

The former Palerang Council

Special Schedule 1 – Net Cost of Services (continued) for the period 1 July 2015 to 12 May 2016

\$'000				
Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	290	77	—	(213)
Museums	—	—	—	—
Art galleries	—	—	—	—
Community centres and halls	167	30	—	(137)
Performing arts venues	—	—	—	—
Other performing arts	—	—	—	—
Other cultural services	—	—	—	—
Sporting grounds and venues	—	—	—	—
Swimming pools	324	62	—	(262)
Parks and gardens (lakes)	422	13	435	26
Other sport and recreation	—	—	—	—
Total recreation and culture	1,203	182	435	(586)
Fuel and energy	—	—	—	—
Agriculture	—	—	—	—
Mining, manufacturing and construction				
Building control	—	—	—	—
Other mining, manufacturing and construction	—	—	—	—
Total mining, manufacturing and const.	—	—	—	—
Transport and communication				
Urban roads (UR) – local	9	143	787	921
Urban roads – regional	—	—	—	—
Sealed rural roads (SRR) – local	4,379	21	—	(4,358)
Sealed rural roads (SRR) – regional	1,953	2,460	605	1,112
Unsealed rural roads (URR) – local	11	—	—	(11)
Unsealed rural roads (URR) – regional	—	—	—	—
Bridges on UR – local	—	—	—	—
Bridges on SRR – local	39	—	—	(39)
Bridges on URR – local	1	—	—	(1)
Bridges on regional roads	—	—	—	—
Parking areas	54	—	—	(54)
Footpaths	—	—	—	—
Aerodromes	—	—	—	—
Other transport and communication	—	—	—	—
Total transport and communication	6,446	2,624	1,392	(2,430)
Economic affairs				
Camping areas and caravan parks	—	—	—	—
Other economic affairs	10,177	10,077	—	(100)
Total economic affairs	10,177	10,077	—	(100)
Totals – functions	33,662	24,954	3,014	(5,694)
General purpose revenues ⁽¹⁾		12,000		12,000
Share of interests – joint ventures and associates using the equity method	—	—		—
NET OPERATING RESULT ⁽²⁾	33,662	36,954	3,014	6,306

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As per the Income Statement

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Special Schedule 2(a) – Statement of Long Term Debt (all purpose) for the period 1 July 2015 to 12 May 2016

\$'000

Classification of debt	Principal outstanding at beginning of the period			New loans raised during the period	Debt redemption during the period		Transfers to sinking funds	Interest applicable for period	Principal outstanding at the end of the period		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth government	–	–	–							–	–
Treasury corporation	–	–	–							–	–
Other state government	300	1,200	1,500	–	300	–	–	86	300	900	1,200
Public subscription	–	–	–							–	–
Financial institutions	659	25,058	25,717	–	405	–	–	1,334	1,185	24,127	25,312
Other	–	–	–							–	–
Total loans	959	26,258	27,217	–	705	–	–	1,420	1,485	25,027	26,512
Other long term debt											
Ratepayers advances	–	–	–							–	–
Government advances	–	–	–							–	–
Finance leases	–	–	–							–	–
Deferred payments	–	–	–							–	–
Total long term debt	–	–	–	–	–	–	–	–	–	–	–
Total debt	959	26,258	27,217	–	705	–	–	1,420	1,485	25,027	26,512

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which is reported in the GPFS).

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Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals	Actuals
	1/7/15 to 12/5/16	1/7/14 to 30/6/15
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	263	164
b. Engineering and supervision	43	126
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	8	7
b. Maintenance expenses	64	72
– Mains		
c. Operation expenses	27	30
d. Maintenance expenses	61	40
– Reservoirs		
e. Operation expenses	14	12
f. Maintenance expenses	–	–
– Pumping stations		
g. Operation expenses (excluding energy costs)	130	165
h. Energy costs	122	108
i. Maintenance expenses	11	31
– Treatment		
j. Operation expenses (excluding chemical costs)	159	192
k. Chemical costs	53	27
l. Maintenance expenses	27	37
– Other		
m. Operation expenses	436	272
n. Maintenance expenses	–	–
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	534	573
b. Plant and equipment	–	32
4. Miscellaneous expenses		
a. Interest expenses	102	262
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
5. Total expenses	2,054	2,150

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Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
Income		
6. Residential charges		
a. Access (including rates)	888	978
b. Usage charges	1,079	881
7. Non-residential charges		
a. Access (including rates)	—	—
b. Usage charges	—	—
8. Extra charges	13	16
9. Interest income	143	142
10. Other income	—	13
10a. Aboriginal Communities Water and Sewerage Program	—	—
11. Grants		
a. Grants for acquisition of assets	—	—
b. Grants for pensioner rebates	11	11
c. Other grants	—	—
12. Contributions		
a. Developer charges	342	299
b. Developer provided assets	—	78
c. Other contributions	—	—
13. Total income	2,476	2,418
14. Gain (or loss) on disposal of assets	—	—
15. Operating result	422	268
15a. Operating result (less grants for acquisition of assets)	422	268

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Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	877
b. New assets for growth	–	78
c. Renewals	–	173
d. Plant and equipment	–	27
17. Repayment of debt	329	395
18. Totals	329	1,550
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	897
21. Totals	–	897
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	2,176	2,127
b. Residential (unoccupied, ie. vacant lot)	–	–
c. Non-residential (occupied)	244	230
d. Non-residential (unoccupied, ie. vacant lot)	–	–
23. Number of ETs for which developer charges were received	35 ET	60 ET
24. Total amount of pensioner rebates (actual dollars)	\$ 22,020	\$ 21,554

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Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 12 May 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	281	—	281
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	284	—	284
e. Sinking fund	—	—	—
f. Other	4,730	—	4,730
26. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	236	—	236
c. User charges	364	—	364
d. Other	25	—	25
27. Inventories	—	—	—
28. Property, plant and equipment			
a. System assets	—	23,450	23,450
b. Plant and equipment	—	4,124	4,124
29. Other assets	—	—	—
30. Total assets	5,920	27,574	33,494
LIABILITIES			
31. Bank overdraft	—	—	—
32. Creditors	297	5	302
33. Borrowings	554	6,203	6,757
34. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	—	—	—
35. Total liabilities	851	6,208	7,059
36. NET ASSETS COMMITTED	5,069	21,366	26,435
EQUITY			
37. Accumulated surplus			18,973
38. Asset revaluation reserve			7,462
39. TOTAL EQUITY			26,435
Note to system assets:			
40. Current replacement cost of system assets			39,773
41. Accumulated current cost depreciation of system assets			(16,323)
42. Written down current cost of system assets			23,450

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Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals	Actuals
	1/7/15 to 12/5/16	1/7/14 to 30/6/15
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	190	173
b. Engineering and supervision	195	181
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	2	5
b. Maintenance expenses	20	28
– Pumping stations		
c. Operation expenses (excluding energy costs)	38	39
d. Energy costs	23	30
e. Maintenance expenses	18	36
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	273	274
g. Chemical costs	35	26
h. Energy costs	90	90
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	93	83
– Other		
l. Operation expenses	216	116
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	752	852
b. Plant and equipment	–	–
4. Miscellaneous expenses		
a. Interest expenses	373	546
b. Revaluation decrements	–	–
c. Other expenses	–	–
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	2,318	2,479

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Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

\$'000	Actuals	Actuals
	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Income		
6. Residential charges (including rates)	1,909	2,098
7. Non-residential charges		
a. Access (including rates)	—	—
b. Usage charges	151	118
8. Trade waste charges		
a. Annual fees	—	—
b. Usage charges	—	—
c. Excess mass charges	—	—
d. Re-inspection fees	—	—
9. Extra charges	13	14
10. Interest income	227	264
11. Other income	30	14
11a. Aboriginal Communities Water and Sewerage Program	—	—
12. Grants		
a. Grants for acquisition of assets	74	75
b. Grants for pensioner rebates	12	12
c. Other grants	—	—
13. Contributions		
a. Developer charges	428	363
b. Developer provided assets	—	129
c. Other contributions	—	—
14. Total income	2,844	3,087
15. Gain (or loss) on disposal of assets	—	—
16. Operating result	526	608
16a. Operating result (less grants for acquisition of assets)	452	533

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Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the period 1 July 2015 to 12 May 2016

	Actuals 1/7/15 to 12/5/16	Actuals 1/7/14 to 30/6/15
\$'000		
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	—	563
b. New assets for growth	—	128
c. Renewals	—	613
d. Plant and equipment	—	10
18. Repayment of debt	127	213
19. Totals	127	1,527
Non-operating funds employed		
20. Proceeds from disposal of assets	—	—
21. Borrowing utilised	—	—
22. Totals	—	—
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	2,099	2,026
b. Residential (unoccupied, ie. vacant lot)	—	—
c. Non-residential (occupied)	220	198
d. Non-residential (unoccupied, ie. vacant lot)	—	—
24. Number of ETs for which developer charges were received	37 ET	47 ET
25. Total amount of pensioner rebates (actual dollars)	\$ 21,255	\$ 20,363

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Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 12 May 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	1,141	—	1,141
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	7,577	—	7,577
27. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	530	—	530
c. User charges	26	—	26
d. Other	24	—	24
28. Inventories	—	—	—
29. Property, plant and equipment			
a. System assets	—	28,941	28,941
b. Plant and equipment	—	4,277	4,277
30. Other assets	—	—	—
31. Total assets	9,298	33,218	42,516
LIABILITIES			
32. Bank overdraft	—	—	—
33. Creditors	297	5	302
34. Borrowings	414	8,525	8,939
35. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	—	—	—
36. Total liabilities	711	8,530	9,241
37. NET ASSETS COMMITTED	8,587	24,688	33,275
EQUITY			
38. Accumulated surplus			23,589
39. Asset revaluation reserve			9,686
40. TOTAL EQUITY			33,275
Note to system assets:			
41. Current replacement cost of system assets			42,914
42. Accumulated current cost depreciation of system assets			(13,973)
43. Written down current cost of system assets			28,941

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Notes to Special Schedules 3 and 5 for the period 1 July 2015 to 12 May 2016

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I, PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

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Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings	2,210	1,745	710	509	16,895	27,939	48%	8%	17%	22%	5%
	Sub-total	2,210	1,745	710	509	16,895	27,939	47.8%	8.4%	16.7%	22.2%	4.9%
Other structures	Other structures	280	200	75	55	3,079	3,868	15%	20%	50%	10%	5%
	Sub-total	280	200	75	55	3,079	3,868	15.0%	20.0%	50.0%	10.0%	5.0%
Roads	Sealed roads	3,761	2,724	304	4,212	99,636	138,276	65%	16%	13%	3%	3%
	Unsealed roads	619	489	101	1,334	8,347	17,428	19%	26%	44%	10%	1%
	Bridges	2,783	1,489	424	124	25,340	48,990	4%	11%	72%	8%	5%
	Footpaths	13	10	16	15	2,489	3,213	64%	22%	13%	1%	0%
	Bulk earthworks	92	73	36	2	354,194	354,194	99%	0%	0%	0%	1%
	Sub-total	7,268	4,785	881	5,687	490,006	562,101	79.7%	5.8%	10.9%	1.8%	1.9%

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Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Water supply network	3,087	2,438	1,043	766	23,450	39,773	41%	19%	10%	30%	0%
	Sub-total	3,087	2,438	1,043	766	23,450	39,773	41.0%	19.0%	10.0%	30.0%	0.0%
Sewerage network	Sewerage network	2,276	1,798	8,222	628	28,941	42,914	54%	12%	15%	18%	1%
	Sub-total	2,276	1,798	8,222	628	28,941	42,914	54.0%	12.0%	15.0%	18.0%	1.0%
Stormwater drainage	Stormwater drainage	60	47	50	37	5,128	7,233	69%	25%	3%	3%	0%
	Sub-total	60	47	50	37	5,128	7,233	69.4%	24.9%	2.5%	3.2%	0.1%
Open space / recreational assets	Open space/recreational assets	50	50	380	380	746	1,683	0%	0%	73%	27%	0%
	Swimming Pool	725	573	273	190	773	2,886	0%	0%	0%	99%	1%
	Sub-total	775	623	653	570	1,519	4,569	0.0%	0.0%	26.9%	72.5%	0.6%
	TOTAL – ALL ASSETS	15,956	11,636	11,634	8,252	569,018	688,397	73.5%	7.3%	11.6%	5.8%	1.8%

Notes:

^a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

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Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016

\$ '000	Amounts 12/5/16	Indicator 12/5/16	Prior periods 30/6/1530/6/14	
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	7,327	149.74%	128.15%	65.65%
Depreciation, amortisation and impairment	4,893			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	15,956	7.43%	7.31%	27.08%
Carrying value of infrastructure assets	214,859			
3. Asset maintenance ratio				
Actual asset maintenance	8,252	0.71	1.19	0.59
Required asset maintenance	11,634			
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	11,636	1.69%	0.00%	
Gross replacement cost	688,397			
5. Capital expenditure ratio				
Annual capital expenditure	11,349	1.71	2.27	1.37
Annual depreciation	6,626			

Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

⁽¹⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

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Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016

<p>1. Infrastructure renewals ratio</p> <p>Benchmark: — Minimum $\geq 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 149.74%</p> <p>Council has exceeded the Building and Infrastructure Renewals Ratio benchmark of 100% in last 02 yrs (2015 & 2016). This shows a commitment to maintain existing assets and also demonstrates a strategy to maintain financial sustainability by showing restraint in not making excessive or unaffordable upgrades to existing assets.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p>2. Infrastructure backlog ratio</p> <p>Benchmark: — Maximum $< 2.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 7.43%</p> <p>Council is continuing to focus on appropriate asset standards for renewal and maintenance. Council is continuing to review assets and is working towards consistent classification of renewal and new assets.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p>3. Asset maintenance ratio</p> <p>Benchmark: — Minimum > 1.00 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 0.71 x</p> <p>Council is continuing to increase the amount of funds spent on asset maintenance to achieve the level required in order to minimise the impact on the infrastructure backlog. Council is achieving targets set in order to reach minimum ratio as planned.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p>4. Cost to bring assets to agreed service level</p>	<p>Purpose of agreed service level ratio</p> <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 1.69%</p> <p>For 2015/16 this new ratio replaces the capital expenditure ratio. The ratio is simply the sum of the outstanding renewal works compared to the total suite of infrastructure under Councils care. That is, the cost to renew assets in condition 4 and 5 as a proportion of the Gross Replacement Cost.</p>
<p>5. Capital expenditure ratio</p> <p>Benchmark: — Minimum > 1.10 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of capital expenditure ratio</p> <p>To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 1.71 x</p> <p>Council has continued to invest in the asset's renewal & replacement of its core infrastructure assets based on its community strategic plan. In 2015/16, the Council spent on its asset's renewals & replacements by an amount greater than the increase in depreciation. The result exceeds the Torp benchmark of $> 1.1x$</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>

The former Palerang Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016

\$ '000	Water 12/5/16	Sewer 12/5/16	General ⁽¹⁾ 12/5/16
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
Asset renewals ⁽²⁾	127.45%	50.61%	172.77%
Depreciation, amortisation and impairment	prior period: 28.60%	72.03%	155.58%
2. Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	13.16%	7.86%	6.52%
Carrying value of infrastructure assets	prior period: 17.45%	11.60%	5.10%
3. Asset maintenance ratio			
Actual asset maintenance	0.73	0.08	2.89
Required asset maintenance	prior period: 0.60	0.80	1.33
4. Cost to bring assets to agreed service level			
Estimated cost to bring assets to an agreed service level set by Council	6.13%	4.19%	1.22%
Gross replacement cost	prior period: 0.00%	0.00%	0.00%
5. Capital expenditure ratio			
Annual capital expenditure	1.83	0.49	2.13
Annual depreciation	prior period: 1.91	1.54	2.42

Notes

⁽¹⁾ General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.