

**GLEN
INNES**
SEVERN COUNCIL



**SEWERAGE ASSET
MANAGEMENT PLAN
2025-2029**

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	4
2. INTRODUCTION	4
2.1 BACKGROUND.....	4
2.2 GOALS AND OBJECTIVES OF ASSET MANAGEMENT	5
2.3 PLAN FRAMEWORK.....	5
2.4 CORE AND ADVANCED ASSET MANAGEMENT	5
3. LEVELS OF SERVICE.....	5
3.1 CUSTOMER RESEARCH AND EXPECTATIONS	5
3.2 LEGISLATIVE REQUIREMENTS.....	6
3.3 CURRENT LEVELS OF SERVICE	7
3.4 DESIRED LEVELS OF SERVICE	7
4. FUTURE DEMAND.....	11
4.1 DEMAND FORECAST.....	11
4.2 CHANGES IN TECHNOLOGY.....	11
4.3 DEMAND MANAGEMENT PLAN	11
4.4 NEW ASSETS.....	12
5 LIFECYCLE MANAGEMENT PLAN	12
5.1 BACKGROUND DATA	12
5.2 RISK MANAGEMENT PLAN.....	14
5.3 ROUTINE MAINTENANCE PLAN	15
5.4 RENEWAL / REPLACEMENT PLAN	16
5.5 CREATION / ACQUISITION / UPGRADE PLAN	18
5.6 DISPOSAL PLAN.....	18
6. FINANCIAL SUMMARY.....	19
6.1 FINANCIAL STATEMENTS AND PROJECTIONS	19
6.2 FUNDING STRATEGY	20
6.3 VALUATION FORECASTS	21
6.4 KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS.....	22
7. ASSET MANAGEMENT PRACTICES.....	22
7.1 ACCOUNTING / FINANCIAL SYSTEMS.....	22
7.2 ASSET MANAGEMENT SYSTEMS	22
7.3 INFORMATION FLOW REQUIREMENTS AND PROCESSES	22
7.4 STANDARDS AND GUIDELINES.....	22
7.5 DATA CONFIDENCE LEVEL	22

8. PLAN IMPROVEMENT AND MONITORING23
8.1 PERFORMANCE MEASURES 23
8.2 IMPROVEMENT PLAN..... 23
8.3 MONITORING AND REVIEW PROCEDURES..... 23

REFERENCES23

1. EXECUTIVE SUMMARY

Refer to the Corporate Asset Management Plan.

2. INTRODUCTION

2.1 BACKGROUND

This asset management plan covers the following infrastructure assets.

ASSET TYPE	QUANTITY	REPLACEMENT VALUE \$	ACCUMULATED DEPRECIATION \$
GRAVITY	95 km	20,735,032	9,187,473
RISING	15 km	1,981,408	365,006
PUMPING	11	817,206	497,336
TREATMENT	2 Plants	11,867,692	4,257,521
MANHOLES	1304	7,271,003	4,926,308
TOTAL	NIL	42,672,341	19,233,645

Table 2.1a

Assets covered by this plan

2.1.1 Key Stakeholders

Refer to Core Asset Management Plan.

In addition to the Core Asset Management Plan, specific stakeholders in the preparation and implementation of this asset management plan are:

FEDERAL AND STATE GOVERNMENTS AND AGENCIES	<ul style="list-style-type: none"> • Department of Planning, Industry and Environment • NSW Environment Protection Authority (EPA) • NSW Office of Local Government (OLG) • Independent Pricing and Regulatory Tribunal of NSW
COMMUNITY	<ul style="list-style-type: none"> • Existing customers • Future customers.

2.2 GOALS AND OBJECTIVES OF ASSET MANAGEMENT

Relevant Council goals and objectives and how these are addressed in this asset management plan are:

GOAL	OBJECTIVE	HOW GOAL AND OBJECTIVE ARE ADDRESSED IN AMP
3.2.2 Wastewater Services To provide high quality and reliable sewage collection and treatment services that meet health and environmental requirements	The wastewater business is managed according to adopted service levels.	The AMP sets the overall framework for the management of the wastewater business. It defines the levels of service and describes how these will be attained.

2.3 PLAN FRAMEWORK

Refer to the Core Asset Management Plan.

2.4 CORE AND ADVANCED ASSET MANAGEMENT

Refer to Core Asset Management Plan.

3. LEVELS OF SERVICE

3.1 CUSTOMER RESEARCH AND EXPECTATIONS

Major expectations of the major players are as follows:

Existing and Future Customer and Glen Innes Severn Council

- A sewerage treatment system that is acceptable in terms of reliability, quality, quantity, and price.
- A scheme that minimises adverse effects on the environment
- An equitable system of charging that customers readily understand.
- Good service in respect to response time for dealing with problems.

The General Public

- That the sewerage system is safe from a public health perspective and that there is an adequate supply i.e., that no restrictions are in place.

Council Employees

- A healthy and safe work environment
- Fair and consistent management practices
- Opportunity to provide input into current and future work practices and future plans.

Department of Planning, Industry and Environment (Water)

- That future works meets the relevant standards in departmental publications
- That best practice management practices are in place, including :-
 - Strategic Business Planning;
 - Pricing and Developer Charges (including Liquid Trade Waste Approvals);
 - Annual Performance Reporting; and
 - Integrated Water Cycle Management.

Environment Protection Authority

- A scheme that disposes of wastes in a responsible manner and does not cause any harm to the environment.
- That all necessary licences are secured or renewed. Current licences include :-
 - EPA Licence No 576 (Glen Innes Sewerage Treatment Plant);

Note: No licence is required for Deepwater common effluent system
- That Council complies with conditions imposed on any discharge licences.

NSW Office of Local Government

- That Council has considered the implications of the National Competition Policy and in particular, competitive neutrality and competitive tendering.

Independent Pricing and Regulatory Tribunal of NSW

- That Council has a system of transparent reporting of costs and services.

3.2 LEGISLATIVE REQUIREMENTS

Refer to Core Asset Management Plan.

Local Government Act (1993)

- Section 68 - Council approval is required to carry out plumbing works.
- Section 60 - NSW Office of Water approval is required to construct or extend a sewerage treatment facility.
- Regulations - Water, Sewerage and Drainage.

Protection Of The Environment Act (1997)

- Compliance with EPA licence conditions.
- Pollution and Incident Monitoring and Reporting

Environmental Planning And Assessment Act (1979)

- All proposals, activities, and functions which are investigated, designed, planned, constructed, and operated by Council should be studied at all stages for their environmental impact based on scale, location and performance.
- The findings of environmental studies should be reported initially in Reviews of Environmental Factors (REF) under part 5 of the Act, which indicate the need for further studies, their extent and depth, and the degree of public or other involvement.
- An Environmental Impact Statement (EIS) is a comprehensive report compiled from extensive studies. An EIS is required for:
 - Designated developments (part IV EP&A Act);
 - Projects that significantly affect the environment (part V EP&A Act); and/or
 - When designated by a State Environmental Planning Policy or in an LEP.

Public Health Act (1991)

- Notification of public health related pollution incidents.

Work Health and Safety Act (2010)

- This Act impacts in all operations, including sewerage. Council is required to provide a safe working environment and supply equipment to ensure safety.

Independent Pricing and Regulatory Tribunal Act (1992)

- The Act empowers the Independent Pricing and Regulatory Tribunal (IPART). The tribunal sets principals and guidelines related to charging for water supply and sewerage. These include:-
 - Charges must reflect the cost (user-pays); and
 - Charges must be transparent.

3.3 CURRENT LEVELS OF SERVICE

Refer to Core Asset Management Plan.

3.4 DESIRED LEVELS OF SERVICE

Refer to Core Asset Management Plan.

ASSET MANAGEMENT PLAN – SEWERAGE

COMMUNITY LEVELS OF SERVICE

KEY PERFORMANCE INDICATOR	COMMUNITY LEVEL OF SERVICE	PERFORMANCE MEASUREMENT PROCESS	TARGET PERFORMANCE	CURRENT PERFORMANCE
SAFETY	Ensure public safety around high-risk assets such as pump stations, wastewater treatment plants, storage lagoons and manholes.	Reported hazards from Customer Service requests.	< 10 reported hazards pa	Nil Reports
		Number of injuries.	Zero	Nil Reports
QUALITY	Ensure minimal odours from effluent pump stations and wastewater treatment plants.	Reported hazards from Customer Service requests.	< 10 customer service requests per year	Nil reports
QUANTITY	Satisfactory provision of sewerage collection and treatment assets to cater for long term growth. Minimise stormwater ingress into sewerage / effluent collection systems.	Review sewerage/effluent inflows. Infrastructure network assessment every 3 years	Audit undertaken every 3 years.	Audit is undertaken annually during performance monitoring reporting CCTV inspections have been undertaken on the oldest 40% of underground assets.
		Identification of potential stormwater ingress locations. Undertake CCTV inspections.	CCTV inspection on network conducted to prioritise renewal program.	
RELIABILITY	Sewerage/ effluent disposal system to operate without blockages.	Reported hazards from Customer Service requests.	< 100 reported hazards pa.	9 occurrences
RESPONSIVENESS	Maintenance staff to respond to pump station high level alarms and gravity drain blockages within a given timeframe.	Response to emergency situations within one (1) hour of the alarm being raised.	90% of alarms to be respond to within one (1) hour of notification.	Nil occurrences

ASSET MANAGEMENT PLAN – SEWERAGE

KEY PERFORMANCE INDICATOR <i>(continued)</i>	COMMUNITY LEVEL OF SERVICE	PERFORMANCE MEASUREMENT PROCESS	TARGET PERFORMANCE	CURRENT PERFORMANCE
COST	Within annual budget allocations. Service charges to represent good value for service.	Job Costing System. Service charges identified for future years in 10-year long term financial plan.	Total expenditure for wastewater business to be less than 102% of annual operational budget and within 5% of annual capital budget. Annual service charges in accordance with NSW Best Practice guidelines.	Total expenditure for wastewater business to be less than 102% of annual operational budget and within 5% of annual capital budget. Annual service charges in accordance with NSW Best Practice guidelines.
LEGISLATIVE COMPLIANCE	Compliance.	All schemes to comply with the Protection of the Environment Operations Act and NSW Health approvals.	All schemes to comply with relevant legislation and conditions of EPA licence 576.	100% compliance is achieved.
FUNCTION	Ensure sewerage / effluent collection, treatment and reuse systems meet user requirements and cater for residential growth.	All reticulation, pump station, treatment, and storage infrastructure to cater for loadings during peak events.	All network infrastructure designed in accordance with Australian Standards	All network infrastructure is designed in accordance with Australian Standards
SUSTAINABILITY	Facilities are managed for future generations.	Master Planning Long Term Financial Plan	Asset renewal ratio exceeds 1.0 Asset Maintenance ratio is 1.0	Asset renewal ration is 2% Asset maintenance ratio is 1.0.

Table 3.4a: Community Levels of Service

TECHNICAL LEVELS OF SERVICE

KEY PERFORMANCE INDICATOR	COMMUNITY LEVEL OF SERVICE	PERFORMANCE MEASUREMENT PROCESS	TARGET PERFORMANCE	CURRENT PERFORMANCE
QUALITY	Treated sewerage to comply with relevant standards.	NATA accredited laboratory to test samples.	Compliance with effluent standards required by EPA licence 576.	100% compliance with effluent standards required by EPA licence 576.
QUANTITY	Collection, treatment, storage, and reticulation infrastructure to cater for current number of domestic connections plus an allowance for projected long-term growth.	Network Analysis undertaken on infrastructure.	100% of network having adequate capacity to cater for three (3) times the average dry weather flow.	100% of network has adequate capacity to cater for seven (7) times the average dry weather flow.
SAFETY	Sewerage network free of preventable hazards & deficiencies.	WorkCover & insurance claims for personal injury or property damage.	Zero claims pa.	One claim received for personal injury or property damage

Table 3.4b: Technical Levels of Service

4. FUTURE DEMAND

4.1 DEMAND FORECAST

Refer to Core Asset Management Plan.

4.1.2 Demand Factors

To enable fair and planned distribution of funding throughout the Council area, some of the factors influencing the prioritising of works are:

- Changing community expectations and demographics.
- Known areas of systems capacity and limitations.
- System and processes with high maintenance demands.
- Development at the boundaries of the sewerage zones.

In the relevant asset classes, some issues which may influence future asset provision are:

- Resident expectations may be raised for the provision of sewerage reticulation outside the existing sewerage zones and village areas.
- There will be an increased need to renew infrastructure in older land divisions.

More concentration on water reuse initiatives will occur.

Refer to Council’s Demand Management Plan for details.

4.2 CHANGES IN TECHNOLOGY

Further development of Geographic Information Systems (GIS) will improve the management of sewerage infrastructure, particularly the coordination of maintenance activities, through enhanced data collection, analysis, and dissemination systems.

4.3 DEMAND MANAGEMENT PLAN

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

Opportunities identified to date for demand management are shown in Table 4.6. Further opportunities will be developed in future revisions of the AMP.

SERVICE ACTIVITY	DEMAND MANAGEMENT PLAN
Development of new residential subdivisions currently not serviced by a CWMS	Assessment is undertaken for each major development to determine capacity of downstream pump stations and treatment/storage facilities. Upgrades are funded through developer contributions to comply with adopted engineering standards
Future Capital Works	A review of a 10-year long term financial plan is undertaken at the beginning of each financial year to determine upgrade projects to meet asset utilisation.

Table 4.3: Demand Management Plan Summary

4.4 NEW ASSETS

The new assets required to meet growth will be acquired from land developments and constructed by Council. The new asset values are summarised in Figure 41.4.

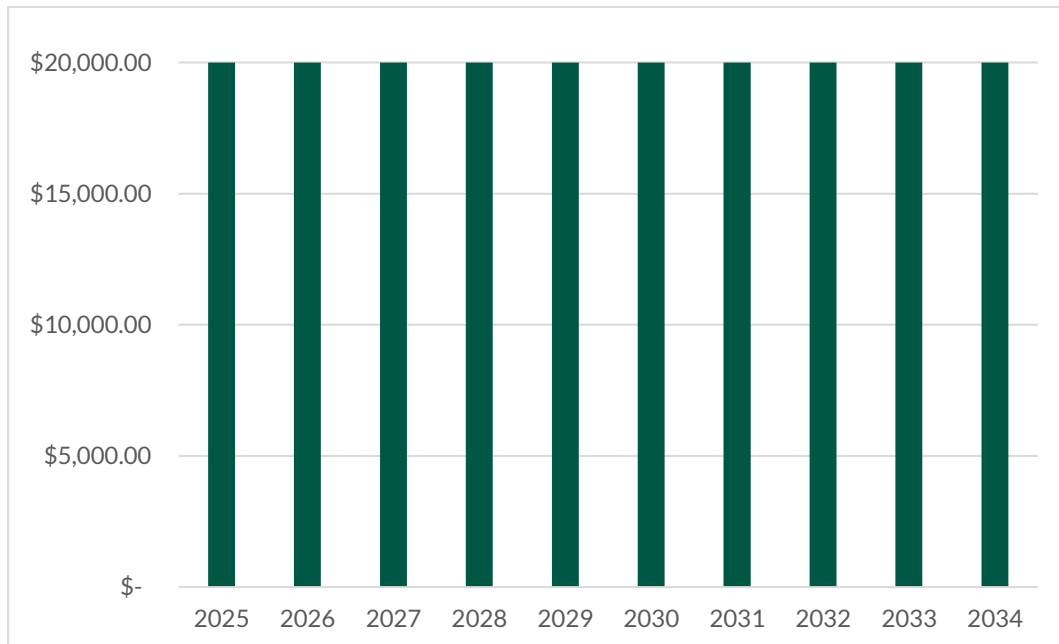


Table 4.4: Developer Funded Assets

4.4.1 Assumptions Used in Projected Asset Growth

Refer to Core Asset Management Plan.

5 LIFECYCLE MANAGEMENT PLAN

5.1 BACKGROUND DATA

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

5.1.1 Physical Parameters

The age profile of Council's assets are shown below:-

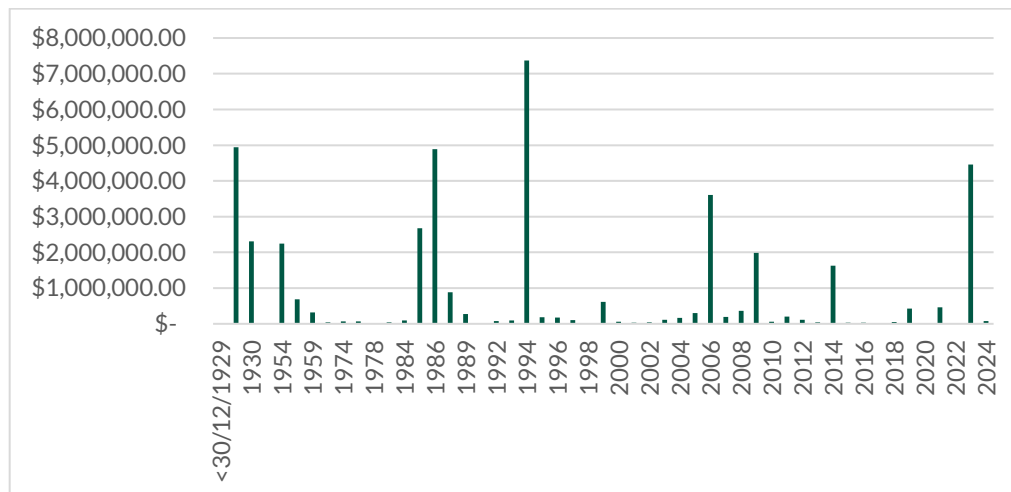


Figure 5.1.1: Asset Age Profile

5.1.2 Asset Capacity and Performance

Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

LOCATION	SERVICE DEFICIENCY
SEWERAGE MAINS	Ingress of storm water

Table 5.1.2: Known Service Performance Deficiencies

The above service deficiency is being progressively addressed by mains relining each year.

5.1.3 Asset Condition

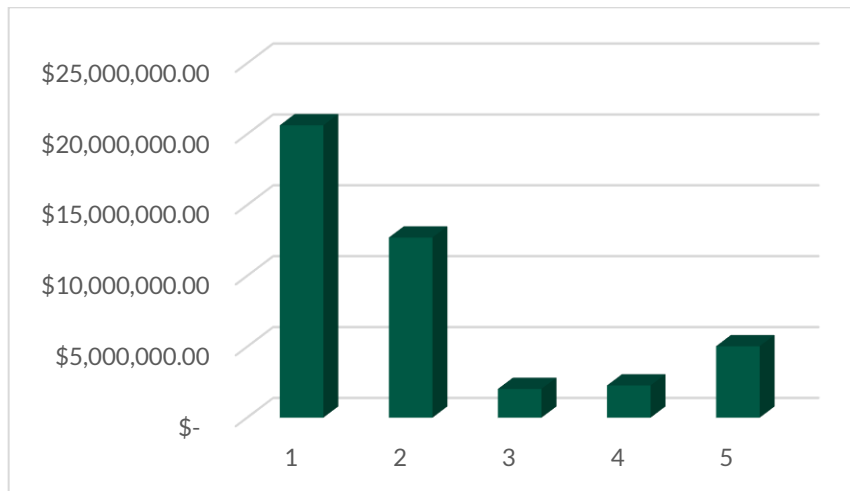


Figure 5.1.3: Asset Condition Profile

Condition is measured using a 1-5 rating system ¹

RATING	DESCRIPTION OF CONDITION
1	Excellent: Only planned maintenance as required.
2	Very good: Minor maintenance required plus planned maintenance.
3	Good: Significant maintenance required
4	Average: Significant renewal / upgrade is required.
5	Poor: Unserviceable

Table 5.1.3: Condition Rating System

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

5.1.4 Asset Valuations

The value of assets covered by this asset management plan is summarised below. Assets were last revalued in 2019 and will be revalued at 30 June 2024. Assets are valued at Greenfield rates.

ASSET TYPE	QUANTITY	REPLACEMENT VALUE \$	ACCUMULATED DEPRECIATION -\$
GENERAL	1	13,396	255
GRAVITY	95 km	20,735,032	186,425
RISING	15 km	1,981,408	23,496
PUMPING	11	817,206	17,289
TREATMENT	2 Plants	11,464,728	229,929
MANHOLES	1304	7,271,003	79,874
TOTAL	NIL	\$ 42,269,376	-\$ 537,012

Table 5.1.4a: Asset Summary

Sustainability reporting reports the rate of annual asset consumption for the asset category as a whole and compares this to asset renewal, upgrade and expansion as shown in Table 5.4 below:-

FINANCIAL REPORTING CRITERION	ROAD INFRASTRUCTURE %
ASSET CONSUMPTION RATE	1%
ASSET RENEWAL RATE	2%
ASSET UPGRADE EXPANSION RATE	0%

Table 5.1.4b: Financial Reporting Ratios

5.2 RISK MANAGEMENT PLAN

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

Critical risks, being those assessed as ‘Very High’ (VH) - requiring immediate corrective action and ‘High’ (H) - requiring prioritised corrective action identified in the infrastructure risk management plan are summarised in Table 5.2.

ASSET AT RISK	WHAT CAN HAPPEN	RISK RATING (VH, H)	RISK TREATMENT PLAN
Glen Innes Sewerage Treatment Plant	Hydraulic overload	VH	Reduce stormwater infiltration by maintaining a sewer main relining program.
Pumping stations, general	Power outages resulting in overflows	H	Enact the Pollution Incident Response Management Plan.

Table 5.2: Critical Risks and Treatment Plans

5.3 ROUTINE MAINTENANCE PLAN

Routine maintenance is the regular ongoing work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

5.3.1 Maintenance Plan

Maintenance includes reactive, planned, and cyclic maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

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

Cyclic maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, etc. This work generally falls below the capital/maintenance threshold.

Note that amounts shown have been extracted from Council's Annual Budget for each year and are stated in that year's dollars. Thus, unless planned maintenance expenditures show a progressive increase in line with construction inflation (commonly 5 or more percent pa), then actual expenditures will be insufficient.

The structure of Council's present Budget account lines does not permit the disaggregation of maintenance expenditure down the levels of 'reactive', 'planned' or 'cyclic'.

Planned maintenance work is not distinguished from unplanned maintenance work in council's current finance system.

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

5.3.2 Maintenance Work

Maintenance work is carried out in accordance with the following standards and specifications:-

- Maintenance work is carried out in accordance with sound industry practices and requirements set down by manufacturers or proprietary products.
- Auspec and Natspec.

5.3.3 Summary of Future Maintenance Expenditures

Future maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 5.3.3. Note that all costs are shown in current dollar values.

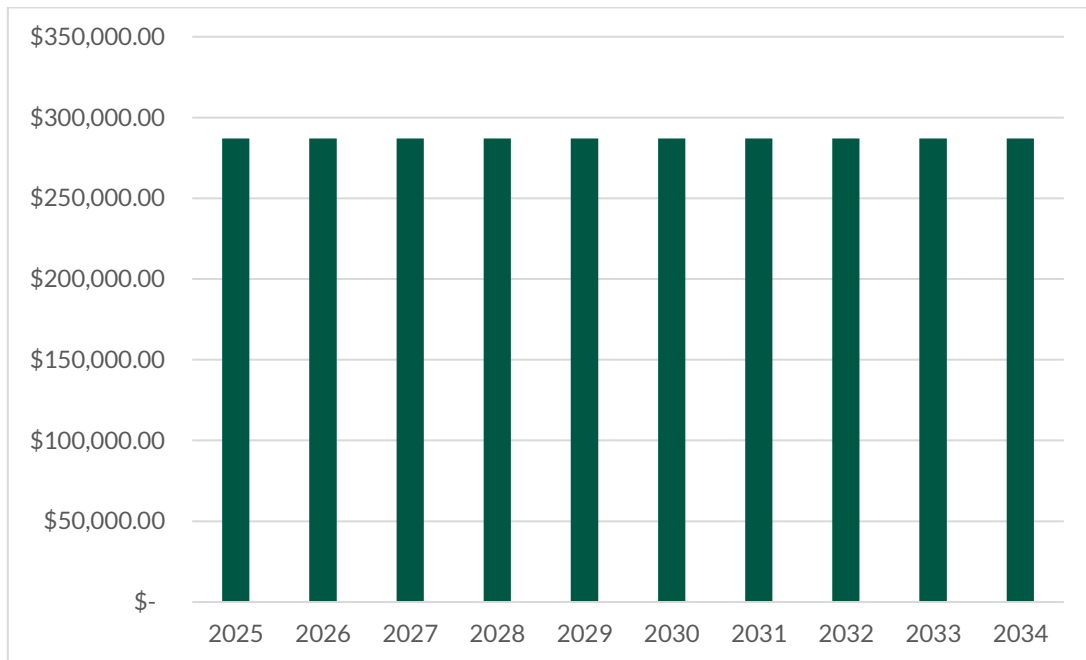


Figure 5.3.3: Planned Maintenance Expenditure

Maintenance is funded from Council’s Operational Budget. This is further discussed in Section 6.2.

5.4 RENEWAL / REPLACEMENT PLAN

Renewal expenditure is major work which does not increase the asset’s design capacity 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 upgrade/expansion or new works expenditure.

5.4.1 Renewal Plan

Asset renewals are targeted at restoring the integrity of the sewer mains reticulation network. Most mains were constructed in 1930 and are subject to considerable levels of stormwater ingress through cracks and joint failures. The priority ranking is determined by CCTV inspection performed by contracted resources. CCTV inspection is prioritised to cover the oldest mains, and those mains that have been affected by sewer blockages. This information is detailed in table 5.4.1.

CRITERIA	WEIGHTING
PUMP REPLACEMENT AT PUMPING STATIONS	Pump stations are fitted with a duty/standby arrangement that allows pumps to run to failure prior to renewal.
COMPONENT REPLACEMENT AT TREATMENT PLANTS.	Treatment plant assets are still within expected life. Assets are only renewed if early failure occurs.
DETERIORATION OF PIPES	Pipes (mains) are routinely inspected using CCTV performed by contract suppliers. Inspections are undertaken on the most at-risk mains, being those that are older or have experienced sewer blockages.
DETERIORATION OF MANHOLES	Manhole renewal is considered secondary to mains renewal until the backlog of low condition mains are relined or replaced.

Table 5.4.1: Renewal Priority Ranking Criteria

Renewal will be undertaken using ‘low-cost’ renewal methods where practical. The aim of ‘low-cost’ renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement cost. Primarily this involves relining sewer mains using proprietary products as supplied by contractors who specialise in this field.

5.4.2 Renewal Standards

Renewal work is carried out in accordance with the following Standards and Specifications.

- Manufacturers’ requirements for the installation of propriety and precast / prefabricated products.
- Relevant Australian Standards.
- AusSpec & Natspec.

5.4.3 Summary of Future Renewal Expenditure

Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The costs are summarised in Fig 5.4.3a. Note that all costs are shown in current dollar values.

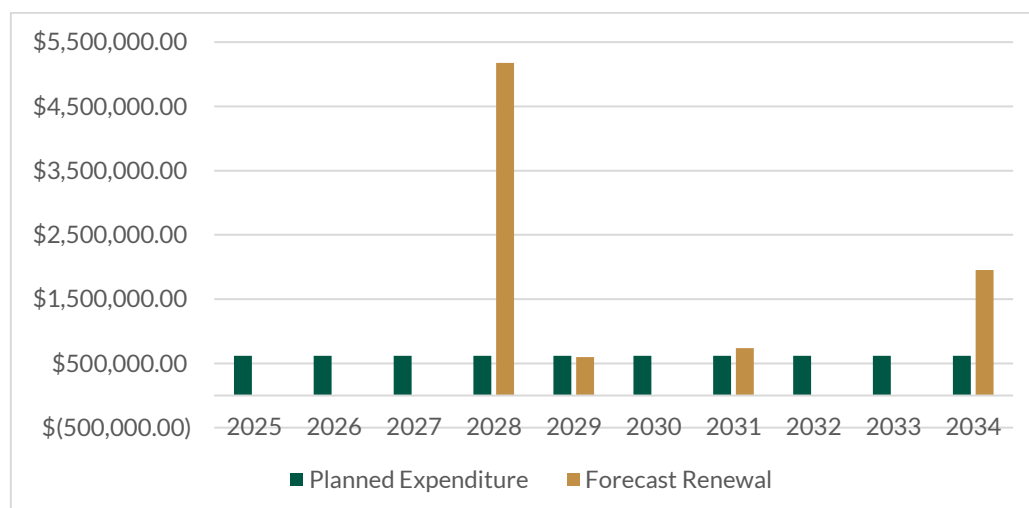


Figure 5.4.3a: Projected Capital Renewal Expenditure

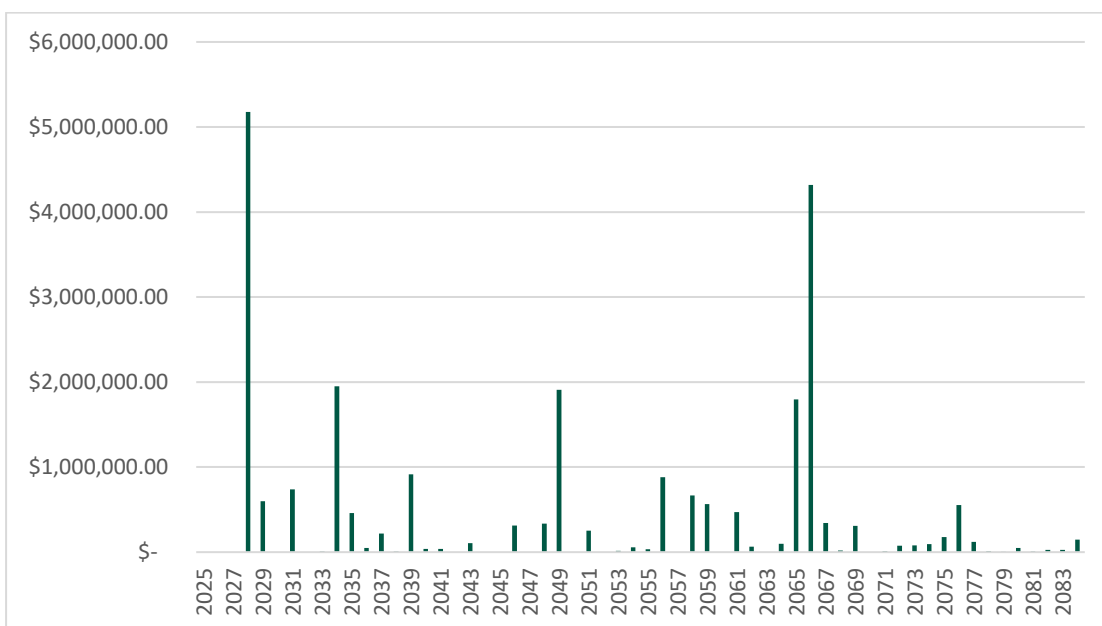


Figure 5.4.3b: 50 Year Future Renewal

Renewals are to be funded from reserves and cash profits from the sewer fund where available. This is further discussed in Section 6.2.

5.5 CREATION / ACQUISITION / UPGRADE PLAN

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

5.5.1 Selection Criteria

New assets and upgrade / expansion of existing assets are requested and paid for by private developers.

5.5.2 Standards and Specifications

Standards and specifications for new assets and for upgrade / expansion of existing assets are the same as those for renewal shown in Section 5.4.2.

5.5.3 Summary of Future Upgrade / New Assets Expenditure

Refer to Section 4.4.

New assets and services are to be funded from Council’s capital works program and grants where available. This is further discussed in Section 6.2.

5.6 DISPOSAL PLAN

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. For underground assets the normal practice is to leave assets in situ unless there is a requirement to remove them for some other purpose. Assets identified for possible decommissioning and disposal are shown in Table 5.6. These assets will be further reinvestigated to determine the required levels of service and to see what options are available for alternate service delivery, if any.

ASSET	REASON FOR DISPOSAL	TIMING	CASHFLOW FROM DISPOSAL
VARIOUS	End of service life	As per sewer mains rehabilitation program.	Nil.

Table 5.6: Assets Identified for Disposal

6. FINANCIAL SUMMARY

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

6.1 FINANCIAL STATEMENTS AND PROJECTIONS

The financial projections are shown in Figure 6.1 for planned maintenance and capital expenditure (renewal and upgrade / expansion / new assets). Note that all costs are shown in current dollar values

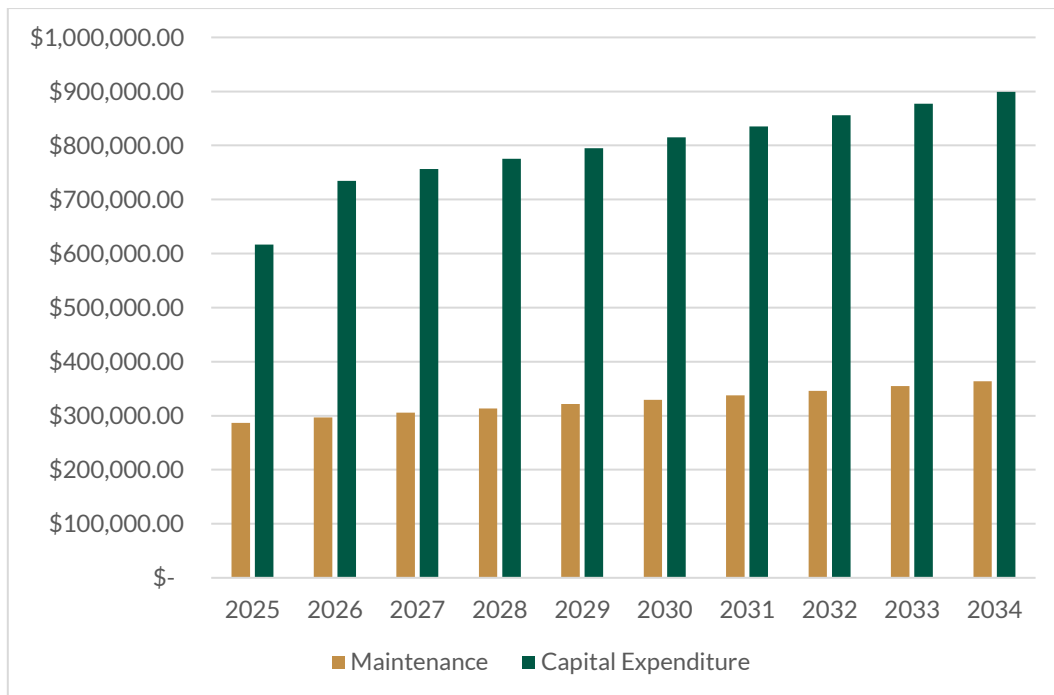


Figure 6.1: Planned Maintenance and Capital Expenditure

6.1.1 Sustainability of Service Delivery

There are two (2) key indicators for financial sustainability that have been considered in the analysis of the services provided by this asset category, these being long term life cycle costs and medium-term costs over the 10-year financial planning period.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include maintenance and asset consumption (depreciation expense). The annual average life cycle cost for the services covered ((forecasted 10-year average) in this asset management plan is \$763,000.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes maintenance plus capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure (forecasted 10-year average) is \$901,000.

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

The current level on income ensures that the business unit is operating on a sustainable basis with a current \$137,000 surplus. The life cycle sustainability index is 118%.

Medium term – 10 Year Financial Planning Period

Funding for the remainder of the delivery program will be adequate to keep pace with asset consumption using the previous financial modelling that is contained in the asset register. These will be reviewed, and it is hoped that actual costs will prove to be much lower than have been adopted in the past. The current iteration of this plan provides accurate modelling as project history accumulates and costs with associated variables become more accurately known.

Council will manage the ‘gap’ by developing this asset management plan to provide guidance on future service levels and resources required to provide these services.



Figure 6.1.1: Planned Renewals vs Depreciation

6.2 FUNDING STRATEGY

Projected expenditure identified in Section 6.1 is to be funded from Council’s operating and capital budgets. The funding strategy is detailed in Council’s 10-year long-term financial plan.

Achieving the financial strategy will require an ongoing commitment to fund the increasing demand for asset renewals. Renewal costs may outpace increased revenue from development growth.

6.3 VALUATION FORECASTS

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

Figure 6.3a shows the projected replacement cost asset values over the planning period in current dollar values.

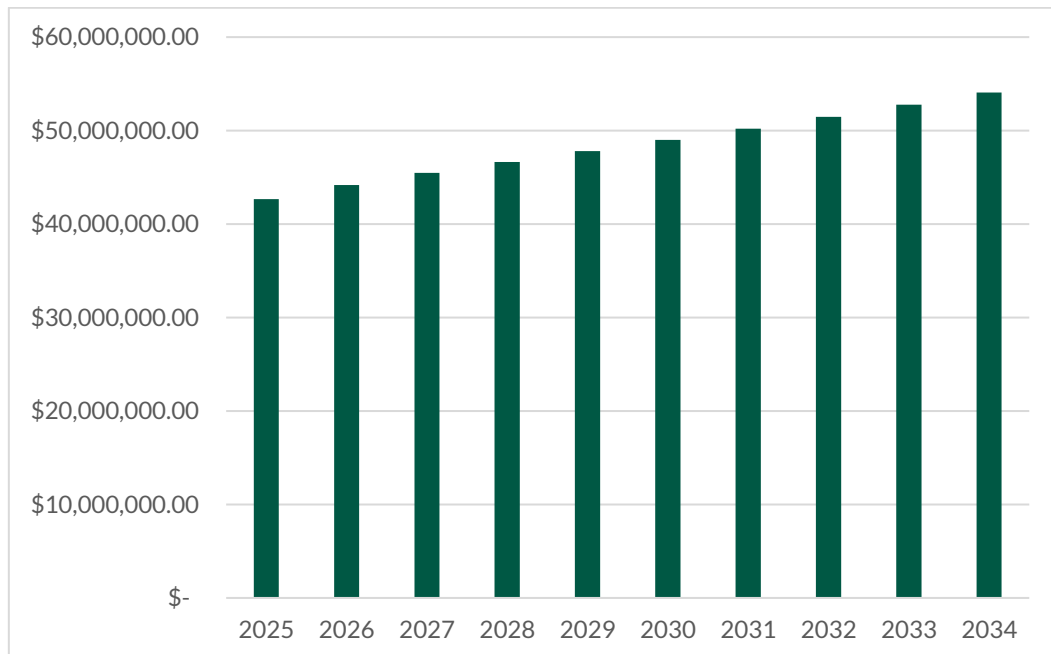


Figure 6.3a: Projected Asset Values

Depreciation expense values are forecast in line with asset values as shown in Figure 6.3b.

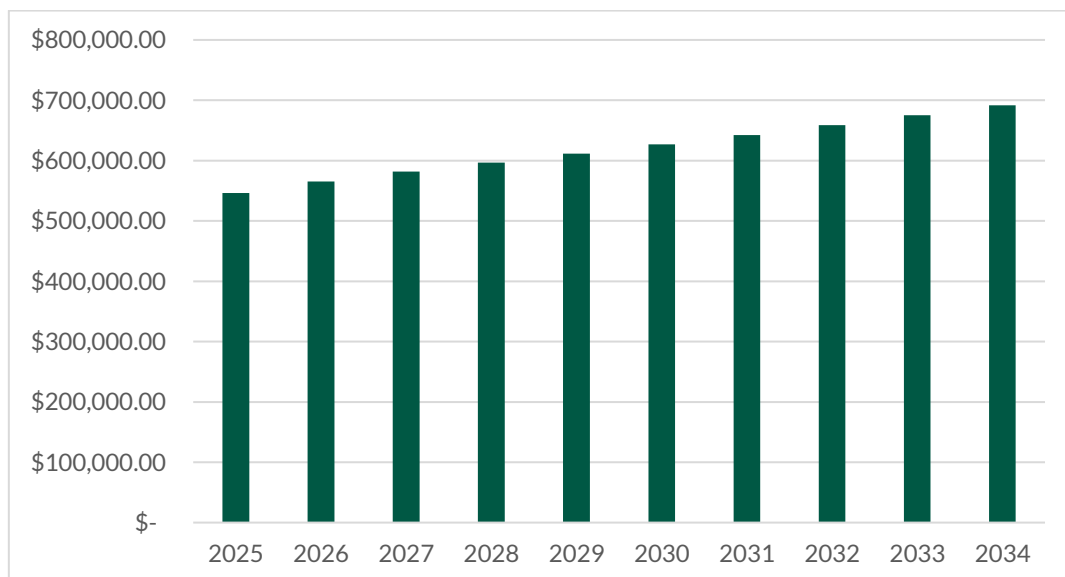


Figure 6.3b: Projected Depreciation Expense

6.4 KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS

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

PARAMETER	DOCUMENT SECTION	ASSUMPTION
ASSET VALUES	Core Asset Management Plan, Section 5.	GIS – recorded quantities and reviewed unit rates, at June 30 of previous year.
DEPRECIATION	Core Asset Management Plan, Section 7.	Depreciation curve method as AASB116 with reviewed useful lives applicable as at June 30 of previous year.
LEVELS OF SERVICE	Section 3 above	Present levels maintained or enhanced.
DEMAND	Section 4 above	Renewals using current relining technology, uniform population, and asset stock growth, to 2030.
MAINTENANCE AND RENEWAL EXPENDITURE	Section 5 above	Similar pattern to previous years, with regular increases to recognise larger asset stock.

Table 6.4: Key Assumptions

Maintenance costs for sewerage assets will typically increase to allow for the increase in total asset value (reflecting the higher costs associated with managing a larger asset stock). Again, asset values are predicted to increase over the reporting period. Maintenance costs will need to be closely monitored to ensure that sufficient funds are available to optimise long-term expenditure and not create a backlog

7. ASSET MANAGEMENT PRACTICES

7.1 ACCOUNTING / FINANCIAL SYSTEMS

Refer to Core Asset Management Plan.

7.2 ASSET MANAGEMENT SYSTEMS

Refer to Core Asset Management Plan.

7.3 INFORMATION FLOW REQUIREMENTS AND PROCESSES

Refer to Core Asset Management Plan.

7.4 STANDARDS AND GUIDELINES

Refer to Core Asset Management Plan.

7.5 DATA CONFIDENCE LEVEL

Data confidence levels for this AMP are rated as B or C.

8. PLAN IMPROVEMENT AND MONITORING

8.1 PERFORMANCE MEASURES

Refer to Core Asset Management Plan.

8.2 IMPROVEMENT PLAN

The asset Management Improvement Plan generated from this Asset Management Plan is shown in Table 8.2.

TASK NO	TASK	RESPONSIBILITY	RESOURCES REQUIRED	TIMELINE
1.	20 Year Upgrade / Expansion Program - develop program, with emphasis on the first 10 years of the reporting period.	Manager Integrated Water Services	Completed	Review annually
2.	Undertake yearly condition assessments of the sewerage network with the aim for 100% coverage every five (5) years.	Manager Integrated Water Services	Yes	Annually
4	Undertake an annual review of this Asset Management plan.	Manager of Asset Services	Staff time	Annually reported to December meeting of Council.
5	Separate maintenance expenditure into reactive and proactive lines.	Chief Financial Officer	Yes.	As new finance system is implemented.

Table 8.2: Improvement Plan

8.3 MONITORING AND REVIEW PROCEDURES

Refer to Core Asset Management Plan.

REFERENCES

Refer to Core Asset Management Plan.