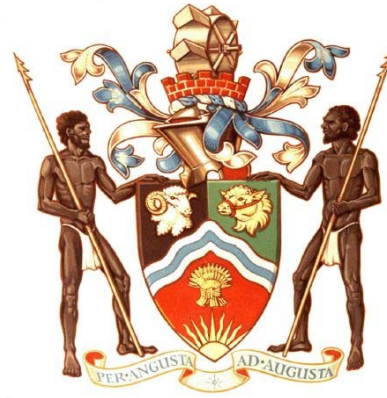


Jerilderie Shire Council



Transport

Asset Management Plan

1. EXECUTIVE SUMMARY

Context

Jerilderie Shire Council is located 640km south west of Sydney and 320km north of Melbourne. The population has declined from 1,642 people in the 2006 census to 1,496 in 2011 and is forecast to decline over the next 20 years.

Our Shire covers an area of 3,397km² and includes the township of Jerilderie. We are the second smallest Council in NSW and located in the state electorate of Murray-Darling and the Federal electorate of Farrer.

The major issues facing the area include:

- Business retention and attraction.
- Declining population.
- Retaining young people in the area.
- Water security.
- Environmental impacts and uncertainty.
- Sustainability of clubs, community groups and committees.
- Protection of buildings.
- Maintaining community infrastructure.
- Provision of aged, health and medical services.
- Attracting funding for community priorities.

The provision and maintenance of Council's assets is an important component to the needs of the community. Many of the Council's Roads have been in existence for many years and managing services from ageing assets is a challenge for many Councils.

This plan focuses on the needs, challenges and risks attributed to the Transport assets for which Jerilderie Shire Council is responsible for.

The Transport Portfolio

The Transport assets are categorised as follows:

- Bridges
- Footpaths
- Kerb & Gutter
- Roads (sealed, unsealed, local & regional)
- Street Furniture and Streetscapes
- Bulk Earthworks

These infrastructure assets have a replacement value of \$91.541M as reported in Council's audited Financial Statements as at 30th June 2013.

The Aim

The aim of this plan is to forecast the timing and cost to replace existing assets and their components over a

20 year planning period commencing in the 2013/14 financial year. This is to ensure lifecycle costs are kept to a minimum and service levels are provided at an acceptable and sustainable level. In addition, it is important that any future upgrades and provision of new infrastructure is duly considered in respect to impacts on service levels, resources, finances and risk.

It is these impacts that need to be assessed as part of this plan and where the risk is considered high due processes and control measures are employed to ensure exposure is accepted and/or minimised.

The Approach

For Council assets, three modelling scenarios have been considered when developing these forecasts.

Scenario 1 projects future renewal timing and costs using the acquisition year (or date of last renewal) and useful life from Council's asset register. This is an important aspect as it communicates what is being stated in Council's Financial Statements reflecting the state of the assets and remaining service potential. Instances can occur where remaining lives can be under and/or over stated which can impact valuations and subsequent depreciation allocated to the Operating Statement.

Scenario 2 is aimed at sustaining existing assets and services at current levels over the long term whilst delivering a timely program of improvements to meet the targets set out in the Strategic Plan. The needs are based on technical knowledge and data plus outputs from existing systems and processes. This is the best available measure of renewal need at the present time and improvements are underway to increase the confidence in these forecasts.

Scenario 3 balances the operating, maintenance and capital renewal and upgrade/new expenditure projections identified in Scenario 2 with the available funds in the Long-term Financial Plan (LTFP) and discusses the likely service implications and risks.

The difference between Scenario 2 and 3 represents "what we can't do". This enables a discussion about the 'gap' in service delivery and will lead to a more informed discussion about what are achievable and acceptable service levels, while giving a focus on managing risk. In time, with increased knowledge of the asset stock and future needs Council will be in a more effective position to communicate these risks to the community.

The Findings

Results from Scenario 1 indicate we are under servicing our assets according to the asset register (refer Figure 5.1) however this position does not reflect current knowledge, performance and customer feedback on the assets.

This finding suggests the renewal projections forecasted from the Asset Register (i.e. useful lives) are not aligned to the actual needs and services being delivered. This is an area of concern as the amount of depreciation attributed to the Operating Statement may not be reflective of the actual position and will need further investigation.

Scenario 2 determined \$20.48M is required for asset renewal to sustain service levels at current levels for the next 10 years. These long term renewal estimates exceed the LTFP over the 10 year planning period by \$7.38M. This shortfall is the estimated cost to bring existing assets to a satisfactory standard. Subsequently, ongoing if not improved monitoring of ageing and significant assets is crucial to ensure services can be sustained and risk of asset 'failure' is minimised.

Scenario 3 balances the needs with the 10 year Long-term Financial Plan. At Jerilderie Shire, this means the possible reduction of service levels in some areas. The timing is uncertain at this stage however given the \$7.38M shortfall in renewals over the next 10 years it is possible maintenance grading, gravel resheeting and/or resealing frequencies will need to change within 3 to 5 years to match the LTFP.

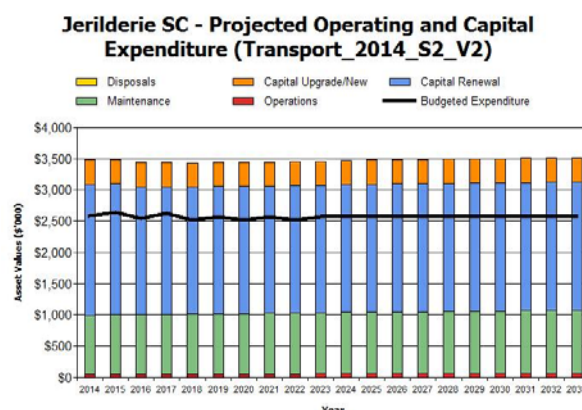
There is limited condition, capacity and utilisation reporting on the existing asset stock which poses a risk for Council. Increased investment in the monitoring and reporting of the assets performance will enable a more valued decision support mechanism than is currently offered and at the same time ensure risk is being duly managed.

What does it Cost?

The projected outlays necessary to sustain current service levels (includes operations, maintenance, renewal and upgrade of existing assets) over the 10 year planning period is \$34.32M or \$3,432,000 on average per year.

Estimated available funding for this period is \$25.67M or \$2,567,000 on average per year which is 74% of the cost to provide the service. This is a funding shortfall of \$865,000 on average per year. The projected expenditure required to provide services compared

with planned expenditure currently included in the Long Term Financial Plan is shown in the graph below.



Projected expenditure to sustain current service levels against the budgeted LTFP.

What we will do

We plan to provide Transport services for the following:

- Operation, maintenance, renewal and upgrade of road assets to meet service levels set in annual budgets.
- Sustain a \$9.99M operational budget over the 10 year planning period.
- Sustain a \$13.10M renewal program over the 10 year planning period.
- Sustain a \$2.57M upgrade program over the 10 year planning period.
- We will assess remaining life of our existing assets and align with up to date condition data of critical assets as a priority.

What we cannot do

We do **not** have enough funding to provide services at current levels or provide new services when required. Works and services that cannot be provided under present funding levels are:

- An estimated \$7.38M funding shortfall in priority renewals over the next 10 years, and
- An estimated \$1.23M funding shortfall in priority upgrade and new projects over the next 10 years.

This may equate to less grading, resheeting and resealing of some roads when they fall due.