



ASSET MANAGEMENT POLICY, STRATEGY AND STRATEGIC PLAN

PREPARED FOR WALGETT SHIRE COUNCIL

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Abstract

This report outlines the policies, strategies, and strategic asset management plans for assets under the control of Walgett Shire Council. It provides an Action Plan to guide future the development of asset management at Council and highlights the need for more detailed asset management plans for each asset category to establish links between levels of service provided by the assets and available funding.

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EXECUTIVE SUMMARY

Walgett Shire Council owns a range of physical assets, from roads, footpaths, stormwater drainage, water, sewer, parks & gardens, buildings, plant & equipment, to land. These assets enable the community to enjoy the access, services and facilities made available by Council.

These assets represent an investment built up over many years. The management of these assets now present a significant challenge for Council as many were constructed or acquired many decades ago with the aid of community and other government funding and are now approaching the end of their useful lives.

The management of these assets plays a vital role in maintaining safe, reliable, and effective services that help achieve the strategic priorities and goals of Council. Failure to adequately plan for the replacement of existing assets and the development of new assets will result in the needs of the community not being met, now and in the future.

The environment in which local government operates is constantly changing. As assets age, Councils need to demonstrate a level of skill and expertise to manage them effectively. There are a number of factors which influence the way Council manages its assets, including:

- Limitations in Council's ability to raise funds
- Specific purpose grants that limit Council's ability to allocate funding according to need
- Increased pressure from the community for improved service delivery
- Legislation requiring the identification and depreciation of assets in its financial statements
- Reporting in accordance with the State's Integrated Planning and Reporting Framework

Council needs to take a strategic approach to the way it manages its physical assets to deliver services in a cost-effective manner, and to demonstrate that it is doing so. In particular, asset management practice must adopt a lifecycle approach and be applied across all Council assets.

The purpose of an asset management strategy is to:

- Develop a set of actions to improve asset management practices through improved stewardship and accountability, communication with the community, improved risk management and effective utilisation of assets.
- To ensure that asset management practices are applied consistently across the organisation and supported by a continuous improvement so that Council may more effectively manage community assets now and in the future.
- To enable Council to effectively plan for new assets, asset replacement and ongoing maintenance of assets.
- To enable Council to competently deliver services to the community.
- To be a living document, and subject to periodic review.

This report provides the Policy and Strategy for the management of Walgett Council's assets. It also provides a Strategic Asset Management Plan for the four main asset categories, namely:

- Roads, Bridges, and Associated Infrastructure
- Water and Sewer
- Specialised and Non-Specialised Buildings
- Other Structures and Assets

Council owns other assets, namely Plant, Equipment, and Land and whilst a plan has not been developed for these assets, they are part of Council's asset base.

The Strategic Asset Management Plans have been developed from the valuation of their assets undertaken to meet Council’s financial reporting requirements. The gross replacement cost (current replacement cost) and fair value (depreciated replacement cost) of each asset category are summarised in Table 0.1. This table shows that Council is responsible for an asset base of \$426.5 million, which has now depreciated by 31% to a present value of \$294.4 million.

Table 0.1: Valuation of Council assets

Asset Category	Gross Replacement Cost, \$'000	Fair Value, \$'000	% Depreciation
Roads, bridges, and associated infrastructure	\$278,054	\$201,988	27%
Water and Sewer	\$81,731	\$51,171	37%
Specialised and Non-Specialised Buildings	\$41,063	\$22,318	46%
Other Assets and Other Structures	\$19,517	\$12,765	35%
Plant and Equipment	\$3,207	\$3,207	
Land	\$2,934	\$2,934	
Total	\$426,506	\$294,384	31%

The Strategic Asset Management Plans are part of the Integrated Planning and Reporting Framework, introduced by the State Government in 2009. Other parts of the framework, such as the Community Strategic Plan, the Long-Term Financial Plan, and the Operating and Delivery Plans have been prepared by Council and made available to the community through its website.

However, the strategic plans as presented in this report do not go into the detail required for the community to understand the linkages between available funding and levels of service. The need for this additional level of planning has been captured in the Action Plan accompanying the asset management plans.

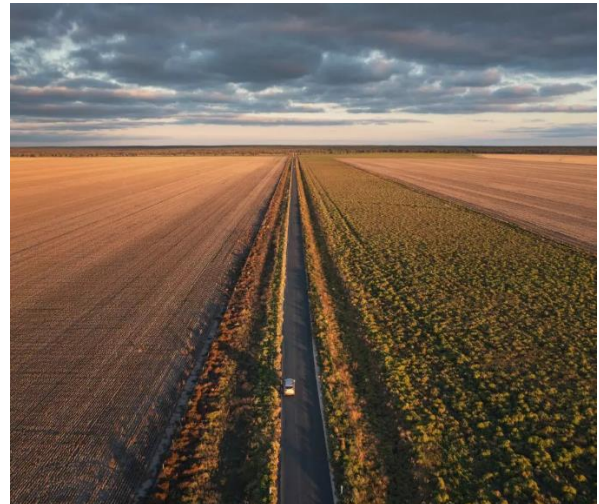
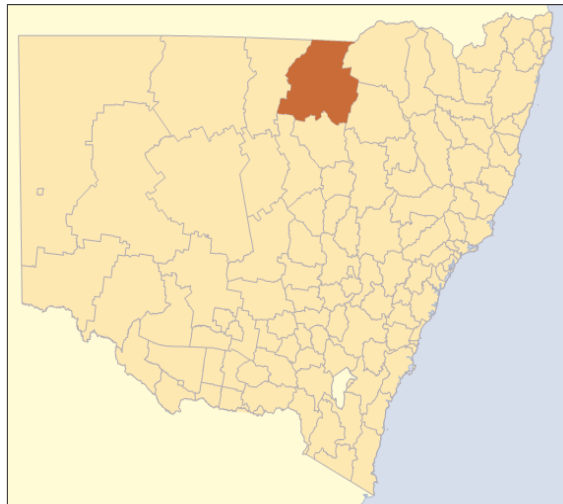
It is important to appreciate that the process of improving asset management can seem overwhelming for a small remote Council with limited financial and staff resources. The Action Plan shows the pathway forward for Council to address these issues in a systematic manner over 4 years. Most of the work needs to be done in-house but external resources could be employed at discrete times for technical input. A critical part of the Action Plan is for the General Manager to set up an Asset Management Executive Group to oversee the implementation of the Action Plan and to report to Council bi-monthly.

1. INTRODUCTION

1.1 BACKGROUND TO THE SHIRE

Walgett Shire Council is a Local Government Authority located on the north-west plains of New South Wales bordering with Queensland, as shown in Figure 1.

Figure 1.1: Location of Walgett Shire in NSW



Walgett Shire is approximately 2.2 million ha in area and has a population of 7,200. The two main centres are Walgett, the administrative centre and Lightning Ridge, the main tourist destination. Both towns have similar population. Other centres include Collarenebri, Burren Junction, and several smaller villages. The Shire supports traditional farming and grazing industries on rich black soil plains and an opal mining industry centred on Lightning Ridge.

Agriculture is the Shire's largest industry. ABS statistics show that in 2011 the industry employed approximately 29% of the total workforce of 2,317 employed persons. Later statistics show that in 2014, there were 680 businesses in the Shire of which 302 were in the agricultural sector.

Whilst cropping is the dominant sub-sector in terms of annual production value for the local economy, sheep and cattle grazing are conducted much more extensively, covering about 1.3 million ha or 56% of the total land area.

Tourism is an increasingly important economic industry for the Shire. Lightning Ridge and Grawin attract a large number of tourists to its opal fields, but the Shire has much to offer with its bore baths, horse racing and camp drafting, bird watching opportunities, access to Macquarie Marshes and Narran Lake Nature Reserves, RV friendly facilities, and locations of historical interest.

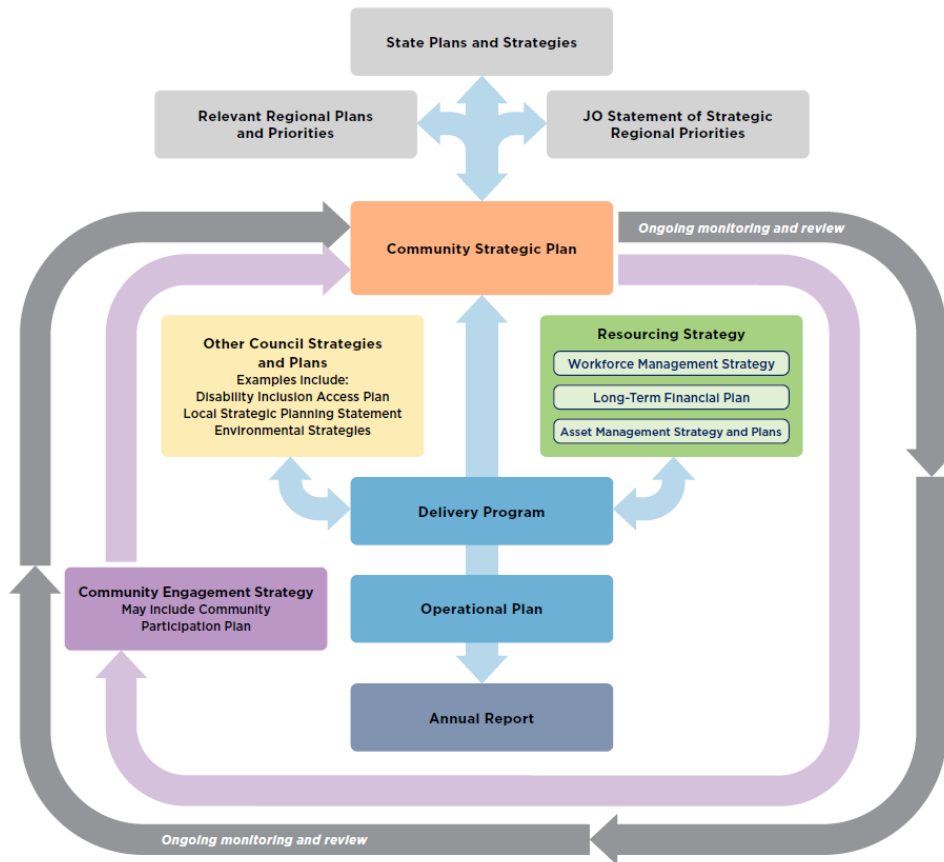
1.2 THE INTEGRATED PLANNING AND REPORTING FRAMEWORK

The Integrated Planning and Reporting (IP&R) Framework changed the way Councils in NSW planned, documented, and reported on their plans for the future. The framework was introduced in 2009 and most Councils have used it to refine the way they manage their assets.

In essence the IP&R Framework begins with the community's aspirations for a period of at least 10 years. It includes a suite of integrated plans that set out their vision and goals, and strategic plans to achieve them. It has a reporting structure to communicate progress to Council and the community as well as a structured timeline for review to ensure the goals and actions continue to be relevant.

The IP&R framework is shown schematically in Figure 1.2.

Figure 1.2: The Integrated Planning and Reporting Framework



The Community Strategic Plan provides a vehicle for each community to express its long-term aspirations. However, these aspirations will not be achieved without sufficient resources – time, funding, assets, and people – to implement them. The Resourcing Strategy is the critical link when translating strategic objectives into actions.

The Resourcing Strategy consists of three inter-related components:

- Workforce Management Strategy
- Long-Term Financial Planning
- Asset Management Strategy and Plans

The Resourcing Strategy makes clear what elements of the Community Strategic Plan for which Council will take responsibility. Other levels of government, business, non-government organisations, community groups and individuals will also have a role in Implementing the Community Strategic Plan.

Each of the elements of the Resourcing Strategy play a role in developing and resourcing the Delivery Program and Operational Plan, as well as any other strategies and plans that Council develops to support the Community Strategic Plan.

An important part of Figure 1.2 is the ongoing monitoring and review which encapsulates the entire asset management process. The need for ongoing review cannot be over-emphasised as it is means by which Council can learn from its mistakes and maintain a continuous improvement ethic amongst its staff.

This report outlines the approach being taken by Walgett Shire Council with their Asset Management Strategy and Plans. The Long-Term Financial Plan, Delivery Program and Operational Plan have been prepared separately and are available on Council's website.

Council's asset management is supported by three key pieces of work, that are detailed in this report, namely:

- an **asset management policy** – to be endorsed by the Council. Refer to Section 3.
- an **asset management strategy** – that identifies assets that are critical to the Council's operations. The Strategy must include actions required to improve the Council's asset management capability and forecast resource requirements. Refer to Section 4.
- **strategic asset management plans** – for the main asset categories to identify asset service standards and long-term projections of asset maintenance and renewal costs. Refer to Section 5.

2. COUNCIL ASSET CATEGORIES

Council has six main categories of assets, described in Table 2.1. The first four are the subject of the Strategic Asset Management Plans found in Section 5. The other two categories are added for completeness.

Table 2.1: Description of asset types

Asset Type	Description	Services Provided
Roads, bridges, and associated infrastructure	Town and rural roads, culverts and signage /roadside furniture, bridges, kerb and gutter, footpaths, and stormwater drainage	Movement of goods and services from production to market and to consumers. Movement of people around and between the towns for business, education, recreation, tourism, and access to residential property
Water and sewer	Trunk supply mains, treatment plants, pumping stations, service reservoirs, reticulation network, water services	Provision of safe drinking water for people to drink and for domestic, business, industrial and recreation use Provision of a system for the disposal of sewage from domestic, business, and industrial premises
Specialised and non-specialised buildings	Specialised and Non-Specialised buildings including Council's administration offices, community, recreation, cultural, commercial, and residential facilities	Facilitates community interaction and development Supports Council operations and functions Provides accommodation for Council staff
Other structures and assets	Assets to support recreational activity, such as sporting ovals, playgrounds, swimming pools, etc and community use such as libraries and village public halls	Facilitates community recreation activity and use
Plant and equipment	Light, heavy vehicles, machinery, and other equipment	The use of vehicles, machinery, and other equipment to support the provision of Council services
Land	Land on which the physical assets are situated	

3. ASSET MANAGEMENT POLICY

3.1 COUNCIL POLICY

Council is committed to implementing a systematic asset management methodology to apply appropriate asset management best practices across all areas of the organisation. This ensures that assets are planned, created, operated, maintained, renewed, and disposed of in accordance with Council's priorities for service delivery.

Council owns non-current assets with a replacement value of approximately \$426.5 million to support its core business of service delivery to the community.

Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve the strategic service delivery objectives of Council. Adopting asset management principles will assist Council achieve its Long-Term Strategic Plans and Financial objectives.

A strategic approach to asset management will ensure that the Council delivers the highest appropriate levels of service through its assets, providing a positive impact on:

- Members of the public and staff,
- Council's financial position,
- The capacity of Council to deliver the expected levels of service,
- The political environment in which Council operates, and
- The legal responsibilities of Council.

3.2 POLICY OBJECTIVES

Council is committed to ensuring adequate provision is made for the long-term replacement of major assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors, and the environment.
- Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and financial resources for those assets.
- Creating an environment where all Council employees play an integral part in the overall management of Council assets by creating and sustaining asset management awareness through effective training and development.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated to relevant staff.
- Demonstrating transparent and responsible asset management processes that align with best practice.

3.3 PRINCIPLES

The twelve principles behind this policy are:

1. An Asset Management Strategy will exist to implement systematic asset management and appropriate asset management best practice throughout all Council Departments.
2. All relevant legislative requirements together with political, social, and economic environments will be taken into account in asset management.
3. Asset Management principles will be integrated within existing planning and operational processes.

4. Asset Management Plans will be developed for the major asset categories. The plans will be informed by community consultation and financial planning and reporting.
5. An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
6. Service levels defined in asset management plans will inform the annual budget process including the risk consequences of variations in defined services levels.
7. Asset renewal and maintenance will be considered when considering the creation of new assets.
8. Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
9. Cyclic valuation reviews will be undertaken for all asset categories to ensure that they are valued and depreciated in accordance with best practice financial management.
10. Future life cycle costs will be reported and considered in all decisions relating to the provision of new and upgrading of existing services and assets.
11. Future services levels will be determined in consultation with the community.
12. Training in asset and financial management will be provided for Councillors and relevant staff.

3.4 RELEVANT LEGISLATION

The legislation relevant to this policy are:

- Local Government Act 1993
- Environmental Planning and Assessment Act 1979
- Catchment Management Act 1989
- Soil Conservation Act 1938
- Public Works Act 1912
- Water Act 2007 Commonwealth
- Water Act 1912
- Water Management Act 2000
- Work Health and Safety Act 2011
- Mine Health and Safety Act 2004
- Protection of the Environment Operations Act 1997
- Pesticides Act 1999
- Native Titles Act
- Environment Protection & Biodiversity Conservation Act 1999 Commonwealth
- Threatened Species Act 1995
- Roads Act 1993
- Road Transport (Safety & Traffic Management) Act 1999
- Roads to Recovery Act 2000 Commonwealth
- Telecommunications Act 1997 Commonwealth

3.5 ASSET MANAGEMENT ROLES AND RESPONSIBILITIES

The current responsibilities for asset management within Council are:

Council

- Act as stewards for all Council public assets

- Adopt and review Asset Management Policy and Strategy
- Approve levels of service, risk, and associated costs
- Ensure appropriate resources are made available to achieve agreed asset management outcomes

General Manager

- Endorse the development and implementation of Council's Asset Management Policy and Strategy
- Monitor and review performance and achievements of the Asset Management Strategy
- Ensure that accurate, timely and reliable asset management information is presented to Council

The Director and relevant managers

- Develop and implement the Asset Management Plans for the major asset categories
- Ensure the currency and accuracy of data included in Asset Management Plans and Registers
- Annually review service levels and recommend to the Chief Financial Officer and Council on required funding levels
- Ensure the implementation of best practice in asset management
- Maintain a sound knowledge of legislation and Accounting Standards in relation to asset management

3.6 REVISION

This policy is to be reviewed in 2026 at the same time as the Asset Management Strategy.

4. ASSET MANAGEMENT STRATEGY

4.1 INTRODUCTION

Physical assets deliver important services to communities. A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement. Assets such as roads, stormwater drainage, bridges, water and sewer and public buildings present particular challenges as their condition and longevity can be difficult to determine.

Financing needs can be large at times in their life cycle, requiring planning for peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity. The creation of new assets also presents challenges in funding the ongoing maintenance and renewal necessary to provide the service over the assets' useful life.

Life cycle costs (or whole of life costs) reflect the funding required to sustain the assets at current service levels. Life cycle costs include maintenance and operating expenditure and asset consumption (depreciation expense) and need to be part of the asset management planning process.

Comprehensive review of service levels will provide appropriate projected expenditure levels to ensure ongoing financial sustainability is accommodated within the 10-year Long Term Financial Plan.

The asset management strategy is developed to support the asset management policy and enable Council to:

- Show how its asset portfolio will meet the affordable service delivery needs of the community into the future,
- Enable Council's asset management policies to be achieved, and
- Ensure the integration of Council's asset management with its long-term strategic plans.

4.2 OBJECTIVES

The objectives of the Asset Management Strategy are to:

- Ensure that the Council's services are provided in an economically optimal way, with the appropriate level of service to residents, visitors, and the environment, consistent with Council's financial sustainability.
- Safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and financial resources for those assets.
- Adopt the Long-Term Financial Plan as the basis for all service and budget funding decisions.
- Meet legislative requirements for all Council's operations.
- Ensure resources and operational capabilities are identified and the responsibility for asset management is allocated to appropriate people in the organisation.
- Provide high level oversight of financial and asset management responsibilities through the General Manager reporting to Council on the development and implementation of the Asset Management Strategy, Asset Management Plans and Long-Term Financial Plan.

4.3 LEVELS OF SERVICE

Levels of Service acceptable to the community are a core component of asset management planning. Levels of Service are determined to match community expectations with the service levels that can be afforded through Council's Operational Plan.

Council may need to review Levels of Service in the future in accordance with changing community needs, industry trends and affordability. The Asset Management Plans, in conjunction with the Long-Term Financial Plan and the Community Strategic Plan, are the tools which Council will use to assess the long-term sustainability of physical assets and identify the appropriate level of resourcing to maintain agreed service levels. Accurate, up-to-date, and easily accessible records are important factors in enabling Council to meet its statutory governance requirements.

Council will use Asset Management Planning to provide a way in which the community can become engaged in the setting of priorities and the allocation of resources. One way of doing this is to establish a Community Level of Service which the community can relate to as opposed to a Technical Level of Service which will inevitably only be used by Council staff.

The Asset Management Plans help to categorise some of the risks associated to Council assets and enables identification and implementation of work programs linked to achieving corporate objectives and service level targets.

4.4 OPERATIONS AND MAINTENANCE STRATEGIES

Council will operate and maintain assets to provide the defined level of service within approved budgets, in the most cost-efficient manner with activities including:

- Undertaking a cost-benefit analysis to determine the most effective split between scheduled and unplanned maintenance activities.
- Maintain a current risk register and assess the risk associated with providing services from its assets. Report Very High/High risk and any Residual risk to management and Council.
- Review current and required skills base and implement workforce training and development to meet required operations and maintenance needs.
- Identify demand management options for under-utilised/over-utilised assets.
- Maintain a hierarchy of critical assets and required operational and maintenance activities.

4.5 RENEWAL AND REPLACEMENT STRATEGIES

It is clear that Council needs to be more proactive in asset renewal than it has in recent years. Priority for funding needs to go to asset renewals in order to attain a satisfactory level of sustainability. In budgeting, an asset-category approach is required to assess community needs and prioritise the allocation of available funds. Council needs to plan future levels of service to match affordable organisational needs and maximise the benefit to the community.

Priority for funding needs to go to the assets that are of a higher risk classification (measured against Condition/Function/Utilisation performance measures). In order to minimise Council's risk, those renewals that Council cannot afford to fund at the appropriate time will still require regular inspections and intervention when the condition falls below certain threshold levels and new appropriate levels of service are applied.

Planning and scheduling renewal projects need to deliver defined service levels in the most efficient manner by:

- Undertaking project scoping for all capital renewal and replacement projects to identify:
 - The service deficiency, present risk, and optimum time for renewal/replacement
 - The project scope and objectives to rectify the deficiency

- The estimated capital and life cycle costs for each option to address service deficiencies
- An evaluation of the options against criteria adopted by Council; and
- The best option for inclusion in capital renewal programs
- Using low-cost methods where technically applicable.
- Fully funding depreciation to allow for a budget to be available as assets reach the end of their useful life.
- Reviewing management of capital renewal/ replacement activities to ensure Council is obtaining best value for resources consumed.

4.6 RISK ASSESSMENT

A high-level risk assessment of Council’s assets is summarised in Table 4.1.

Table 4.1: Risk assessment

Critical Asset	Primary Risks	Management Strategies
Roads, bridges, and associated infrastructure	Safety issues arising from asset failures and/or other issues such as fallen trees, washed out bridges, flooded roads	Inspection systems in place with additional inspections where necessary (e.g. after a major storm event) to identify and respond to defects
Water and sewer	Water supply problems due to drought Failure of critical infrastructure (e.g. pumps) or loss of power leading to loss of supply	Criticality analysis and condition assessments on all assets to identify opportunities to improve redundancy and resilience (e.g. backup pumps, storage in reservoirs)
	Release of untreated sewage or effluent to the environment due failure of critical infrastructure or loss of power	Criticality analysis and condition assessments on all assets to identify opportunities to improve redundancy and resilience Put pollution incident response plans in place
Specialised and non-specialised buildings	Business continuity in the event of a problem with the building	Business continuity plans and appropriate maintenance
Other assets		
Playgrounds	Safety issues from damaged or broken equipment	Put inspection system in place to identify and respond to defects
Swimming pools	Safety of users	Carry out appropriate maintenance and close pools closed if necessary
Sports grounds	Safety of users	Carry out appropriate maintenance and close grounds closed if necessary
Plant	Safety for workers and others on Council worksites	Maintenance programs, regular inspections, and trained operators

4.7 REVISION

This strategy is to be reviewed in 2026 informed by the work outlined in the Action Plan in Section 5.8.

5. STRATEGIC ASSET MANAGEMENT PLANS

5.1 APPROACH TAKEN IN THIS REPORT

Council's asset management planning is in its infancy as it implements the Integrated Planning and Reporting Planning Framework. Council has recently adopted the Confirm Asset Management System to provide the information required to support its asset management processes. It is essential that Council gain expertise and confidence in using this system to inform it on asset management decisions.

This report relies heavily on the asset valuation reports that Council had prepared for it to meet its financial management obligations. These reports provided enough data to make a strategic assessment of how well these assets are performing and to identify what Council needs to do to improve its asset management processes. But they do not provide the data required for a detailed asset management plan for each asset category that would address the relationship between funding and levels of service provided by each asset category. This is a much more detailed level of planning involving the reconciliation of the community's expectations with Council's available financial resources. The need for the development of these plans has been highlighted in the Action Plan in Section 5.8.

The valuation reports on which these strategic asset management plans rely are summarised in Table 5.1.

Table 5.1: Asset valuations

Asset Category	Valuer	Date
Roads and stormwater network	AssetVal	30 June 2020
Water and sewer	APV Valuers and Asset Management	30 June 2022
Land, Buildings and Plant	Australis Asset Advisory Group	30 June 2018
Other Structures and Assets	Scott Fullerton Valuations	30 June 2016

The approach taken by Council in developing these asset management plans involved the following three steps:

1. Identify the assets that make up each asset category and the issues relating to the asset category.
2. Assess the condition of each asset category on a rating scale of 1 (very good) to 5 (very poor) based on the accumulated asset consumption expressed as a percentage of the gross replacement value. A description of each condition rating is given in Table 5.2, that are extensively used by Councils across NSW. In the absence of a comprehensive physical assessment of condition across each asset category, the average condition of each asset was used to estimate the condition profile of the asset over the 1 – 5 rating scale. A commitment to undertake an actual physical assessment prior to the next review of the plan is highlighted in the Action Plan in Section 5.8.
3. Estimate the required routine and scheduled maintenance expenditures based on metrics appropriate to each category and compare with the actual funding over the last few years. The metrics used in the analysis are given in Table 5.3, whilst the future annual escalation in costs and the expected growth in funding over the 10 years is given in Table 5.4. The metrics were established by comparing the modelled expenditure with the actual funding over the last four years together with an assessment of the adequacy of the current funding to meet the existing levels of service.

Table 5.2: Description of asset condition

Condition	Description
1	Very Good: Planned maintenance schedule only
2	Good: Minor maintenance required, planned maintenance schedule
3	Fair: Significant maintenance required
4	Poor: Significant renewal/rehabilitation required
5	Very Poor: Physically unsound and/or beyond rehabilitation

Table 5.3: Analysis metrics

Category	Routine maintenance	Operation Cost	Scheduled maintenance
	% of Gross Replacement Value		
Roads, bridges, and associated infrastructure	1.4%	0.0%	1.8%
Water and sewer	1.4%	1.4%	1.2%
Specialised and non-specialised Buildings	1.0%	0.9%	1.0%
Other structures and assets	8%	8%	3.2%

Note – The rates of the “Other structures and assets” are higher than for the other categories due to the small capital value of the individual assets and the labour-intensive maintenance activities.

Table 5.4: Annual escalation of maintenance costs and funding

Category	Annual Escalation / Growth
Routine maintenance	2%
Scheduled maintenance	2%
Funding	2%

These steps were applied to the four asset categories, shown in Table 5.5.

Table 5.5: List of asset categories

Category	Sub-category
Roads, bridges, and associated infrastructure	Roads - sealed Roads - unsealed Footpaths Kerb and gutter Bridges Stormwater drainage
Water and sewer	Water - above ground Water - below ground Sewer - above ground Sewer - below ground
Specialised and non-specialised Buildings	Walgett Lightning Ridge Collarenebri Other Villages
Other structures and assets	Other structures and assets

5.2 ROADS, BRIDGES AND ASSOCIATED INFRASTRUCTURE

Context

Walgett Shire is a large agricultural area serviced by two main towns, a number of villages and a large road network. The low-density rural population generates low traffic volumes but a high proportion of heavy vehicles. The population has fallen over the last few decades through drought, land aggregation, mechanisation and young people leaving for education and employment.

With agriculture now recovering, numbers may stabilise. Major issues facing the area include isolation, an ageing population, floods, and drought cycles. Road access needs to be maintained to service the farming sector, operate school buses and mail contracts, and facilitate social interaction and recreation activities.

The road network is ageing, maintenance costs rising, and unsealed roads are impassable when wet. Present funding cannot provide all users with access to all weather roads or undertake new construction without affecting the maintenance and renewal of the rest of the network.

Maintaining and renewing the sealed road network is critical to maximising all weather access, linking communities and producers with markets, and long useful lives of road pavements are key to network sustainability.

Council is not anticipating any significant change in the size of its road network, especially given that an extensive road network already exists within the Shire. Overall, Council will be focussing its limited budgetary funding on maintaining and renewing its road assets rather than expanding the network. Notwithstanding, opportunities will be taken to extend the sealed network with grant funding when it becomes available provided it does not negatively impact on the sustainability of the network as a whole.

The community has certain expectations as to the level of service it requires from each of the road asset sub-categories, namely sealed roads, unsealed roads, footpaths, kerbs and gutters, bridges, and stormwater drainage. This requires a multi-faceted approach to the assessment of level of service.

Arguably the biggest issue for Council is that it receives a significant share of its road funding through specific purpose grants that are tied to a particular project or program and cannot be used for more generalised capital renewal or maintenance items. As a result, Council receives funding for extending the sealed network, but this funding is not accompanied by an additional maintenance allocation that the sealed asset will require over its useful life. The funding source for maintaining the road network is Council's own rate revenue supplemented with Commonwealth Financial Assistance Grants and State Regional Road funding. This heavy reliance on Council's own funding sources creates a challenge for it to implement sustainable asset management strategies.

Another major issue for the maintenance of the sealed road asset is the need to reseal the pavement at a frequency commensurate with the useful life of the seal, normally 15 years. This is a major expense for Council that is not met by any specific purpose funding source. Consequently this falls back to Council funding it from its own sources.

The estimated gross replacement cost of the road, bridges, and associated infrastructure is estimated at \$278.05 million or 65% of Council's total asset value.

Asset Values

The asset values are summarised in Table 5.6. They are derived from the asset valuation undertaken in 2020.

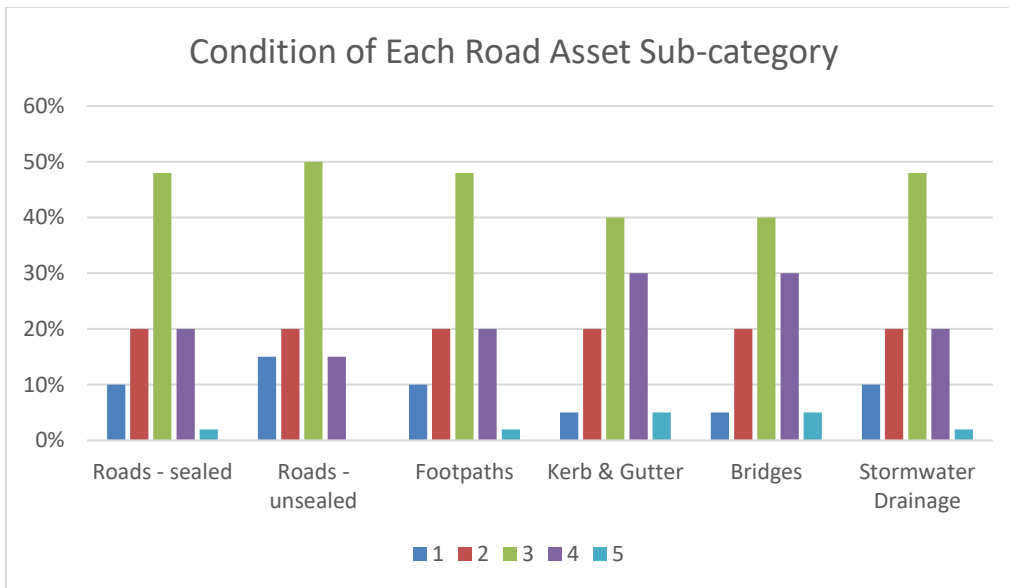
Table 5.6: Asset values

Roads Sub-category	Unit	Amount	Gross Replacement Cost, \$'000	Accumulated Depreciation, \$'000	Fair Value, \$'000
Roads - sealed	km	988	\$98,125	\$29,456	\$68,670
Roads - unsealed	km	1919	\$75,252	\$6,665	\$68,588
Footpaths	km	18	\$5,508	\$1,412	\$4,096
Kerb & Gutter	km	535	\$12,802	\$6,296	\$6,506
Bridges	no	63	\$67,800	\$28,490	\$39,311
Stormwater Drainage	km	520	\$18,566	\$3,748	\$14,818
Total			\$278,054	\$76,067	\$201,988
% Depreciation				27%	

Condition Assessment

The condition assessment for the six asset sub-categories is shown in Figure 5.1

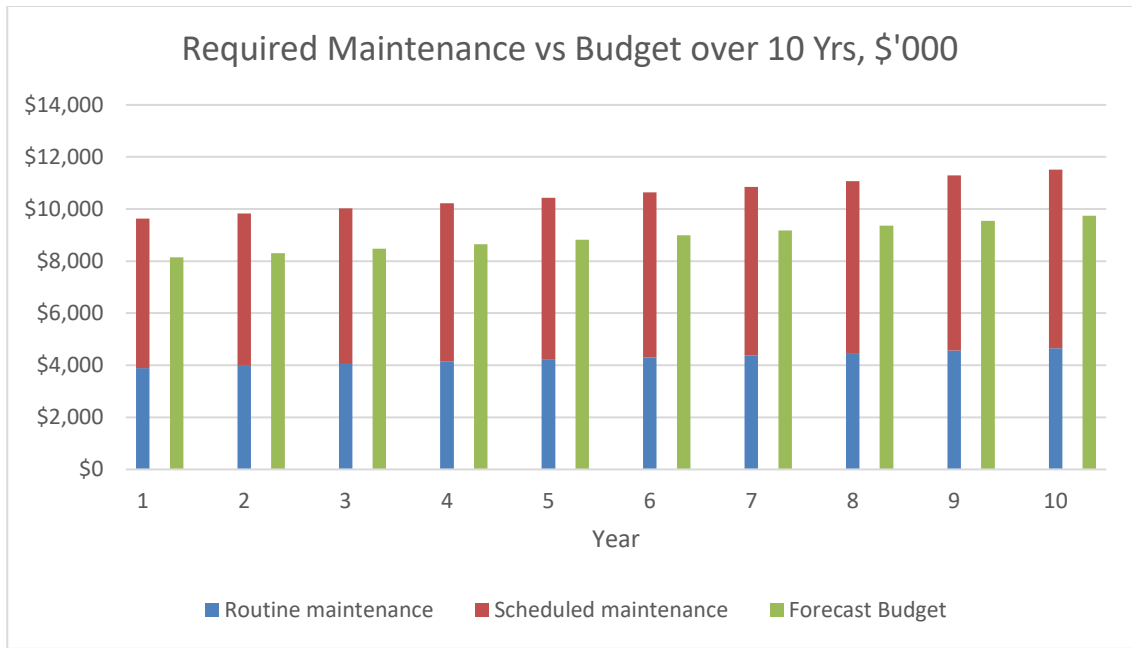
Figure 5.1: Condition assessment



Future Funding Profile

The future funding profile based on the modelled Table 5.3 rates, is shown in Figure 5.2. The profile reflects that the current funding levels are not adequate to maintain the current service levels, with greater emphasis required for resealing the sealed network at a frequency cycle commensurate with the useful life of the seal.

Figure 5.2: Future funding profile



5.3 WATER AND SEWER

Context

Council provides a water supply to the communities of Walgett, Lightning Ridge, and Collarenebri as well as the villages of Carinda, Rowena, Cumborah and Burren Junction. Council provides a dual water supply of both potable (filtered) and non-potable (raw) water to Walgett and Collarenebri from both bores and rivers. Unfiltered bore water is used to supply Lightning Ridge and the various villages across the Shire.

Water was first supplied to Walgett in the 1890s but much of the existing infrastructure was installed between the 1960s and the 1990s. Today, the water supply network is comprised of a series of bores, mains, reservoirs, and pumping stations. Although the towns of Walgett, Lightning Ridge and Collarenebri have each experienced a steady decline in their populations, new bores have been installed in each over the past few years. This will secure their water supply well into the foreseeable future.

There has also been a focus in recent years on upgrading telemetry assets and water pumps to minimise any disruption to water supply due to plant failure.

Council provides a sewerage network for the communities of Walgett and Lightning Ridge. The original sewerage scheme in Walgett was constructed in 1958 and began operations in 1959. Today, the sewerage networks in both Walgett and Lightning Ridge comprise sewer mains, rising mains, pumping stations and a treatment works.

The allocation to both routine and scheduled maintenance is considered to be sufficient at this point in time to meet current levels of service but may change as pipes deteriorate with age needing either lining or replacement. It is difficult to inspect underground pipes and assets, and as a result it is difficult to develop a renewal program. Council's responses tend to be reactive rather than proactive and it is difficult to see this changing without Council introducing a program of CCTV inspections of problematic pipes. However, this type of inspection is expensive and would have to be funded from the maintenance program source.

The funding for maintaining Council's water and sewer assets relies heavily on charges imposed on ratepayers through their rates. Whilst there are from time to time, State grants for capital works, there is little financial assistance from the State for routine and scheduled maintenance activities resulting in the funding burden falling to Council. As with the road assets, any State grant for a new asset upgrading the level of service does not include provision for the increased maintenance cost over the useful life of the asset.

The estimated gross replacement cost of the water supply and sewer networks across Walgett Shire is \$81.73 million or 19% of Council's total asset value.

Asset Values

The asset values are summarised in Table 5.7. They are derived from the asset valuation undertaken in 2022. The asset categories are divided into above ground (active) and below ground (passive) sub-category assets.

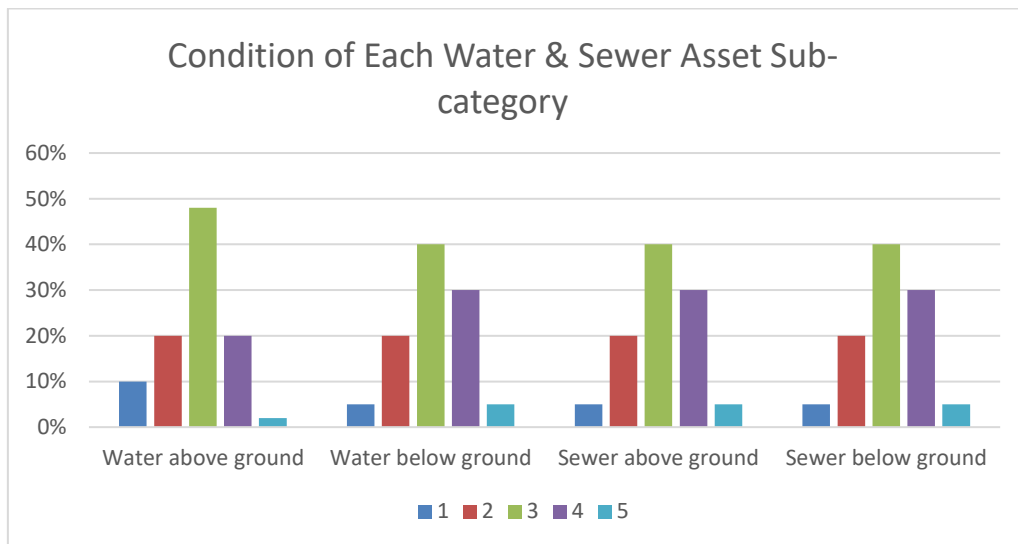
Table 5.7: Asset values

Water and Sewer Sub-category	Unit	No	Gross Replacement Cost, \$'000	Accumulated Depreciation, \$'000	Fair Value, \$'000
Water - above ground	No	201	\$26,121	\$5,942	\$20,179
Water - below ground	No	1605	\$24,571	\$11,427	\$13,144
Sewer - above ground	No	179	\$10,238	\$4,377	\$5,861
Sewer - below ground	No	925	\$20,801	\$8,814	\$11,986
Total		2,910	\$81,731	\$30,560	\$51,171
% Depreciation				37%	

Condition Assessment

The condition assessment for the four asset categories is shown in Figure 5.3.

Figure 5.3: Condition assessment

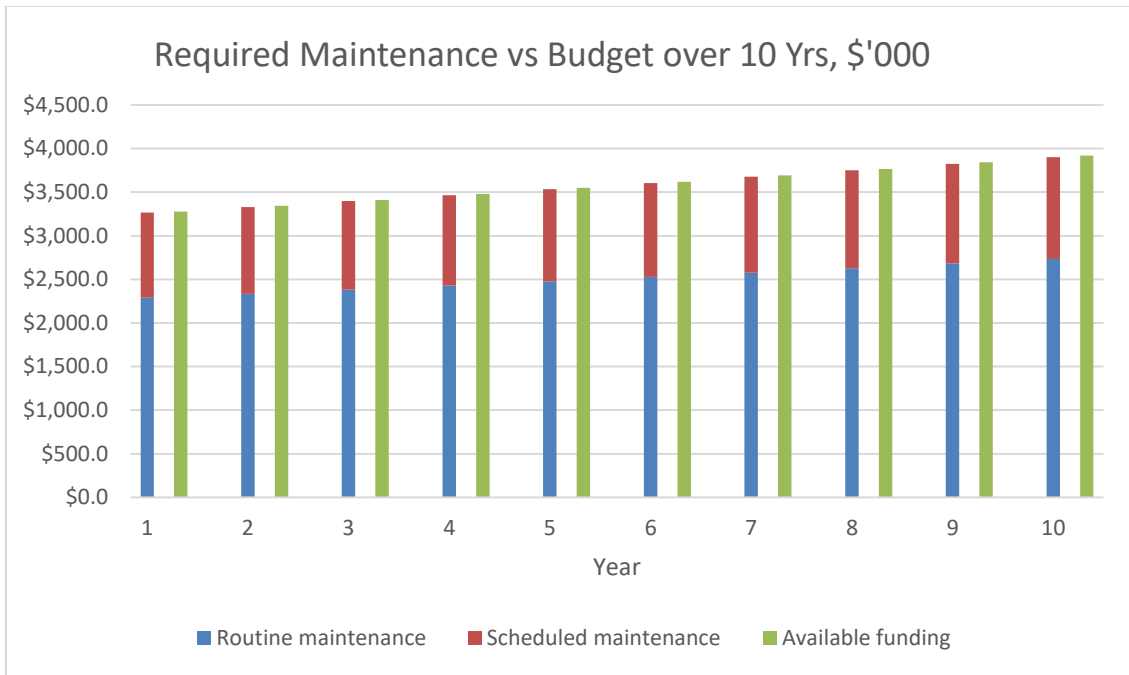


Future Funding Profile

The future funding profile based on the modelled Table 5.3 rates, is shown in Figure 5.4. Unlike the road assets, the routine maintenance cost for water and sewer assets includes an operational component associated with licenses, supply of electricity, night soil disposal etc.

The profile reflects that the current funding levels are adequate for the current service levels, but this may change as the asset components deteriorate with age.

Figure 5.4: Future funding profile



5.4 SPECIALISED AND NON-SPECIALISED BUILDINGS

Context

Council owns and operates buildings to support its operations and provide facilities for the community. The buildings fall into specialised and non-specialised categories for accounting for fair or market value purposes. Specialised buildings are those that do not have a market value in the real estate market, due to their specialised nature meaning that they would not be of use to the private sector. Examples include buildings on community land and water treatment plant buildings. Non-specialised buildings are those that do have a market value and include Council residential properties where a reasonable 'market value' can be obtained.

Most of the buildings that Council owns are in Walgett and Lightning Ridge with some facilities in Collarenebri and the villages across the Shire. Council's building portfolio is anticipated to remain stable over coming years as there is likely to be little change in the demand for building assets.

The buildings and their number in this asset category (AAAG classification) are shown in Table 5.8.

Table 5.8: List of building assets

Type	Number of Assets
Administration	13
Amenities/Toilets	35
Childcare	1
Commercial	1
Community Facility	17
Recreational Facility	25
Residential	27
Shed	57
Shelter	23
Site Improvement	2
Transportable - Amenities	3
Transportable - Office	3
Total	207

The allocation to both routine and scheduled maintenance is considered to be short of what will be required in the future as many of these assets are well into their useful life. There is a significant operation cost particularly with respect to the maintenance of Council's administration building in Walgett. The maintenance regime is primarily reactive, and more attention needs to be given to building inspections and developing scheduled maintenance plans.

Whilst there are from time to time, State grants for capital works for specific building facilities, there is little financial assistance from the State for routine and scheduled maintenance activities resulting in the funding burden falling to Council.

The estimated gross replacement cost of these buildings is \$41.06 million or 10% of Council's total asset value.

Asset Values

The asset values are summarised in Table 5.9. They are derived from the asset valuation undertaken in 2018.

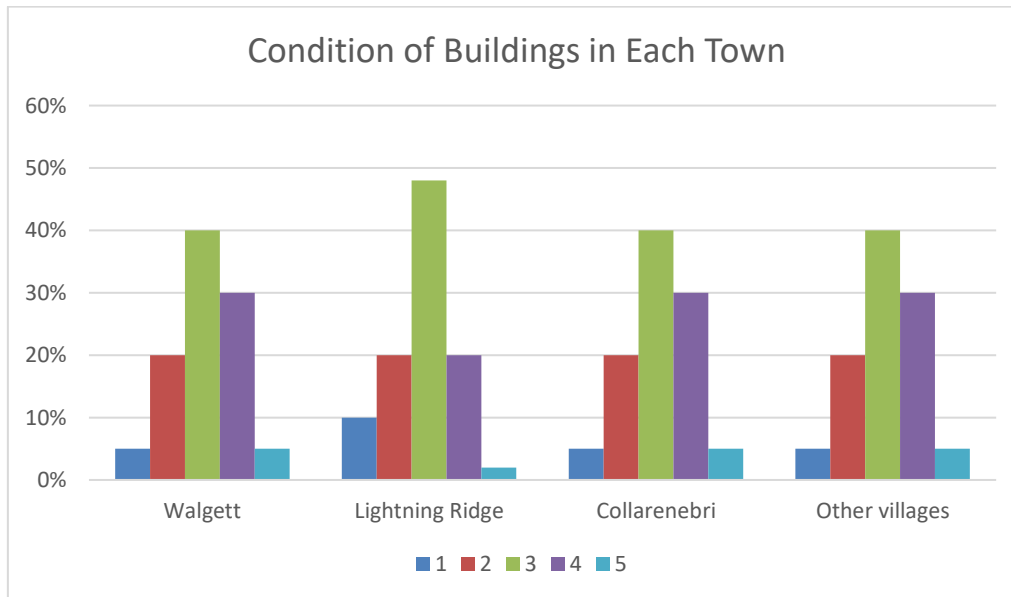
Table 5.9: Asset values

Building Sub-category	Unit	No	Gross Replacement Cost, \$'000	Accumulated Depreciation, \$'000	Fair Value, \$'000
Walgett	No	105	\$21,844	\$10,156	\$11,688
Lightning Ridge	No	42	\$10,749	\$3,991	\$6,758
Collarenebri	No	26	\$3,489	\$1,949	\$1,540
Other villages	No	34	\$4,980	\$2,647	\$2,333
Total		207	\$41,063	\$18,744	\$22,318
% Depreciation				46%	

Condition Assessment

For the purpose of reporting the condition of the building assets, they have been grouped into assets for each of the towns of Walgett, Lightning Ridge, Collarenebri, and the other villages. Their overall condition is shown in Figure 5.5.

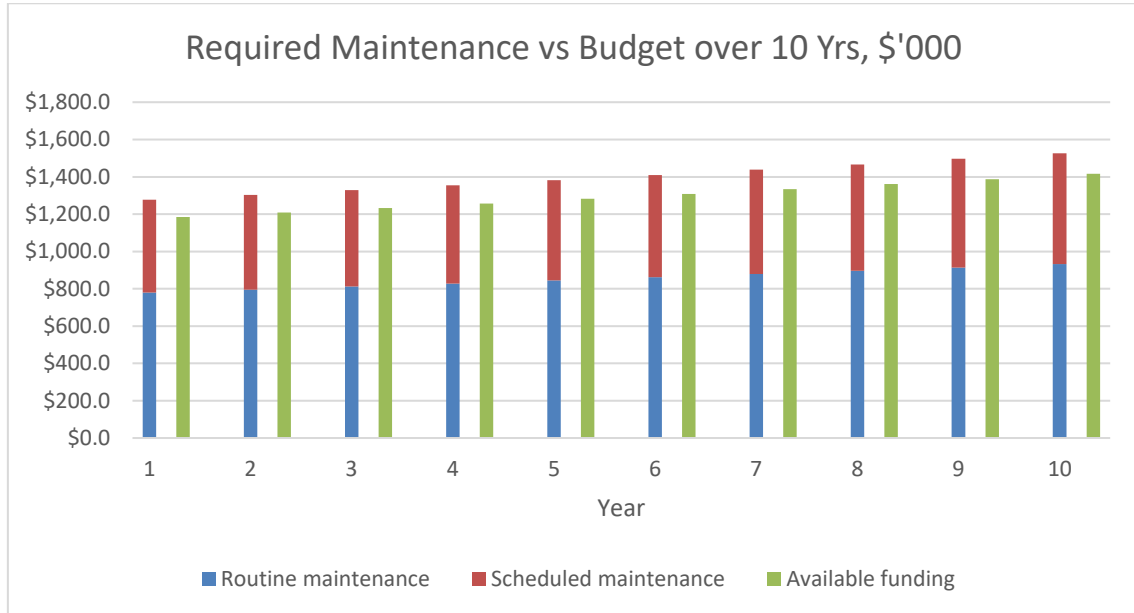
Figure 5.5: Condition assessment



Future Funding Profile

The future funding profile based on the modelled Table 5.3 rates, is shown in Figure 5.6. The profile reflects that the current funding levels are not adequate to maintain the current service levels, with greater emphasis required for the planning and funding of scheduled maintenance activities.

Figure 5.6: Future funding profile



5.5 OTHER STRUCTURES AND ASSETS

Context

Council owns and manages a range of other structures and assets that are used to support the functions of Council in the towns, villages and across the Shire. These assets include following assets and buildings:

- Libraries – 2
- Village Public Halls – 6
- Sporting Ovals – 8
- Playgrounds – 9
- Swimming Pools/Artesian Bore Baths – 7
- Cemeteries – 7
- Monuments/Sculptures – 3
- Toilet blocks – 24
- Landfills – 6
- Showground/Racecourses
- Tennis Courts/Boat Ramps etc

Whilst there are from time to time, State grants for capital works for specific structures, there is little financial assistance from the State for routine and scheduled maintenance activities resulting in the funding burden falling to Council.

The estimated gross replacement cost of our other assets is \$19.52 million or 5% of Council's total asset value.

Asset Values

The asset values are summarised in Table 5.10. They are derived from the asset valuation undertaken in 2016.

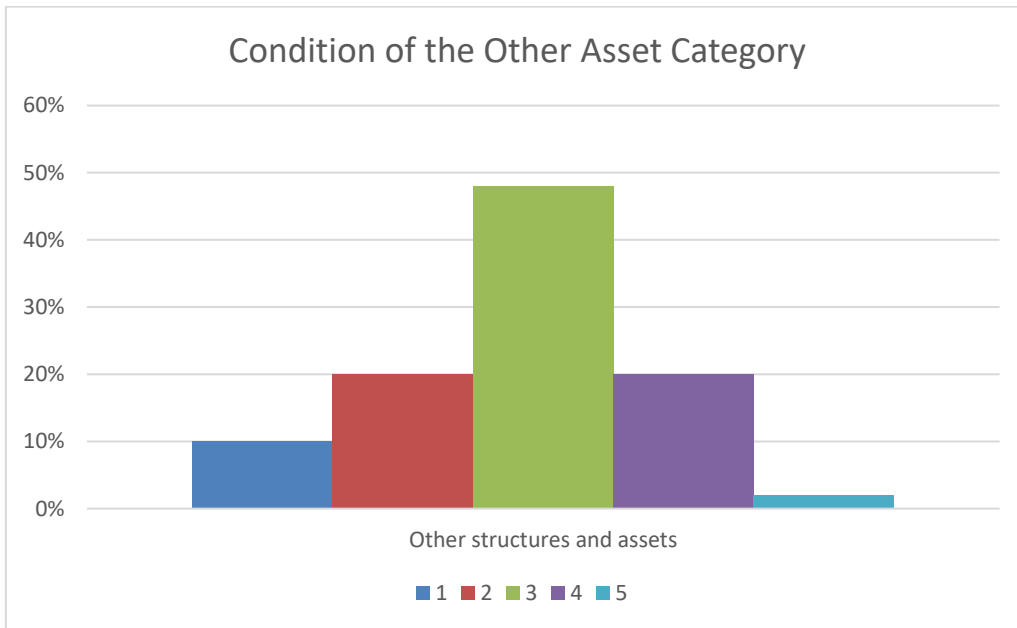
Table 5.10: Asset values

Asset Sub-category	Unit	No	Gross Replacement Cost, \$'000	Accumulated Depreciation, \$'000	Fair Value, \$'000
Other structures and assets	No	314	\$19,517	\$6,752	\$12,765
Total		314	\$19,517	\$6,752	\$12,765
% Depreciation				35%	

Condition Assessment

The condition assessment for the four asset categories is shown in Figure 5.7.

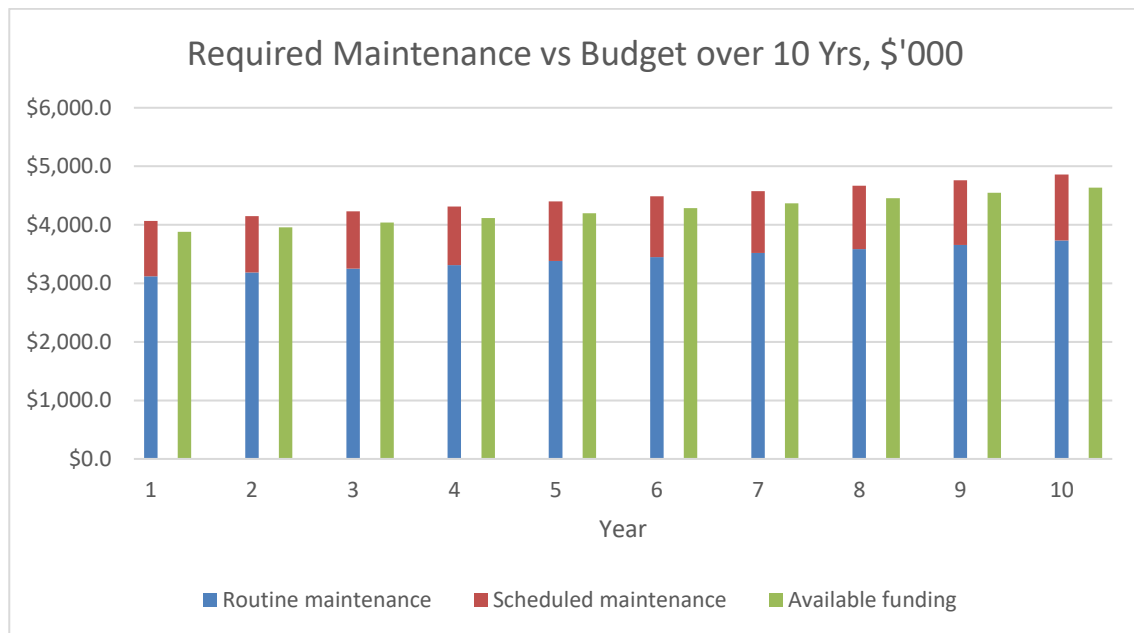
Figure 5.7: Condition assessment



Future Funding Profile

The future funding profile based on the modelled Table 5.3 rates, is shown in Figure 5.8. As with the building category the profile reflects that the current funding levels are not adequate to maintain the current service levels, with greater emphasis required for the planning and funding of scheduled maintenance activities.

Figure 5.8: Future funding profile



5.6 PLANT, EQUIPMENT AND LAND

Council owns other assets, namely Plant, Equipment, and Land and whilst a plan has not been developed for these assets, they are added to the list of assets to provide a comprehensive valuation of all Council's assets. Their values are shown in Table 5.11.

Table 5.11: Asset Values

Asset Type	Gross Replacement Cost \$'000	Accumulated Depreciation \$'000	Fair Value \$'000
Plant and Equipment	\$3,207	NA	\$3,207
Land	\$2,934	NA	\$2,934
Total	\$6,141		\$6,141

5.7 CONSOLIDATED LIST OF ASSET VALUES

The consolidated list of Council assets is shown in Table 5.12. This table shows that the Gross Replacement Value for all Council assets is estimated at \$426.5 million, with a Fair Value of \$294.4 million. This represents an accumulated depreciation of 31% and an annual depreciation cost of \$5.1 million.

Table 5.12: Asset value for all Council assets

Asset Category	Gross Replacement Cost \$'000	Accumulated Depreciation \$'000	Fair Value \$'000	Depreciated Annual Cost, \$'000
Roads, bridges, and associated infrastructure	\$278,054	\$76,067	\$201,988	\$2,697
Water and sewer	\$81,731	\$30,560	\$51,171	\$1,218
Specialised and non-specialised buildings	\$41,063	\$18,744	\$22,318	\$784
Other assets and structures	\$19,517	\$6,752	\$12,765	\$412
Plant and equipment	\$3,207	NA	\$3,207	
Land	\$2,934	NA	\$2,934	
Total	\$426,506	\$132,123	\$294,384	\$5,111
% Depreciation		31%		

5.8 ACTION PLAN

Council is committed to the Action Plan outlined in the Table 5.13 and recognises that the implementation of the asset management strategy will take a number of years. However, if the task is broken down into its individual components progress can be made each year without adversely detracting from the daily operational tasks that Council has to manage.

As the Director, Infrastructure is heavily invested in the operational side of Council's activities, a key recommendation is for the General Manager to set up an Asset Management Executive Group to oversee the implementation of the Action Plan. The Group could comprise the General Manager, the Chief Financial Officer, the Director, Infrastructure and the Manager, Finance with the latter acting as the secretary of the group to document progress with the implementation of the plan. The Group would meet on a regular bi-monthly basis and report to Council.

Table 5.13: Action Plan

No	Task	By Whom	By When
1	Councillors adopt the Asset Management Policy	Mayor	May 2022
2	Implement the governance process for monitoring and reporting on progress with implementing improved asset management by setting up an Asset Management Executive Group	General Manager	September 2022
3	Establish an Asset Register from the Asset Valuation Reports and develop a schedule of inspections of all assets over the next 2 years based on a risk assessment of the assets (i.e. higher risk assets assessed first)	Chief Financial Officer	July 2022
4	Undertake an assessment of the condition of each asset and compare with that expected from the asset valuations. This is a significant exercise and will be staged over several years. This exercise will lead to further decisions on how best to collect this data in the future and what technology would best support Council's asset management processes	Asset Management Executive Group	2022/23 and 2023/24
5	Review the metrics used to model the maintenance expenditure	Asset Management Executive Group	2022/23
6	Develop a more detailed Asset Management Plan for each asset category to ensure that they communicate asset service-related costs, benefits, and risks to the community. This will also be staged over several years	Asset Management Executive Group	2023/24, 2024/25 and 2025/26
7	Review the Asset Management Policy, Strategy and Strategic Asset Management Plan based on the individual asset management plans	Asset Management Executive Group	2026

5.9 REVISION

Implementing the Action Plan will inform a review of the asset management plans in 2026.