <https://www.ipwea.org/publications/ipweabookshop/practicenotes/pn8>
- ISO, 2014, ISO 55000:2014, Overview, principles and terminology
- ISO, 2018, ISO 31000:2018, Risk management – Guidelines
- LSC Asset Accounting Policy 2021
- LSC Long Term Financial Plan
- LSC Community Strategic Plan 2017-2026
- LSC Delivery program 2022-2026





## 10.0 Appendices

### Appendix A Acquisition Forecast

#### A.1 – Acquisition Forecast Assumptions and Source

The buildings asset group does not normally have many acquisitions. However acquisitions are often of large value. Such acquisitions are often timed to suit available grant funding rather than renewal and condition requirements.

#### A.2 – Acquisition Project Summary

In the first year of this plan a new depot is to be constructed at a cost of approximately \$6.8M. At time of writing, no other significant acquisitions are planned. However that is likely to change within the life of this asset management plan.

#### A.3 – Acquisition Forecast Summary

*Table A3 - Acquisition Forecast Summary*

Year	Constructed	Donated	Growth
2023	\$0	\$0	\$0
2024	\$0	\$0	\$0
2025	\$0	\$0	\$0
2026	\$0	\$0	\$0
2027	\$0	\$0	\$0
2028	\$0	\$0	\$0
2029	\$0	\$0	\$0
2030	\$0	\$0	\$0
2031	\$0	\$0	\$0
2032	\$0	\$0	\$0

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## Appendix B Operation Forecast

### B.1 – Operation Forecast Assumptions and Source

Operations costs are based on the 2021-22 for that year and the following 2 years. The 2024 budget is assumed for subsequent years.

### B.2 – Operation Forecast Summary

*Table B2 - Operation Forecast Summary*

Year	Operation Forecast	Additional Operation Forecast	Total Operation Forecast
2023	\$146,180	\$0	\$180,601
2024	\$146,180	\$0	\$180,601
2025	\$146,180	\$0	\$180,601
2026	\$146,180	\$0	\$180,601
2027	\$146,180	\$0	\$180,601
2028	\$146,180	\$0	\$180,601
2029	\$146,180	\$0	\$180,601
2030	\$146,180	\$0	\$180,601
2030	\$146,180	\$0	\$180,601
2032	\$146,180	\$0	\$180,601

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## Appendix C Maintenance Forecast

### C.1 – Maintenance Forecast Assumptions and Source

Maintenance costs are based on the 2021-22 for that year and the following 2 years. The 2024 budget is assumed for subsequent years.

### C.2 – Maintenance Forecast Summary

*Table C2 - Maintenance Forecast Summary*

Year	Maintenance Forecast	Additional Maintenance Forecast	Total Maintenance Forecast
2023	\$146,290	\$0	\$180,711
2024	\$146,290	\$0	\$180,711
2025	\$146,290	\$0	\$180,711
2026	\$146,290	\$0	\$180,711
2027	\$146,290	\$0	\$180,711
2028	\$146,290	\$0	\$180,711
2029	\$146,290	\$0	\$180,711
2030	\$146,290	\$0	\$180,711
2031	\$146,290	\$0	\$180,711
2032	\$146,290	\$0	\$180,711

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## Appendix D Renewal Forecast Summary

### D.1 – Renewal Forecast Assumptions and Source

Renewals are based on condition and expected life. In some years the expected renewals considerably exceed the budget for those years.

### D.2 – Renewal Project Summary

Most years the renewals comprise many varying items. Therefore no renewal project summary is included in this AM Plan. The renewal plan below shows the first two years of the plan and the AM Plan includes a renewal schedule for the 10 year life of the plan.

### D.3 – Renewal Forecast Summary

Recommend using NAMS+ Outputs Summary for Renewal

*Table D3 - Renewal Forecast Summary*

Year	Renewal Forecast	Renewal Budget
2023	\$69,110	\$170,000
2024	\$130,713	\$170,000
2025	\$131,736	\$170,000
2026	\$285,701	\$170,000
2027	\$163,245	\$170,000
2028	\$477,715	\$170,000
2029	\$262,576	\$170,000
2030	\$146,886	\$170,000
2031	\$285,349	\$170,000
2032	\$177,595	\$170,000

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### D.4 –Renewal Plan

Below is the first 2 years of the renewal report. A complete report for the 10 year plan is available.

Asset ID	Asset Name	Remaining Life	Register Renewal Year	Forecast Renewal Year	Renewal Cost	Useful Life
979.0	Bushfire - Equipment Shelves	0	2021	2021	1111	10
981.0	Condo C/P - Furniture	0	2021	2021	2727	10
993.0	Condobolin Depot Air Conditioner	0	2021	2021	4692	10
994.0	Depot - Security system	0	2021	2021	21304	10
995.0	Tott Pool Hse Carpet	0	2021	2021	3360	10
996.0	Tott Pool Hse Lounge	0	2021	2021	850	10
997.0	Tott Pool Hse Table/Chairs	0	2021	2021	375	10
998.0	Tott Pool Hse Phone Table	0	2021	2021	80	10
999.0	Tott Pool Hse TV Stand	0	2021	2021	65	10
1000.0	Ceiling fan - Officers Pd Dr residence	0	2021	2021	1299	10
1001.0	Lake Doctors House Furniture	0	2021	2021	6243	10
1002.0	Air Conditioning - Townsend St	0	2021	2021	13795	10
986.0	Depot - 2 CHAIRS CONDO	0	2021	2021	421	10
987.0	Depot - STEEL SECURITY DOOR	0	2021	2021	194	10
988.0	Depot - HOT WATER SYSTEM	0	2021	2021	293	10
989.0	Depot - TABLE & CHAIRS	0	2021	2021	844	10
990.0	Condo depot workshop floor	0	2021	2021	2913	10
991.0	Depot- Install low bay lights in workshop	0	2021	2021	1349	10
983.0	Tott C/P - Cabin fit-out	0	2021	2021	1399	10
984.0	C/Chambers Furn.& fittings	0	2021	2021	195602	10
1004.0	Furniture - registrar units	0	2021	2021	12824	10
1005.0	Install air con - Abbatoir cottage 1	0	2021	2021	3645	10
1007.0	HACC Building furniture & equipment	0	2021	2021	42526	10
1008.0	Lake Lib Furn & Fitt	0	2021	2021	22270	10
1009.0	Condo Lib Furn & Eq	0	2021	2021	37769	10
1010.0	Lake Library Carpet	0	2021	2021	1260	10
1011.0	Library Vesicular	0	2021	2021	1055	10
1012.0	Library Storage Boxes & Shelving	0	2021	2021	6824	10
1013.0	Condo Library Air Conditioner	0	2021	2021	8240	10
1015.0	Condo - shelving desks chairs sliding doors	0	2021	2021	12715	10
1016.0	Library Shelving	0	2021	2021	10174	10
1017.0	Library Shelving	0	2021	2021	1967	10
1019.0	7 X Chairs	0	2021	2021	100	10
1020.0	2 X Set shelves	0	2021	2021	150	10
1021.0	furniture	0	2021	2021	4113	10
1022.0	Condo Melrose St M/C Furniture 10/96	0	2021	2021	3050	10
1023.0	chairs	0	2021	2021	1025	10
1024.0	Medical Centre Equipment	0	2021	2021	1599	10
1025.0	chairs	0	2021	2021	2703	10
1026.0	office Maxtor Mobile Storage Unit	0	2021	2021	6360	10
1028.0	Condo Dent Awning	0	2021	2021	393	10
1029.0	Air Conditioner	0	2021	2021	6366	10
1030.0	TABLES & CHAIRS	0	2021	2021	4709	10
1031.0	FILING CABINETS	0	2021	2021	812	10
1032.0	DESK&RETURN	0	2021	2021	1661	10
1033.0	DESK,RETURN	0	2021	2021	1540	10
1034.0	CHAIR (DYSON)	0	2021	2021	320	10
1035.0	CHAIRS (2)	0	2021	2021	194	10
1036.0	DESK S/C SEC	0	2021	2021	573	10
1037.0	CABINET	0	2021	2021	545	10
1038.0	DRAWERS	0	2021	2021	439	10
1039.0	CHAIR (4) GM	0	2021	2021	1169	10
1040.0	FILING CABINETS	0	2021	2021	208	10
1041.0	FILING CABINETS	0	2021	2021	321	10
1042.0	FILING CABINETS	0	2021	2021	360	10
1043.0	CABINETS OFFICE	0	2021	2021	1628	10
1044.0	DESK & RETURN	0	2021	2021	600	10
1045.0	MODULE DISPLAY UNIT	0	2021	2021	235	10
1046.0	CHAIR OFFICE	0	2021	2021	181	10
1047.0	CHAIR OFFICE	0	2021	2021	917	10
1048.0	CHAIR OFFICE	0	2021	2021	534	10
1049.0	BOOKCASE S/DOOR GM SEC	0	2021	2021	458	10
1050.0	RETURN FREE STAND ARC	0	2021	2021	189	10
1051.0	HOB FOR GM SEC	0	2021	2021	148	10
1052.0	2 X 4DR FILING CABINETS	0	2021	2021	324	10
1053.0	CHAIR MEET	0	2021	2021	2335	10
1054.0	WHITE BOARD	0	2021	2021	3000	10
1055.0	DESK-CASHIER	0	2021	2021	294	10
1056.0	Training room chairs	0	2021	2021	4316	10
1057.0	2XGregory Office Chairs	0	2021	2021	889	10
1058.0	Corner workstn customer service	0	2021	2021	2952	10
1059.0	5X3 Drawer Pedestal units	0	2021	2021	1136	10
1060.0	2XGregory Office Chairs+cupboard	0	2021	2021	889	10
1061.0	Planning fees Software	0	2021	2021	1800	3
1062.0	2XDesks ex Romos	0	2021	2021	1171	10
1063.0	Records Shelving (downstairs)	0	2021	2021	2679	10
1064.0	Planning fees Software	0	2021	2021	3390	10
1071.0	Tullibigeal Hall Chairs&tables	0	2021	2021	9211	20
1072.0	Lake Cargelligo Hall Tables	0	2021	2021	5200	20
1073.0	Burcher Hall Chairs	0	2021	2021	1800	20
1074.0	Fifield Hall Chairs	0	2021	2021	1550	20
1075.0	Condo SRA Hall Stove	0	2021	2021	2150	20
1076.0	Condo SRA Tables 200896	0	2021	2021	10651	20
1077.0	Condo SRA Chairs 200896	0	2021	2021	74	20
1078.0	Tottenham Hall Tables	0	2021	2021	4666	20
1109.0	Condo Sen Citizens Furn	0	2021	2021	20000	5
1110.0	Lake Sen Citizens Furn	0	2021	2021	27500	5
1111.0	Condo Sen Citizens Tables	0	2021	2021	884	5
2069.0	Homestead 7 piece dining suite	0	2021	2021	1200	10
2070.0	Barringotn 4 piece bedroom suite	0	2021	2021	1399	10
2071.0	Leo raisin 3 seater and 2 recliner lounge suite	0	2021	2021	1700	10
2072.0	Willow 7 piece dining set	0	2021	2021	1199	10
2073.0	Hank lounge suite	0	2021	2021	2399	10
1112.0	Chairs Senior Citizens	0	2021	2021	6000	5
1113.0	Lake Gem Collect Furniture	0	2021	2021	677	5
2081.0	Chairs - 300 x SNC CHR DET S-06 STACK 44 Chairs	0	2021	2021	8028	10
2084.0	Lake Cargelligo Memorial Hall Souns System	0	2021	2021	1921	10
18454.0	Condobolin Senior Citizens Centre Improvement	1	2022	2022	30184	5
21967.0	Burcher Camp - Toilet/Shower (ladies) - Beneficial	1	2022	2022	1375	30
21969.0	Burcher Camp - Toilet/Shower (mens) - Beneficial	1	2022	2022	1700	30

# Appendix E Disposal Summary

## E.1 – Disposal Forecast Assumptions and Source

Disposal costs are assumed as zero. Any actual disposal costs incurred upon asset renewal or replacement will be rolled into the cost of the new assets.

## E.2 – Disposal Project Summary

At time of writing it is anticipated that the current works depot in Condobolin will be decommissioned once the new depot is completed and occupied. However it is not known what will be done with the old property. There may be significant rehabilitation costs that will affect the disposal cost. Once vacated, this site will be investigated and a plan developed.

## E.3 – Disposal Forecast Summary

*Table E3 – Disposal Activity Summary*

Year	Disposal Forecast	Disposal Budget
2023	\$0	\$0
2024	\$0	\$0
2025	\$0	\$0
2026	\$0	\$0
2027	\$0	\$0
2028	\$0	\$0
2029	\$0	\$0
2030	\$0	\$0
2031	\$0	\$0
2032	\$0	\$0

Updated May 2023



## Appendix F Budget Summary by Lifecycle Activity

Budgets are based on the 2021-22 budget. No significant changes are expected over time.

*Table F1 – Budget Summary by Lifecycle Activity*

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2023	\$0	\$180,601	\$180,711	\$69,110	\$0	\$462,470
2024	\$0	\$180,601	\$180,711	\$130,713	\$0	\$462,470
2025	\$0	\$180,601	\$180,711	\$131,736	\$0	\$462,470
2026	\$0	\$180,601	\$180,711	\$285,701	\$0	\$462,470
2027	\$0	\$180,601	\$180,711	\$163,245	\$0	\$462,470
2028	\$0	\$180,601	\$180,711	\$477,715	\$0	\$462,470
2029	\$0	\$180,601	\$180,711	\$262,576	\$0	\$462,470
2030	\$0	\$180,601	\$180,711	\$146,886	\$0	\$462,470
2031	\$0	\$180,601	\$180,711	\$262,576	\$0	\$462,470
2032	\$0	\$180,601	\$180,711	\$146,886	\$0	\$462,470

Updated May 2023