



Ordinary Meeting of Council

24 February 2021

**UNDER SEPARATE COVER
ATTACHMENTS**

ITEMS 9.3 TO 9.8

**QUEANBEYAN-PALERANG REGIONAL COUNCIL
ORDINARY MEETING OF COUNCIL**

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QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

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ITEM 9.3 LOCAL ROADS AND COMMUNITY INFRASTRUCTURE
PROJECTS - PHASE 2

ATTACHMENT 1 LRCI PHASE 2 FACT SHEET



Australian Government
Department of Infrastructure, Transport,
Regional Development and Communications

Local Roads and Community Infrastructure Program Extension – Frequently Asked Questions

You can find the answers to some frequently asked questions about the Local Roads and Community Infrastructure Program Extension (LRCI Program Extension) in this fact sheet.

Detailed information on the LRCI Program Extension can be found in the COVID-19 Local Roads and Community Infrastructure Program Extension Guidelines (Program Extension Guidelines) available on the Department's website at www.investment.infrastructure.gov.au/lrci.

What projects are eligible for funding?

Councils can choose which projects to nominate for funding under the LRCI Program Extension, according to priorities for the local community.

Similar to the LRCI Program, the Department will assess nominated projects against the eligibility requirements in the Program Extension Guidelines.

Projects will be approved as long as all eligibility requirements are met. Eligible projects will be included on an Approved Work Schedule.

When do Project Nomination forms need to be submitted?

Councils can submit Project Nomination forms with their signed Grant Agreement, or at any time afterwards.

While there is no deadline for submitting Project Nomination forms, the sooner Project Nominations are submitted, the sooner the Department can assess and approve projects.

How do I submit a Project Nomination form?

You are required to submit completed Project Nomination forms by email to IIP@infrastructure.gov.au.

Councils are not able to submit Project Nomination forms via the Infrastructure Management System Portal that is used by the Roads to Recovery Program.

When do projects need to be completed?

Construction activity on Eligible Projects must be undertaken before 31 December 2021, unless agreed by the Department due to exceptional circumstances. Planning issues and general delays associated with building projects are not considered exceptional circumstances.

If construction activity cannot be completed or savings related to Eligible Projects have not been reallocated under their LRCI Program Extension Funding Allocation before 31 December 2021, an Eligible Funding Recipient may not receive their full Funding Allocation.

Can I use LRCI Program Extension funds to purchase land, buildings or machinery?

LRCI Program Extension funds cannot be used to purchase land, buildings or machinery, even if this would support the future delivery of an eligible grant activity. This is due to the fact that the Program seeks to protect and create local short-term employment opportunities through funded projects. The purchase of land, buildings or machinery would not deliver this intended outcome.

To be eligible for funding, local road projects must involve the construction or maintenance of roads managed by local governments.

To be eligible for funding, community infrastructure projects must involve the construction, maintenance and/or improvements to council-owned assets (including natural assets) that are generally accessible to the public. Projects can involve state, territory, crown or Commonwealth owned land/assets if permission has been obtained from the land or asset owner to undertake the project, and all other eligible project requirements are met.

What are the accessibility requirements for Community Infrastructure Projects?

Community Infrastructure Projects must be generally accessible to the public, meaning that the project, or the amenity provided by the project, is generally accessible to the public at large. Some areas are clearly publicly accessible as they are areas that are open to all members of the public such as parks, playgrounds, footpaths and roads.

Projects will also be considered generally publically accessible if they are in a location that is:

- generally publically accessible to the wider public undertaking a specific activity (for example council operated sporting fields); or
- generally publically accessible for a limited age group of the Community as a whole i.e. a kindergarten building; or
- used for the provision of an essential service or community service, as determined by the Department, and the amenity of the asset is publicly accessible and benefits the community.

What is considered to be an additional project for the purposes of the Eligible Project Requirements?

Given the timing of funding under LRCI Program Extension and taking into account that Eligible Funding Recipients may not yet have confirmed future infrastructure spending, the additionality principle has been modified for LRCI Program Extension only. The Australian Government expects that Eligible Funding Recipients will maintain their overall capital spending on roads and community infrastructure, funded by their own revenue, at or above their 2020-21 capital spending level.

Where previously LRCI Program funds could not be used on existing projects, this focus on overall capital spending provides Eligible Funding Recipients with greater flexibility to set and deliver the infrastructure priorities in their communities.

Proof of maintaining capital expenditure will be a requirement for an Eligible Funding Recipient to receive their full LRCI Program Extension Funding Allocation. The Department will consider, in exceptional circumstances, exemptions to this requirement.

Would a project be eligible for funding under the LRCI Program Extension if it has received funding under state government/other Australian Government programs?

As with the LRCI Program, a project can be funded by a combination of LRCI Program funds and other government programs (including state government programs), as long as the combined funding for the project does not exceed the estimated cost of a project.

You will, however, need to maintain your overall capital spending on roads and community infrastructure, funded by your own revenue, at or above your 2020-21 capital spending level.

You need to ensure that you are also meeting the conditions associated with the other funding sources (i.e. a state program) if you intend to use LRCI Program Extension funding towards a project. It is your responsibility to determine if the funding conditions of another program would not permit your use of LRCI Program Extension funding towards a project, for example, by consulting with the administrators of the other program.

Can I commence a project before the Department advises that my Project Nomination has been approved?

The Department understands that Councils wish to commence projects as soon as possible. As per the Program Guidelines, the Department must approve all projects on a Council's Work Schedule, confirming the projects have met eligibility requirements.

If you commence a project before it has been approved by the Department, you risk commencing a project that is not eligible for funding under the LRCI Program Extension. In this case, you would be responsible for meeting all incurred costs.

How do I estimate the number of full-time equivalent jobs supported by a project?

A full-time employee is defined as working 75 hours per fortnight.

You need to calculate the estimated number of full-time employees that will be working on the project for the duration of the construction period. This is typically people who are directly working on the project, and not staff providing general administrative support. For contractors or part-time employees, you will need to convert part-time hours to full-time equivalent (FTE).

For example:

Five workers will be working on a project.

Three of these workers will be employed full-time, working 75 hours per fortnight.

Two workers will be employed part-time, working 20 hours per fortnight.

To determine FTE of part-time workers: $2 \times (20/75) = 0.53$ FTE

So total FTE = 3 FTE (full time workers) + 0.53 FTE

= 3.53 FTE

QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

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ITEM 9.4 ASSET MANAGEMENT STRATEGY

ATTACHMENT 1 DRAFT ASSET MANAGEMENT STRATEGY



Asset Management Strategy 2020 - 2030

Asset Management Strategy 2020-2030

Offices: Council headquarters – 256 Crawford St
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Braidwood Office – 144 Wallace St

Contact: **Phone:** 1300 735 025
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Asset Management Strategy 2020-2030

Executive Summary

Queanbeyan-Palerang is a growing local government area, expected to reach a population around 80,000 in the next decade. With that growth comes new infrastructure and facilities constructed with new development, or expanded and upgraded assets to accommodate increased demand, patronage and load facilitated by Council. Yet, existing assets need to be maintained annually, renewed with appropriate frequency, and the asset backlog reduced.

This Asset Strategy recognizes we need to design, plan and manage our assets in a strategic and innovative way to accommodate that demand, and meet our ambitions to utilise those assets to deliver services to community, protect the environment and support business. This includes understanding the impacts of projected demographic, environmental, and technological changes. We will be guided by government policy and led by Council strategy.

A significant issue facing local government is the management of ageing assets in need of renewal and replacement, as well as balancing the operational and maintenance (lifecycle) costs to a standard expected by the community. To meet this challenge an international industry standard known as ISO55000, has been used to guide asset planning and management. Later in this Strategy is a model that illustrates the elements of the asset management framework, comprising asset policy, strategy, management plans, capability and funding. This Strategy, with a 10 year horizon, is modelled on this standard.

The Asset Strategy outlines Council's ambitions in managing its assets under the key areas of:

Customer	<ul style="list-style-type: none"> i. Provide, present and maintain assets to a level that achieves broad community satisfaction (>3.25/5 ranking in biennial satisfaction surveys) ii. Acceptable levels of service is supported by assets (as disclosed in service statements)
Growth	<ul style="list-style-type: none"> i. Design and extend the capacity of assets and connectivity of transport and utility networks in line with population growth forecasts ii. Leverage the presence and capacity of assets to stimulate business investment, visitor activity and economic returns iii. Utilise planning instruments and agreements to optimise connectivity to networks and capacity of infrastructure and facilities delivered through new developments iv. Extend or upgrade assets (such as seal/extend seal on roads) when: <ul style="list-style-type: none"> a. Assets are designed and constructed to standard for planned loads b. > 50% funded by held contributions or conditioned by current DA, and c. balance met by SRV or grant

Asset Management Strategy 2020-2030

Standards	<ul style="list-style-type: none"> i. Apply international asset and risk standards (ISO55000 and ISO31000) to decision making and priority settings for management, maintenance, renewal and upgrade of assets ii. Build organisation asset skill and technology capability from 'Basic' to 'Advanced' maturity assessments in medium term iii. Retain health, safety, environment and quality (HSEQ) standards to sustain contracts with government and private works iv. Calibrate asset ratios (maintenance, renewal, backlog) in line with the Financial Strategy
Financial	<ul style="list-style-type: none"> i. Align asset maintenance and renewal spend to the rate of depreciation (generally expending 1% of the asset base value on annual average) ii. Establish 'infrastructure sinking fund' used to draw on, or replenish, annualised differences in the value of depreciation and maintenance and renewal spend iii. Apply generational equity principles to provision, renewal and upgrade of assets -generally raising debt, securing development contributions or procuring grants to renew, upgrade or expand assets and networks iv. Appropriately assign dividends as ROI from utilities assets (QBN water, sewer, waste) to renewal and upgrade of other infrastructure and facilities in Queanbeyan v. Align asset ratio forecasts to financial capacity (expressed in LTFP) vi. Rank decisions to extend, renew or replace assets on best value (in line with asset life cycle, cost of finance and organisation capability) vii. Resource cadet, apprentice and trainee staffing to augment asset management and operational capability, and mitigate loss of expertise through retirement and competition viii. Establish pricing strategies for asset patronage and usage, including price setting for behaviour management (to align to Pricing Policy) ix. Work with CRJO to introduce procurement strategies to obtain best value supply and service contracts
Risk	<ul style="list-style-type: none"> i. Design and monitor performance of assets to adapt to expected risk associated with anticipated climatic changes, natural disasters and known changes in environmental standards ii. Rank decisions on investment or disposal of assets on the risk posed to health, business or the environment
Priority Setting	<ul style="list-style-type: none"> i. Guide upgrade and new infrastructure expenditure on priorities established with key strategies – such as Integrated Transport, Integrated Water Cycle Management, Local Strategic Planning Statement, Planning Agreements – designed to ensure ten years of forward planning and delivery for infrastructure networks and facilities is available ii. Provide resources to enable infrastructure designs and estimates to be one year in advance of scheduled delivery, to enable take up of grant or developer sponsored infrastructure funding iii. Renewal and investment in assets is financially and environmentally sustainable, and focussed on safety and prosperity for

Asset Management Strategy 2020-2030

	<div> the LGA </div> <div> iv. Consider the economic, social, environmental and financial impacts of investment or decline in assets - including expanding sealed road network and effects on maintenance and backlog; or design of new carparks on type, cost, pricing consequences and behaviour influences </div>
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Asset Management Strategy 2020-2030

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Asset Management Strategy 2020-2030

1 Context

1.1 Strategy Development Framework

QPRC Resourcing Strategies (including the Asset Management Strategy) are developed within the Driver-Pressure-State-Impact-Response Framework (DPSIR), which considers the causal relationships between social, economic, environmental and governance factors.

The diagram below illustrates that drivers (such as legislation) and pressures (such as population growth), may result in higher standards or increased loads on the assets (influencing their condition or state), in turn impacting on the expected life and serviceability of the asset. In response, Council may use its resources (financial, workforce, technology) and partners (government, developers) to mitigate its risk exposure through interventions such as:

- (a) increasing organisation capability
- (b) managing service demands and expectations
- (c) changing operation and maintenance practices
- (d) renewing or augmenting assets
- (e) acquiring new assets

This approach will enable Council to ensure that the Asset Management Strategy will result in:

- (a) An informed decision-making process that uses a quadruple bottom line approach
- (b) An appropriate balance of asset and non-asset solutions to support service needs
- (c) A sustainable (financially, technically, and environmentally) portfolio of assets
- (d) A service delivery regime that is affordable, accessible, and resilient

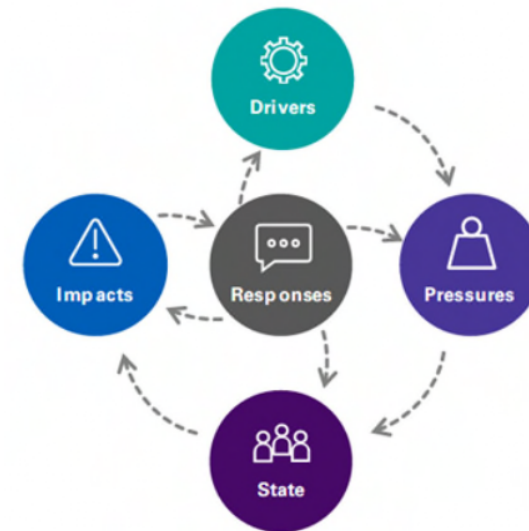


Figure 1 DPSIR Strategy Framework

Asset Management Strategy 2020-2030

1.2 Integrated Planning and Reporting Guidelines

Figure 2 illustrates the approach (framework) the NSW Government requires councils to adopt in delivering services to the community under the *Local Government Act 1993*. Within this framework there are two key components; the Community Strategic Plan and the Resourcing Strategy, which informs it. The Resourcing Strategy comprises several elements including the Asset Management Strategy (AMS). The AMS is critical in that it helps to:

- (e) Ensure council's assets, and their management, provide an adequate platform for service delivery
- (a) Provide a sound basis for developing council's four-year delivery program and annual operational plan.

In so doing, the AMS enables councils to better account for their services to the community and minimise their exposure to risk, be it regulatory, financial, environmental, or reputation.

The QPRC AMS has been developed in accordance with the Integrated Planning and Reporting Guidelines and aligns to the Australian Standard for Asset Management, AS ISO 55000:2014, Asset management - Overview, principles, and terminology. Previous studies have also been considered, and where appropriate their observations and recommendations incorporated. These studies include:

- (a) Percy Allan, 2016, Asset and Financial Sustainability Review, Percy Allan and Associates
- (b) Stephen Bunting, 2020, Asset Management Maturity Assessment, Morrison and Low Pty Ltd

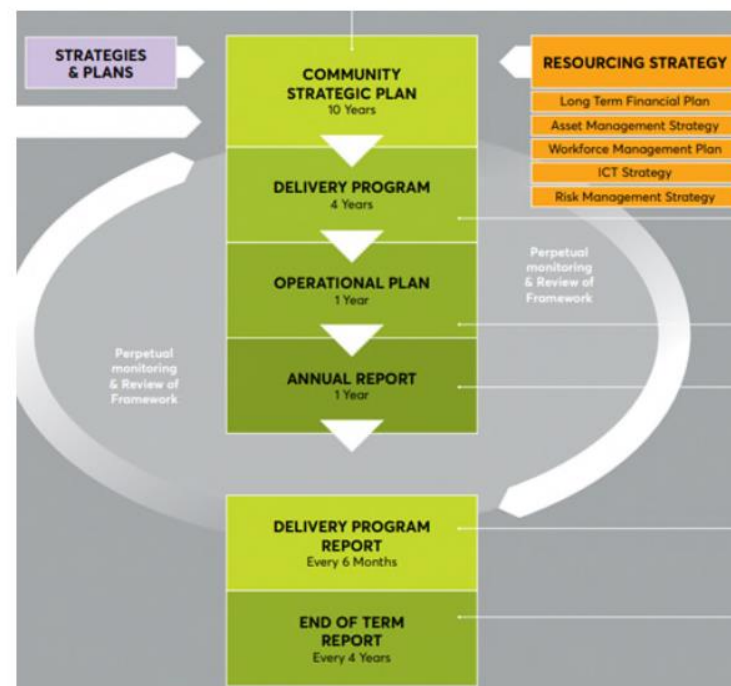


Figure 2 Integrated Planning & Reporting Framework

Asset Management Strategy 2020-2030

1.3 QPRC Community Strategic Plan

The QPRC Community Strategic Plan (CSP) addresses the five strategic (service) pillars formed from the ambitions and expectations of the Queanbeyan-Palerang community. These pillars are consistent with NSW Government policy¹, which encourages councils to:

- (a) **Community:** Engage with the community about level of services
- (b) **Choice:** Allow for choice of service options and outcomes
- (c) **Character:** Enhance the character and promote growth of the LGA
- (d) **Connection:** Acquire assets that are accessible, and meet needs
- (e) **Capability:** Ensure assets are capable of sustaining services

In effect, the five CSP pillars inform and shape the Asset Management Strategy to ensure it aligns to QPRC's vision and goals for service delivery. The primary pillars relating to assets, its management and the services supported by assets is 'Connection' and 'Character'

Figure 3 summarises how the key elements of the Asset Management Strategy map to the five pillars of the Community Strategic Plan.



Figure 3 The QPRC Five Pillars of Community Service

¹ Note re where government makes such statements see IPR Manual, Asset Mgt Policy, etc – note asset management policy may not be directly applicable to LGA but does indicate the direction of NSW Govt thinking on the matter

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1.4 QPRC Asset Management (AM) Framework

QPRC has developed an Asset Management Framework which is an integral part of the overall QPRC management and governance system. The purpose of the framework is to set the principles and guidelines for undertaking asset management in Council in support of its service delivery. The framework is consistent with industry approaches and standards such as:

- (a) NSW Govt, 2013, Integrated Planning and Reporting Manual
- (b) NSW Govt, 2018, NSW Information Management Framework
- (c) ISO AS 55000:2014 Asset management – Overview, principles, and terminology
- (d) IPWEA, 2015, International Infrastructure Management Manual
- (e) IPWEA, 2015, Australian Infrastructure Financial Management Manual

The Asset Management Strategy is a high-level plan that describes how QPRC will manage its assets to comply with regulatory standards and community expectations.

The Asset Management Framework (policy, directives, procedures, strategies, etc) is underpinned by various technology platforms including: the maintenance management system (MMS), customer request system (CRS), the enterprise asset management system (EAMS), the GIS database, and the enterprise content (records) management (ECM), which together provide knowledge management in support of service delivery.

Figure 4 summarises QPRC's Asset Management Policy, Objectives, and KPIs, which are foundational to the AM Strategy.

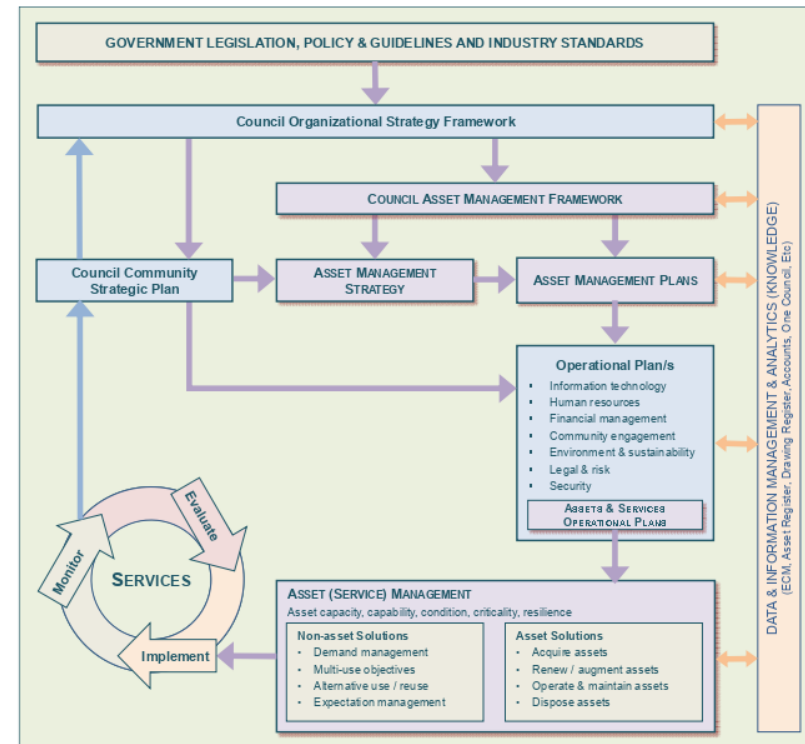


Figure 4 Asset Management Planning in QPRC

Asset Management Strategy 2020-2030

1.5 QPRC Asset Management Guiding Principles

In developing the Asset Management Strategy, QPRC is guided by five service delivery principles

- (a) **Financially Sustainable** – through Long Term Financial Planning, Council will ensure that infrastructure is provided to the community at an appropriate service level that achieves best value for the current and future rate dollar.
- (b) **Environmentally Sustainable** – when designing new assets or replacing old infrastructure there will be a focus on water and energy efficiency, waste minimisation, reducing greenhouse gas emissions and mitigating the impacts of climate change.
- (c) **Safe, Healthy and Accessible** – the infrastructure provided by Council will be provided and maintained to allow all members of our community the opportunity to enjoy a quality life; being unrestrictive and delivering opportunity for those in need.
- (d) **Prosperous** – The lifecycle management of new and current infrastructure will assist delivering a successful and thriving City that connects business to opportunity and attracts new businesses for a strong economy and more local jobs. This will support people and communities to grow and flourish.
- (e) **Resilient** – The infrastructure provided by Council will be provided and maintained to enable the community to access essential services and thrive in the face of natural and man-made emergencies.

These guiding principles are predicated on five core values:

- (f) **Multi-disciplinary** – The practice of Asset Management must respect the range of services delivered by us – particularly with regard to assets that support social services.
- (g) **Responsible** – The practice of Asset Management will always act within legislative and industry standards to ensure accountability and safety to the community.
- (h) **Inclusive** – The practice of Asset Management will engage the Community, Elected Members and Council Administration via a '3-way' inclusive understanding of expected service levels and the resources required for service delivery.
- (i) **Community** – The community must be front and centre to Asset Management thinking and decision making, as it is the range and diversity of the social profile that we provide and maintain the Council's infrastructure for.
- (j) **Informed decision making** – To achieve best value and the objectives of the Community Strategic Plan, an array of economic, social, and environmental criteria must be included in decision making to justify financial outlay

1.6 QPRC Asset Management Policy

The following statement portrays where the practice of Asset Management will be by 2030. It represents a shift from an engineering and financial focus, to a position of integrated planning that includes the social, environmental, economic, and political value of projects.

Asset Management Strategy 2020-2030

Being inclusive and respecting the views of the community and understanding the scope of services delivered by QPRC, will enable strong and supported decision making for the infrastructure services we deliver and maintain. The policy elements for asset management is:

- *Council will implement a systematic asset management methodology, in order to apply appropriate asset management best practices across all areas of the organisation. Employees will ensure that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery. Acquisition and disposal of assets will be in accordance with Council's Procurement Policy.*
- *Council will only acquire or create assets after due consideration has been given to the service needs of the community and the operating needs of the Council. Ongoing service levels will be determined in consultation with the community.*
- *Council will develop and implement an inspection regime to ensure assets are proactively maintained and to identify efficient asset renewal priorities.*
- *Council will ensure that the Asset Management Plans are prepared and regularly updated to inform its Long Term Financial Plan.*
- *Implementation of the Asset Management Plans will ultimately rest with Council through the budgeting process but the philosophies contained within the Plans will guide service delivery throughout the organisation.*
- *The acquisition, renewal or retention of assets will be considerate of whether an asset solution is, or remains, the most effective method of meeting the service needs of the community and operating needs of Council.*
- *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.*

Asset Management Strategy 2020-2030

2 Driver

2.1 NSW Government and Regional Initiatives

Several NSW Government, Canberra Region Joint Organisation (CRJO), and QPRC service undertakings will influence decisions about Council's assets particularly in relation to the scope, scale, siting, sequencing and connectivity of infrastructure assets. Some of these undertakings / initiatives include:

- NSW SMART Infrastructure Strategy
- Future Transport 2056
- NSW Freight and Ports Plan
- 20 Year Economic Vision for Regional NSW
- South East and Tablelands Regional Plan
- NSW Movement and Place Framework
- NSW Waste Strategy
- Regional water strategies

In addition, several QPRC undertakings are dependent on an appropriate asset base and their proper management. Some of these undertakings include:

- Digital economy and smart city
- Residential and economic development
- Integrated transport
- Integrated water cycle
- Waste management
- Sports facilities
- Tourism plan
- Risk management
- Googong and South Jerrabomberra LPAs

Government legislation and regulatory requirements continue to evolve. Council needs to understand these changes and ensure these are reflected in its Asset Management Framework and Strategy, which in turn will affect the performance of Council's assets and services.

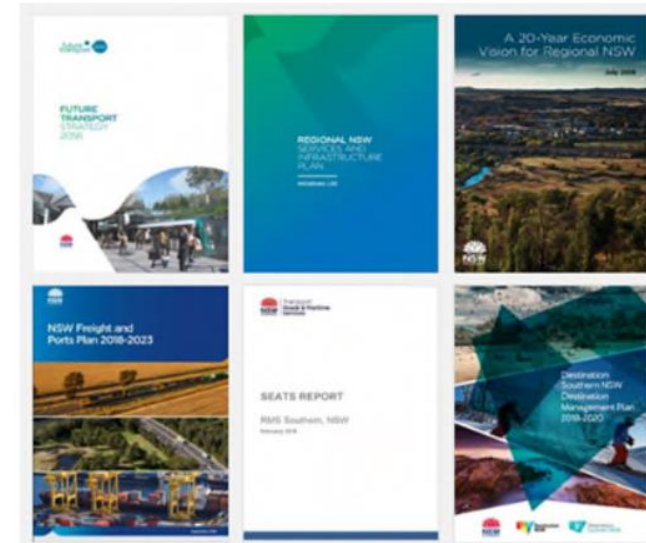


Figure 5 Regional Initiatives

Asset Management Strategy 2020-2030

2.2 Asset and Service Requirements

QPRC is obliged to comply with various Australian technical standards and guidelines in relation to the assets which it controls and manages. Together, these standards define current industry practice (accepted good / best practice) hence the quality and reliability of assets expected by the community and other stakeholders. Some of the asset hence service outcomes governed by these standards include:

Technical	Asset Performance	Service Outcomes
<ul style="list-style-type: none"> role of the asset in network or hierarchy design specifications per class of infrastructure to be constructed relevant AS/ISO specifications or legislation/regulation type/quality facilities on classes of asset identified in strategies or plans (eg network or corridor hierarchy, or sports strategy) 	<ul style="list-style-type: none"> configuration of failure modes, intervention levels and performance indicators for the type of asset concerned grading of the degree of distress / performance being exhibited by the asset for each of the failure modes / performance indicators recording the upper and lower condition and performance limits for the assets concerned flagging when an asset exceeds or falls below the limits KPIs required for third party reporting (eg DPI water, EPA, TfNSW) 	<ul style="list-style-type: none"> quality, frequency, location (as disclosed in service statements), such as: queuing at intersections, access to parking and frequency of accidents on roads frequency of cleaning toilets and mowing parks incidence of polluting events in drains and waterways frequency of collection and utilisation of waste patronage at community centres, and recreation and cultural facilities maintenance levels of service (eg grading frequency by road classification/locality) intervention condition level (ICL) per class of asset/locality routes to be made accessible within [x] hours of an emergency closure - cleared or detour provided. maximum period of loss of water supply to a given number of customers

Asset Management Strategy 2020-2030

2.3 Customer Expectations

Requests are frequently received from residents and business operators to attend to an asset failure, service interruption or safety matter through the customer request management (CRM) system. As part of QPRC's asset management obligations, inspections and rectifications are required to be attended to within acceptable timeframes.

QPRC has developed target response (inspection) and action (resolution) times utilising the following rankings:

Table 1 Customer Request Response Guidelines

Response (hours)	Action (days)	Target
High < 2hrs	High < 2 days	>75%
Medium < 72 hrs	Medium < 5 days	>75%
Low < 120 hrs	Low < 10 days	>75%

Performance is measured based on time taken to undertake an initial inspection, followed by work required to undertake maintenance work required to rectify the asset.

2.4 Exposure to Risk

Council has an obligation to ensure that it does not accept high levels of risk that might impact on community wellbeing and amenity or the ongoing viability of Council. Accordingly, Council generally has a low appetite for unmitigated risk across its day to day operations. However, to achieve the outcomes identified in the Community Strategic Plan, Council may have to take some calculated risks to deliver the range of services expected by the community. This may include risks associated with commercial development and partnerships with other public and private sector entities.

Council has developed and implemented a Risk Management Framework in line with the requirements of AS ISO 31000:2018 Risk Management Guidelines. Key to this framework is the identification of significant risks to Council and the Community, which require action to reduce the level of risk to acceptable levels. Council utilises guidance from its public liability and property mutual insurers (Statewide) for the planning, documentation and investigations required for asset risk management and response to incidents.

Asset Management Strategy 2020-2030

Council's Risk Management Policy recognises that, to provide services to the community it should accept and take some level of risk. Therefore, Council has some appetite for risks needed to:

- (f) improve efficiency, reduce costs, and/or generate additional sources of income
- (g) develop and maintain Council assets
- (h) maintain and, where necessary, improve levels of service to the community

Council's appetite to key risk areas is as follows:

(A) Safety and Wellbeing

Minimise - Council has little or no appetite for acts or omissions that result in injury or illness to third parties, property damage or impair community wellbeing. Council will attempt to eliminate / minimise such risks to the community as far as possible within available resources.

Manage - Council will manage the risks to the community arising from use of public infrastructure such as roads and footpaths by allocating the limited resources available to maintain assets in accordance with the priorities set out in its asset management strategy and plans.

(B) Environment

Minimise - Council has little or no appetite for environmental damage arising from normal business activities and will ensure controls are in place to eliminate / minimise such risks.

Manage - Council recognises that trade-offs between environmental and other objectives may be necessary to achieve certain organisational objectives, including the construction and maintenance of assets. Council will manage risks arising from its construction, and maintenance activities.

(C) Financial

Minimise - Council has little or no appetite for financial loss arising from normal business activities and will ensure controls are in place to eliminate / minimise financial risks (including invested funds).

Manage - Financial risks associated with major capital projects will need to be assessed on a case by case basis. Council may accept some commercial risk associated with delivery of infrastructure and economic development initiatives. This may include risks associated with partnerships and joint venture arrangements. Council will manage risks associated with capital infrastructure projects and other investments.

Asset Management Strategy 2020-2030

3 Pressures

3.1 Growth

QPRC is a diverse area and as a result, growth across the region varies. In Queanbeyan, some densification will occur through infill and apartments in the CBD, while greenfield expansion continues in new release areas of Googong and Tralee adding around 15-20000 residents in coming decades. While most that infrastructure will be delivered by the developers, Council must check to construction standards and commission those assets into existing networks.

The adoption of the Bungendore Structure Plan predicts a moderate growth of 5-7000 residents over the 20-year planning horizon with that growth necessitating new sources and treatment of water and waste for example. While growth due to new development in Braidwood is expected to be limited due to its heritage listing, the management of infrastructure sensitive to that heritage presents challenges. Further densification in other rural areas is expected to grow at slower rates. Rural areas also provide challenges due to lower populations being serviced by long linear networks.

Figure 6 provides a snapshot of the LGA demographics and growth impacting the provision of services and associated assets.



Figure 6A Snapshot of the QPRC LGA Demographics

3.2 Customer

Council has conducted satisfaction surveys and community engagement programs to ascertain the community expectations of services and asset standards, 2018 and 2020. Both have provided Council with baseline data on community satisfaction and expectation for service delivery.

The 2018 survey highlighted the areas of priority where the community want to see Council putting their effort into asset management according to the distinct geographic zones. The Figures below illustrate the results from the 2020 survey.

Asset Management Strategy 2020-2030

Table 2 Biennial Community Satisfaction Result Summary

Survey Year	No. of Facilities / Services Measured	Summary of Findings
2018	24	Bridges, cleanliness of public domain (streets etc.), parks, reserves and playgrounds, sewage collection and treatment, waste and recycling and water supply were perceived as being of highest satisfaction and highest importance.
2020	25	Of the facilities/services rated, four were scored as 'very high satisfaction'. The four top scored services included: libraries (4.26), water supply (4.11), sewage collection and treatment (4.11), and parks reserves and playgrounds (4.09)

Higher importance/lower satisfaction	Higher importance/higher satisfaction
Community services Environmental monitoring and protection Sealed roads	Bridges Cleanliness of public domain (streets etc.) Parks, reserves and playgrounds Sewage collection and treatment Waste and recycling Water supply
Lower importance/lower satisfaction	Lower importance/higher satisfaction
Building inspections Development applications Disability access Dog control Econ. Development/attracting new investment Footpaths and cycleways Online services Public toilets Stormwater drainage Tourism marketing Unsealed roads Weed control	Community halls Council pools and sporting facilities Libraries

Figure 7 Service Importance vs Satisfaction Matrix

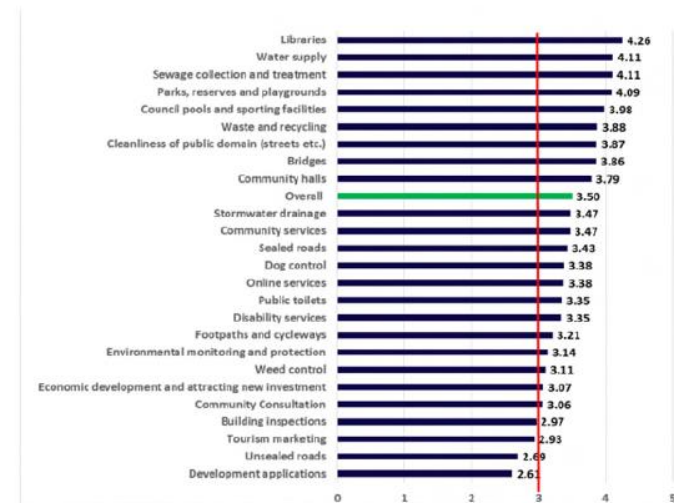


Figure 8 Services Satisfaction Score (out of 5)

Asset Management Strategy 2020-2030

3.3 Changing Regulatory Requirements

Due to the locality of QPRC being adjacent to the ACT, complex regulatory requirements can occur that have a direct impact on Council's assets.

This is mainly confined to water, sewerage and storm water assets as follows:

- Bulk water is supplied to Queanbeyan and Googong from Icon Water in the ACT and are therefore regulated through a supply agreement and subject to ACT Government water sharing arrangements.
- Braidwood's water supply catchment is located within the Sydney Catchment Basin and therefore subject to regulations via Sydney Water.
- Bungendore growth is restricted by limited bulk water supply.
- Sewerage from Queanbeyan is transferred to the Queanbeyan Sewerage Treatment Plant which is located in the ACT. Discharges from the STP are regulated by an ACT EPA license while the sewerage network is regulated by the NSW Office of Water.
- Storm water collected is discharged to the Queanbeyan River, Molonglo River and Jerrabomberra Creeks that flow into the ACT and Lake Burley Griffin. No specific cross border legislation applies however, quality issues are associated with Lake Burley Griffin water quality.
- Major transport routes link connecting to greater Canberra Region and South East Tablelands
- Canberra growth and expansion of population within the greater region

Other asset infrastructure also impacted include:

- Transportation routes and the required levels of service requirements for the regional context (Federal/State/Council road networks)
- Development of regional sporting centres which overlap with services provided within the ACT
- Proposed regional roads transfer from councils to state government

Legislation continues to evolve and the regulatory requirements change. NSW Government policies, strategies, plans and government circulars need to be understood and what impacts these have in managing Council's assets. Some of these include:

- Asset Management Policy for NSW Government Agencies TPP19-07
- NSW Smart Places Strategy 2020
- Future Transport Strategy 2056
- NSW Freight and Ports Plan
- 20 Year Economic Vision for Regional NSW
- Infrastructure NSW Movement and Place Framework
- NSW Waste Strategy

Asset Management Strategy 2020-2030

3.4 Serviceability

The creation, operation and maintenance of assets is guided by several Australian standards, codes of practice, and industry recommendations (accepted industry practice). Consequently, effective delivery of services is contingent on assets that are consistent with accepted industry practice. The following issues have a direct bearing on the serviceability of Council's assets and the efficacy of its services:

- Managing the asset backlog
- Renewing and replacing ageing assets in accord with their lifecycle
- Aligning asset renewal expenditure to the rate of depreciation
- Applying generational equity principles to provision, renewal and upgrading of assets
- Differentiating asset operations or servicing from maintenance
- Recognising gifted assets from large greenfield developer controlled sub-division releases
- Effect of population growth on the patronage / utilisation of assets

3.5 Capability

Retaining and developing skilled design and construction staff to meet RMCC road construction standards of Transport for NSW (TfNSW) is important to maintain state, regional and consequently, local roads and bridges in the LGA.

Similarly, retaining skilled development and engineering staff to meet turnaround benchmarks of government; to assess and certify applications for subdivision and infrastructure construction by developers; and commission those new assets into existing networks is important to plan for and accommodate growth in an orderly manner.

An asset management maturity assessment was refreshed in 2020 from that undertaken initially in 2016/17, and examined organisation AM capacity (resources), and capability (technology, accounting, and skills) in context of those merged councils (including change fatigue). That assessment acknowledged the status of ICT, workforce and asset strategies; the existing AM framework: strategy, plans, policy; the existing data capture on assets and condition; and benchmarks where the organisation should aim to be (current and future state).

3.6 Technology Integration

Technology is evolving rapidly and providing opportunity to enhance the way services are delivered, provide better and more relevant data for decision making, and enrich customer experience of Council's services. In addition, advances in information and communication technology (ICT) is also providing opportunity to increase the efficiency and productivity of Council's teams as well as the accuracy and timeliness of data in support of decision making. Some of the technologies that could improve asset management and service delivery in council include:

Asset Management Strategy 2020-2030

- (a) Automated paperless work orders and work management systems especially for O&M staff
- (b) Drones and remote sensing for mapping, survey, monitoring, and investigation
- (c) 3D image mapping and BIM technologies, for structures and facilities
- (d) Smart city sensors for parking management, traffic monitoring

Adopting and using these emerging technologies has the potential to realise benefits such as:

- (a) Better alignment of assets and services to customer needs and expectations
- (b) Improved understanding of service demands, asset capability and condition
- (c) More responsive and effective operations and maintenance of assets
- (d) Improved data quantity and quality in support of decision-making

However, adopting and using these new technologies also entails adequately addressing constraints in order to fully realise the potential benefits. Such constraints could include:

- (a) Upskilling staff to take full advantage of the technologies
- (b) Budgeting for the operation and maintenance of the technologies
- (c) Changing the culture of the organisation to embrace new ways of working
- (d) Transitioning from old systems to new while still delivering services in an acceptable manner

Asset Management Strategy 2020-2030

4 State

4.1 Asset Value

QPRC was formed through the merger of Queanbeyan City and Palerang Council in May 2016. At the time of merger, the replacement value of assets under management was \$1.7B and is expected to continue to grow over the next 10-30 year timeframe at a rate of 1.2% per year + inflation costs.

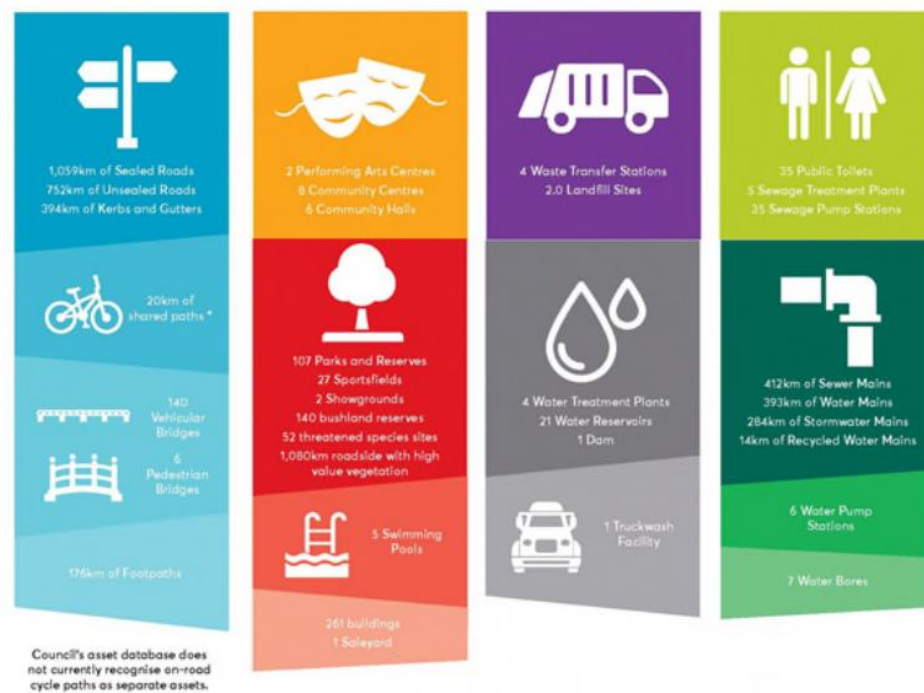


Figure 9 QPRC Asset Base

Asset Management Strategy 2020-2030

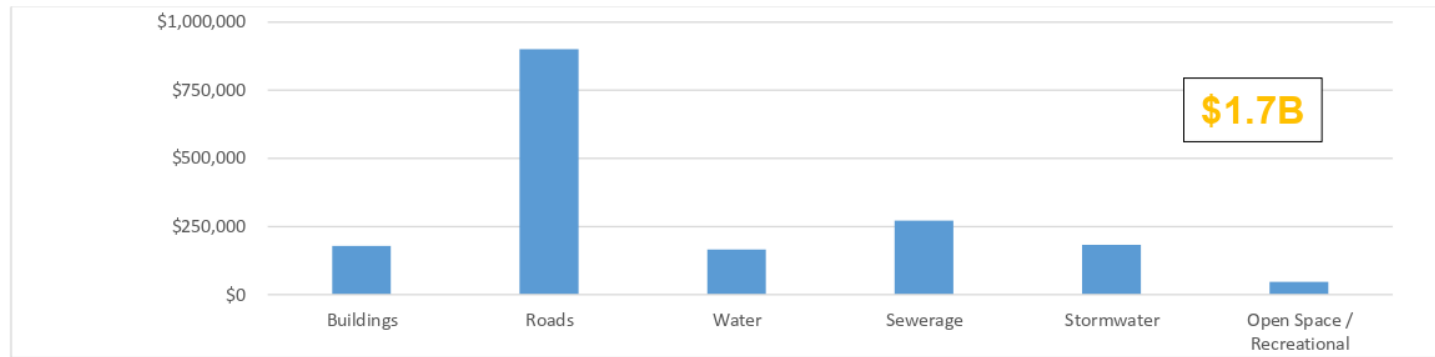


Figure 10 Asset Valuation - 30 June 2020

4.2 Asset Condition

Assets are continually condition assessed throughout their lifecycle to ensure QPRC understand how the quality of the assets and how they are meeting service requirements. A mix of tools are used to assess condition, including visual, video, drone, aerial and satellite observations. The condition ratings are broadly mapped to age of assets and maintenance records to assist assessment of asset remaining life, serviceability and renewal cycles. Each asset is condition rated based on the IPWEA guidance notes. A 1-5 condition grading is applied based on the following:

Table 3 - QPRC Condition Rating Guide

Condition Rating	Description	Category (Fig 17)
1. New Asset or Asset in Near New Condition	No deterioration in condition	New
2. Good Condition	Minor signs of wear and tear occurring but not impacting assets performance	Maintain
3. Fair to Moderate Condition	Some signs of wear occurring and maintenance activities required to keep asset functioning to service requirements	Renew
4. Poor Condition	Major wear occurring with increased maintenance activities required to provide service. Asset subject to rehabilitation.	Rehabilitate
5. Very poor or unserviceable condition	Asset is closed for use or use is severely restricted. Replacement is required.	Replace (backlog)

Asset Management Strategy 2020-2030

Major asset classes are to be condition rated no less frequently than 2 yearly. In cases of flooding, fires or other events occurring that can significantly impact on asset condition, an inspection is to occur as soon as possible after the event and any condition changes noted so impairment of the assets can be determined.

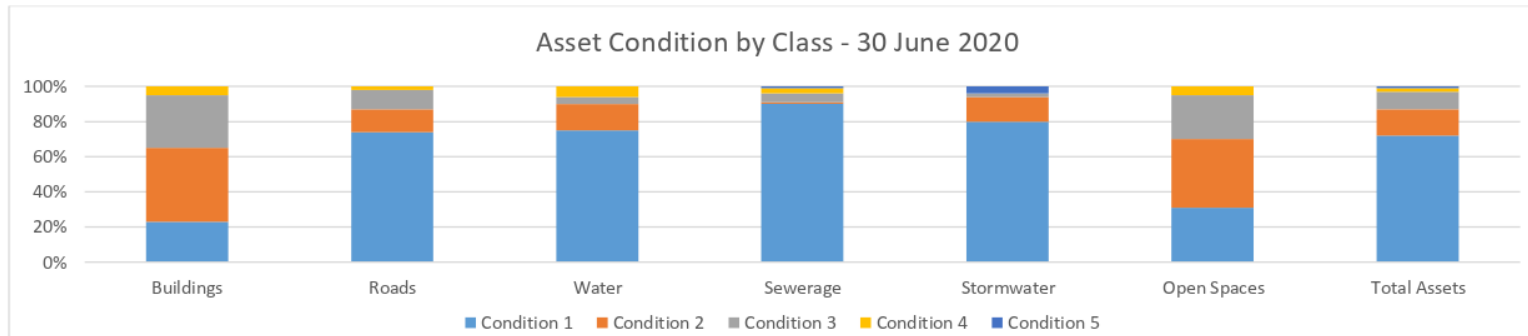


Figure 11 QPRC Asset Condition by Class

4.3 Asset Management Maturity

Asset management systems can be assessed and rated against a set of criteria to determine the maturity of the organisation's systems or competence.

Based on the Asset Management Maturity Index developed by the Institute of Public Works Engineers and published in the International Infrastructure Management Manual (IIMM, 1.4.2), the competence levels are:

Asset Management Strategy 2020-2030

- A. Best Practice (Leading Edge)
- B. Advanced
- C. Core
- D. Basic
- E. Aware

Benchmarking against this index provides a point-in-time measuring tool that can be used to plan and track improvements in asset management practice.

As a large regional council, QPRC should expect to demonstrate a minimum 'core' competence rating and should be working towards achieving an advanced competence rating in the medium term.

The current level of competence in asset management is D - Basic.

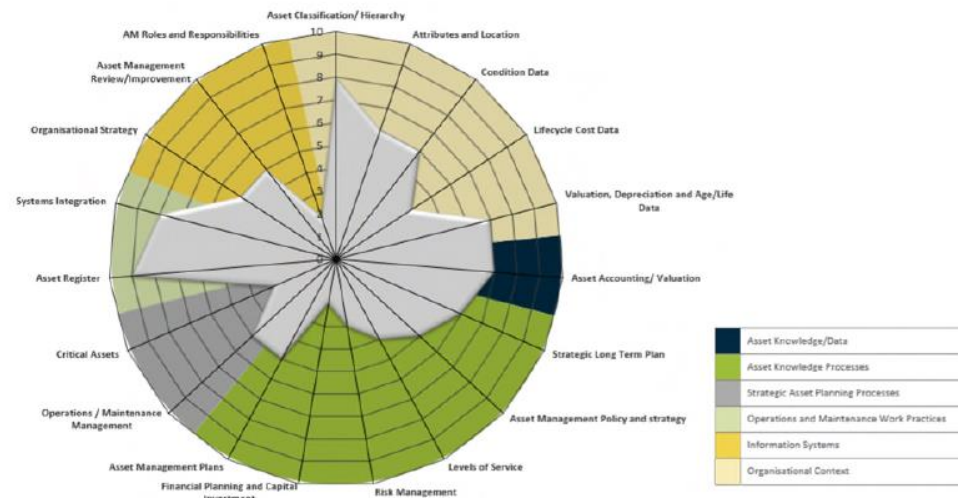


Figure 12 QPRC 2020 Asset Maturity Graph

4.4 Technology Platforms

The TechnologyOne Enterprise Asset Management (EAM) platform has been implemented to assist in asset management across QPRC, and links to Finance, Records, Human Resource, Projects and Geospatial modules. The Geospatial system allows graphic representation of assets. Below is a summary of those related systems.

Asset Management Strategy 2020-2030

Infrastructure assets are stored in the asset register(s). The asset register(s) are designed to be the source of truth and to allow hierarchical and/or physical grouping of assets for analysis and reporting.

Asset Register

Each asset is assigned a unique identifier number and hold the following data:

- Asset Details (description, status, condition rating, utilisation rating, performance rating, risk rating)
- Asset Classification (Class and Category)
- Asset Type (Discipline, Component, Sub-component, Part)
- Facility Location (Site, Area, Sub-area)

Assets also include attribute data to allow grouping of assets for reporting and data analysis via asset class, facility/location and/or asset type.

Maintenance Management System – MMS - (Defects, Work Orders, Measurements)

The maintenance management system has been enabled to allow capital and operational/maintenance costs to be directly attributed to the assets held within the asset register(s).

Schedules can be created for preventative maintenance strategies to be programmed and for rectifying defects through reactive maintenance work orders.

Work orders can also be used to collect asset information including condition assessments and measurements to assess the performance of the asset against levels of service requirements.

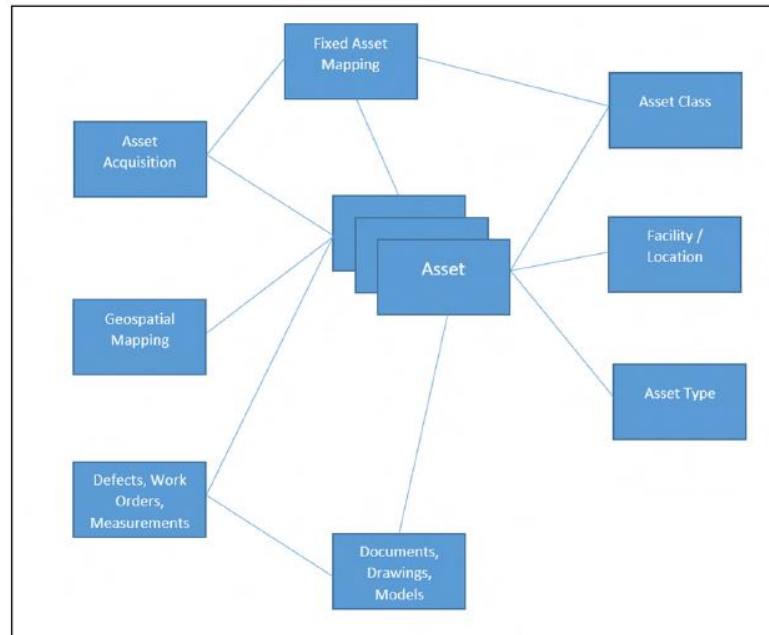


Figure 13 Asset Information mind map

Asset Management Strategy 2020-2030

Asset Acquisition (Project System)

The project system within the EAM holds the required project information including:

- Project Details (description, status, start date, end date, responsible person)
- Project period budgeting
- Work orders with estimates and actual cost

Spatial Mapping (GIS)

Spatial data is managed through the ESRI ArcGIS platform. The data is presented through a synchronisation process and published using Mapinfo as the general user platform.

Assets are spatially related within the GIS system by utilisation of the unique asset identifier number held within the asset register(s).

Fixed Asset Mapping (Finance System)

Council utilises the TechnologyOne finance module for asset accounting. Each asset within the Asset Register is assigned an asset book which integrates financial reporting directly to the assets.

The finance system allows coding of all costs to be attributed to the work order system.

Document Management (Enterprise Content Manager)

Council's records are predominantly property and asset based. The document management system utilised the TechnologyOne ECM module. As a result, all information can be linked to assets using the Asset and/or Project functions.

Asset Management Strategy 2020-2030

5 Impact

5.1 Business Continuity

Understanding asset criticality allows business continuity planning to be undertaken. Guidance for the assessment of service and facility criticality and the development of disaster recovery plans is based on guidelines from QPRC's insurers, Statewide Mutual. Some of the criteria used to assess criticality include:

- Vulnerability to natural disasters
- Energy or technology failure
- Terrorist or cyber attack

Services reliant on infrastructure assets have been mapped and developed into business continuity plans and refer to maximum allowable outage.

5.2 Natural Disaster Response

Infrastructure and facilities may be damaged or destroyed through natural disasters such as:

- Bushfire
- Flood
- Storm

Normally, Council responds to natural disasters led by other agencies, and leads the recovery - usually by restoration of access or rehabilitation of damaged infrastructure. Figure 14 illustrates QPRC's response arrangements

While most the structures and buildings are insured, network infrastructure is not and relies on government grants to assist the restoration and rehabilitation of those assets.

Government funding does not permit damaged infrastructure to be 'built back better' to improve resilience of the asset or the emergency access it may provide.

Costs to enhance assets to provide additional protection from reoccurrence of the event must be met by Council.

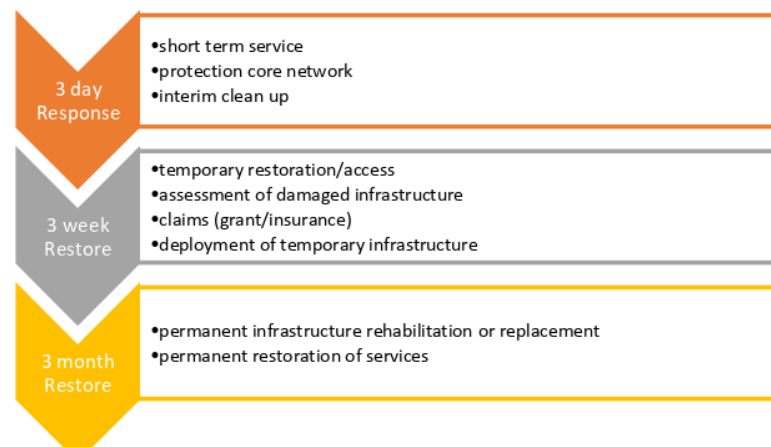


Figure 14 QPRC Disaster Response (3 - 3 - 3)

Asset Management Strategy 2020-2030

5.3 Asset Intervention Assessments

QPRC is committed to ensuring best practice maintenance and renewal of assets based on a risk management approach. Under the 2017 Asset Strategy, intervention levels were only based on asset condition and as such, did not account for asset criticality in setting priorities for maintenance and renewal works.

Not all assets need to be treated the same and assessment needs to be undertaken to determine the risks associated with asset failure, or how critical the asset is to enable QPRC to maintain its service obligations.

Criticality of assets are defined based on the following table:

Table 4 Asset Criticality Grading

Criticality Rating	Description
Non Critical	Asset can fail without impacting service requirements. No back-ups provided and non-urgent replacement can be made safely
Low Criticality	Asset failure will cause minor inconvenience in being able to deliver the service. Back-ups may be provided to continue the delivery of services without interruption
Moderate Criticality	Asset failure will cause moderate disruption to delivery of the service. Considerations should be made for alternative back-ups to be provided until repairs/replacement can be undertaken.
High Criticality	Asset failure will cause high level of disruption to delivery of the service. Considerations should be made for alternative back-ups to be provided until repairs/replacement can be undertaken.
Very High Criticality	Asset failure will cause major disruption to delivery of the service. Business continuity plans are to be prepared based on emergency management processes

Asset Management Strategy 2020-2030

A risk-based intervention process to asset management practices will allow QPRC to prioritise asset responses as follows:

Table 5 - Criticality Risk Matrix

Asset Condition Rating	5					
	4					
	3					
	2					
	1					
		Non	Low	Moderate	High	Very High
		Asset Criticality Rating				

The intervention levels are as follows:

Green	Run to Failure
Yellow	Prioritise Inspections and defect maintenance
Orange	Prioritise proactive maintenance activities to prevent premature deterioration of asset condition
Red	Avoid failure. Back-up alternatives need to be in place together with business continuity plans for emergency response

Asset Management Strategy 2020-2030

5.4 Asset Ratios

QPRC aims to demonstrate financial asset management sustainability through the adoption of the Office of Local Governments Asset Ratios.

Target values adopted are:

- Infrastructure backlog ratio <2%
- Buildings and infrastructure renewal ratio 100%
- Asset maintenance ratio 100%

Asset ratios are annually reported and included in QPRC's annual financial report – Special Schedule 7

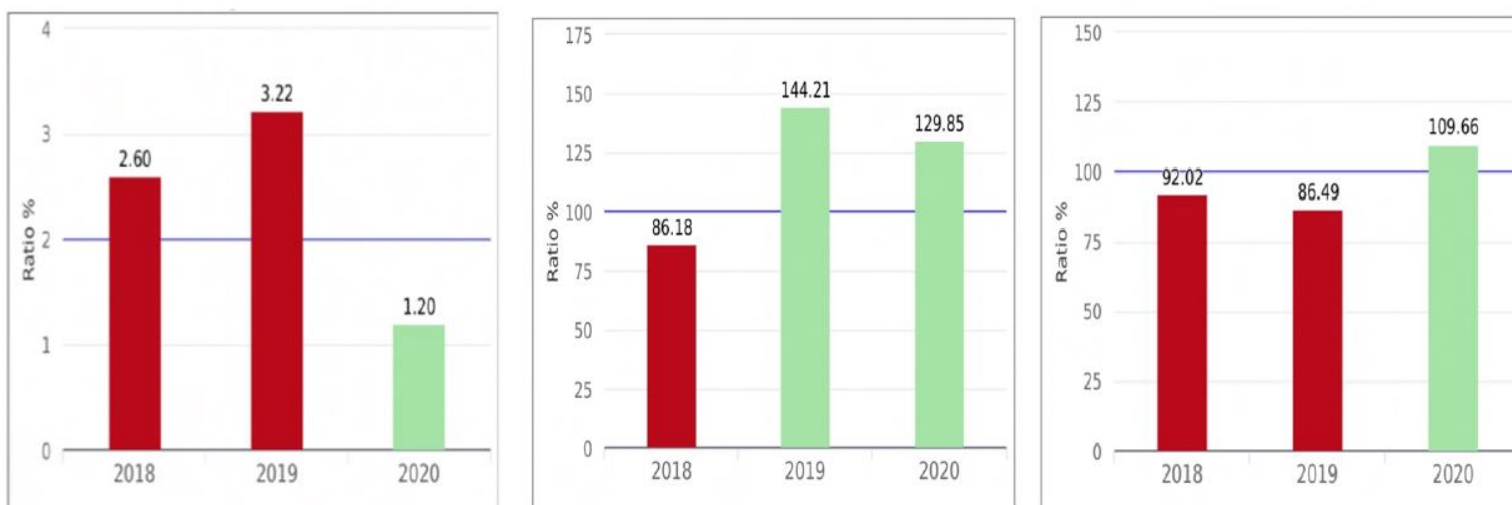


Figure 15 Asset Ratios (1 - Infrastructure backlog, 2 - Renewal, and 3 - Maintenance)

Asset Management Strategy 2020-2030

5.5 New Assets and Financials

New or upgraded assets constructed with new development, normally come with new property assessments as part of that growth, generating additional general rate and annual charge revenues. Council's 'narrow the gap' principle matches asset maintenance, renewal and servicing of debt for assets, to general rates and annual charges – aiming to narrow the gap through new rating revenues and grants, or optimising the cost of asset management:

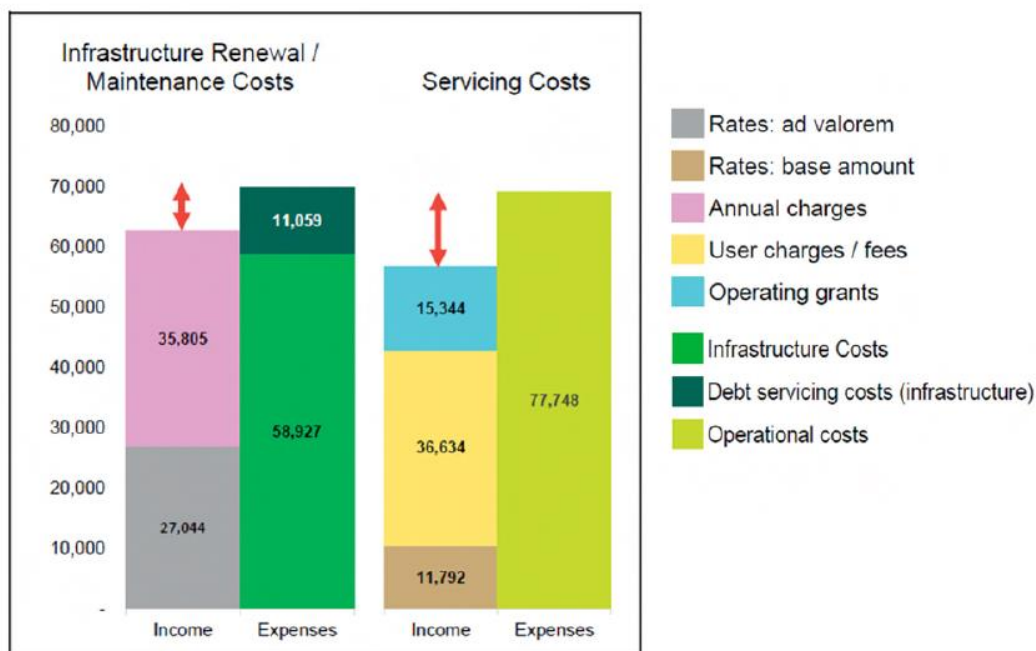


Figure 16 QPRC Financial Outlook

Current predictions indicate a funding shortfall in terms of infrastructure Renewal/Maintenance costs and for Servicing Costs

Accurate asset accounting is required to ensure QPRC's asset values are not overstated and depreciation is correctly applied to minimise the widening of funding gaps.

Additional revenue will need to be obtained to ensure QPRC's assets can continue to provide the required level of service to the community. Council is constrained through NSW rate pegging arrangements and therefore, may need to seek additional grant funding and/or special rate variations to fund infrastructure short falls.

As assets are renewed (as scheduled), or damaged (and replaced) through natural disaster, the value of those works should be impaired (in accounting terms) to prevent inappropriate inflation of asset values and subsequent depreciation expense.

Asset Management Strategy 2020-2030

5.6 Maintenance and Renewal Decision Making

The condition of assets is impacted through maintenance and renewal activities. Poor maintenance of assets and delay in renewal can adversely impact the life of the asset. Decision of maintenance and renewal need to consider the degradation or condition decay curves as guidance.

Depending on the level of criticality assigned, the aim should be to rehabilitate the asset before it reaches a condition rating of 5 – Very Poor.

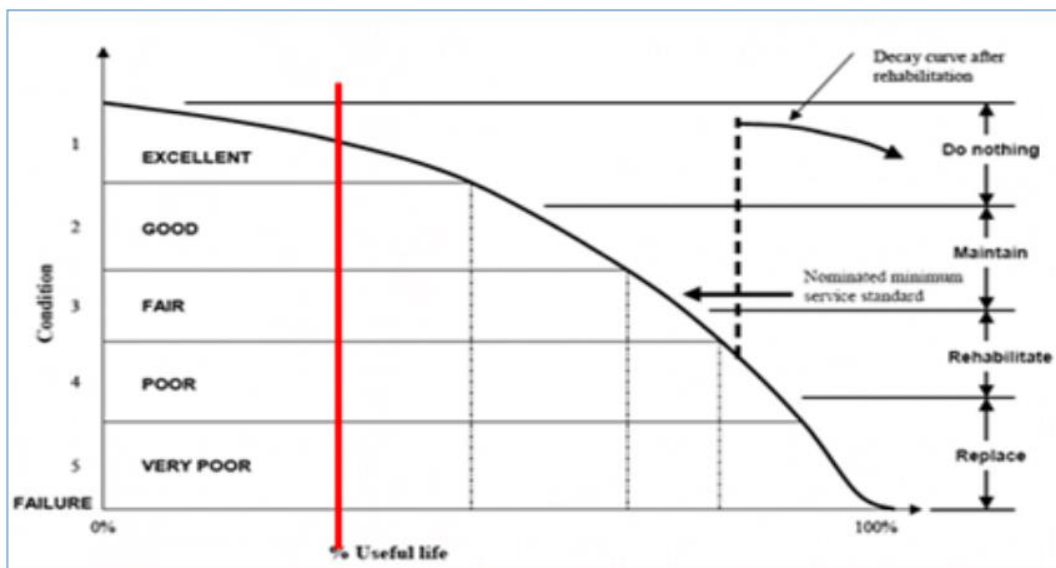


Figure 17 Typical Asset Degradation Curve

Renewal of assets is planned to return the asset to condition 2 – Good.

Asset Management Strategy 2020-2030

6 Response

6.1 Key Actions

The following Responses are intended to address the Drivers, Pressures, State and Impacts on the management of assets:

Table 6 Asset Management Strategy Actions

Key Focus Areas	Objective	Target
Customer	Provide, present, and maintain assets to services that achieves broad community satisfaction	>3.25/5 ranking in biennial surveys
	Acceptable levels of service is supported by assets - including queuing at intersections, access to parking, and frequency of accidents on roads; frequency of cleaning toilets, and mowing parks; incidence of polluting events in drains and waterways; frequency of collection and utilisation of waste; patronage at community centres, and recreation and cultural facilities (as disclosed in service statements)	Service Standards developed and aligned within Asset Management Plans
Growth	Plan for and extend the capacity of assets and connectivity of transport and utility networks in line with population growth forecasts	Long term asset strategic plans are produced to meet urban expansion and growth predictions identified in Residential and Economic Strategies
	Leverage the presence and capacity of assets to stimulate business investment, visitor activity and economic returns	Assets are provided that support the service requirements and allow for future demands
	Utilise planning instruments and agreements to optimise connectivity to networks and capacity of infrastructure and facilities delivered through new developments	Development standards and agreements are implemented that ensure assets provided meet the required customer, technical and regulatory service levels

Asset Management Strategy 2020-2030

Key Focus Areas	Objective	Target
	Extend or upgrade assets (such as seal/extend seal on roads) when: <ul style="list-style-type: none"> Assets are designed and constructed to standard for planned loads > 50% funded by held contributions or conditioned by DA or LPA balance met by SRV or grant 	Policies and procedures are developed to document consistent decision making for asset enhancement and upgrades
Standards	Apply international asset and risk standards (ISO55000 and ISO31000) to decision making and priority settings for management, maintenance, renewal and upgrade of assets	Asset Management Framework is monitored and assessed against standards
	Build organisation skill and technology in terms of asset management maturity assessments	Move from "Basic to "Core" to "Advanced"
	Calibrate asset ratios (maintenance, renewal, backlog) in line with the Financial Strategy	Asset backlog ratio: <2% Asset renewal ratio: >100% Asset Maintenance Ratio: >100%
Financial	Align asset maintenance and renewal spend to the rate of depreciation	M&R> depreciation @ 1% of asset base value
	Establish 'infrastructure sinking fund' used to draw on, or replenish, annualised differences in the value of depreciation and maintenance and renewal spend	Sinking fund smooths out capex
	Apply generational equity principles to provision, renewal and upgrade of assets -generally raising debt, securing development contributions or procuring grants to renew, upgrade or expand assets and networks	Long term asset work programs are modelled and determined based on financial planning principles
	Appropriately assign dividends as ROI from utilities assets (QBN water, sewer, waste) to renewal and upgrade of other infrastructure and facilities in Queanbeyan	Dividend payments per Code

Asset Management Strategy 2020-2030

Key Focus Areas	Objective	Target
	Align asset ratio forecasts to financial capacity (expressed in LTFP)	Asset backlog ratio: <2% Asset renewal ratio: >100% Asset Maintenance Ratio: >100%
	Rank decisions to extend, renew or replace assets on best value (in line with asset life cycle, cost of finance and organisation capability)	Project prioritisation established for: 10 Year Capital Works Program 4 Year Capital Works Program 1 Year Capital Works Program s7.11, 7.12 Contribution Plans
	Resource cadet, apprentice and trainee staffing to augment asset management and operational capability, and mitigate loss of expertise through retirement and competition	Resource planning reflects asset management skill and knowledge requirements, per workforce plans
	Establish pricing strategies for asset patronage and usage, including price setting for behaviour management (to align to Pricing Policy)	Fees and charges reflect cost of delivery services
Risk	Design and monitor performance of assets to adapt to expected risk associated with anticipated climatic changes, natural disasters, and known changes in environmental standards	Asset criticality established and recorded in asset register Statewide Mutual risk guidance observed
	Rank decisions on investment or disposal of assets on the risk posed to health, business, or the environment	Quadruple bottom line assessments are undertaken and documented for all projects
	Monitor value, progress, and risks to new or upgraded infrastructure and facilities through project management	Project reporting requirements established

Asset Management Strategy 2020-2030

Key Focus Areas	Objective	Target
Priority Setting	Guide the upgrade and new infrastructure expenditure on priorities established with key strategies – such as Integrated Transport, Integrated Water Cycle Management, Local Strategic Planning Statement, Planning Agreements – designed to ensure ten years of forward planning and delivery for infrastructure networks and facilities is available	Project development reflects QPRC key strategies, per CSP/DP
	Provide resources to enable infrastructure designs and estimates to be one year in advance of scheduled delivery, to enable take up of grant or developer sponsored infrastructure funding	Project planning and initiation is to be coordinated prior to securing funding
	Renewal and investment in assets is financially and environmentally sustainable, and focussed on safety and prosperity for the LGA	Project prioritisation includes Quadruple bottom line assessments
	<p>Consider the economic, social, environmental and financial impacts of investment or decline in assets, including Trade-offs / consequences of asset management decisions such as</p> <ul style="list-style-type: none"> expanding sealed road network and effects on maintenance and backlog, design of new carparks (carparking strategy) type, cost, pricing consequences and behaviour influences 	Quadruple bottom line assessments are undertaken and documented for all projects

6.2 Asset Investments

QPRC has developed its long-term asset investment planning for the next 10 year period. Over this period, it is forecast investment in new assets and renewal of the existing asset base will be \$777 Million. The table of proposed asset investments is to be calibrated with the adopted LTFP.

Asset Management Strategy 2020-2030

Table 7 – Long Term Asset Investment Plan

	Financial Year – Capital Works (\$,000)									
	FY/21	FY/22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
New						-	-	-	-	
Buildings	62,588	31,925	153	30,153	-	-	-	-	-	
Footpaths	825	-	-	-	-	-	-	-	-	
Other	1,074	4,040	-	-	-	-	-	-	-	
Other Structures	3,441	-	-	-	-	-	-	-	-	
Roads	39,968	7,152	7,000	5,000	-	-	-	-	-	
Stormwater	2,824	-	-	-	-	-	-	-	-	
Water	3,734	169	169	-	-	-	-	-	-	-
Sewer	8,273	30,540	30,540	30,397	11,357	13,773	-	-	-	-
Pools and Open Space	104	-	10,000	-	-	-	-	-	-	
Non-Cash New Assets										
Roads	6,127	7,000	7,158	7,319	7,438	7,652	7,824	8,000	8,180	8,364
Sewer Network	909	929	950	971	993	1,015	1,038	1,062	1,086	1,110
Water Network	571	584	597	610	624	638	653	667	682	698
Renewal										
Bridges	1,955	710	719	728	737	747	758	769	781	793
Buildings	8,202	11,822	104	3,103	4,579	4,634	4,723	4,814	4,907	5,002
Footpaths	83	411	417	423	429	436	443	451	459	497
Other	7,040	3,410	3,390	3,410	3,390	3,624	3,693	3,763	3,833	3,905
Other Structures	94	230	234	238	243	247	252	258	263	268
Roads	25,292	17,235	6,753	7,052	7,268	7,491	7,740	7,997	8,262	8,535
Stormwater	-	1,678	1,699	1,720	1,742	1,764	1,790	1,816	1,844	1,871
Water	2,870	2,556	7,631	2,340	2,382	2,425	2,474	2,525	2,577	2,631
Sewer	5,273	5,911	6,618	7,338	21,316	8,119	8,300	8,484	8,674	8,869
Pools and Open Space	1,747	208	308	314	321	327	335	343	351	359
Grand Total	182,995	126,511	84,440	101,118	62,864	52,892	40,023	40,949	41,899	42,872

Asset Management Strategy 2020-2030

6.3 Major Project Visualisation

Together with Canberra Region Joint Organisation members, Council utilises software to record the nature, value, timing and status of key infrastructure projects. Premised on Council's project management framework, the 'Pipe' software enables online publication of the funding needs, the status and shovel-readiness of projects across the region. It is used for advocacy for government grants and enables councillors, community and government to monitor progress in tabular and spatial form.



Figure 18 Program Pipe Example

Asset Management Strategy 2020-2030

6.4 Asset Forecasts

As QPRC matures as an organisation, asset management will form a major component in identifying future infrastructure funding requirements.

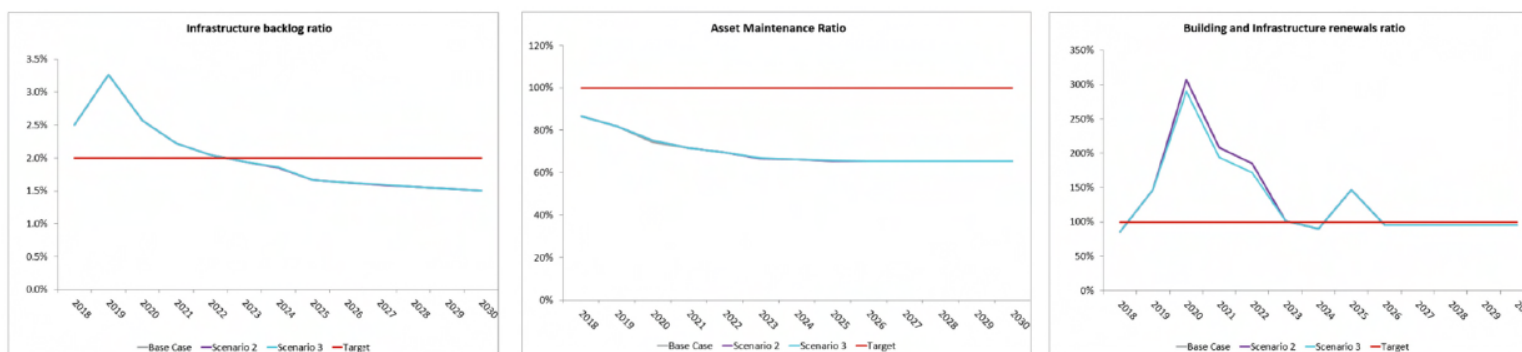
At present, infrastructure funding is a combination of annual budgeting and reactive grant based funding/borrowing for new assets. This process often provides sub-optimal financial outcomes and can result in poorly implemented infrastructure being delivered.

Decisions on asset growth projects are often influenced by political cycles without consideration of asset management requirements. The asset management decision making framework should not prevent political influence to occur but should rather be used to provide information that can allow the influences to be more thoroughly considered in terms of whole of life costings.

Detail on the management of QPRC's infrastructure funding are provided in QPRC's Financial Strategy which guides the desired funding levels and expenditure ratios for Council's assets.

The following charts illustrate the predicted asset ratios as a result of applying Scenario 3 adopted with the LTFP and the investments outlined in 8.2.

Table 8 – Financial Asset Ratios



QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

24 FEBRUARY 2021

ITEM 9.5 CULTURAL ARTS ASSISTANCE SCHEME (CAAS) GRANTS

ATTACHMENT 1 QPRC CULTURAL GRANTS APPLICATION

QUEANBEYAN PALERANG REGIONAL COUNCIL



Cultural GRANTS ~ Application Form

NOTE: all BLUE text is in addition to past form

Applications are open throughout the year, or until funds are exhausted.

Privacy Management

Personal information provided in this form is required in order to process the application. Provision of the information is voluntary; however, if insufficient information is provided, support for the application will be difficult when considering competing requests. Your personal information will not be used without your prior written permission.

LODGING THE COMPLETED APPLICATION

There are three lodgement options available:

**Hand-delivered to Council's Administration
Offices at:**

256 Crawford St, Queanbeyan
10 Majara Street, Bungendore or
144 Wallace Street, Braidwood

Post to:

The Grants Officer
Business and Innovation Branch
Queanbeyan-Palerang Regional Council
PO Box 90
QUEANBEYAN NSW 2620

Email to: liz.mirowski@qprc.nsw.gov.au and Cultural.Services@qprc.nsw.gov.au

GENERAL CONDITIONS FOR APPROVAL - COUNCIL ARTS ASSISTANCE SCHEME

Please refer to Council's Donations Policy when completing your application. A copy of the Policy can be viewed on Council's website at: <https://www.qprc.nsw.gov.au/Community/Grants-Donations#section-5>.

The aim of Council's Cultural Arts Assistance Scheme is to assist local arts **artists, musicians, performers, writers** and **arts/cultural** groups to develop their own projects, and to improve the Queanbeyan-Palerang community's opportunities for involvement in art and cultural activities. Applications are invited from **individuals and** Cultural/Community organisations for projects that meet the eligibility criteria and can demonstrate that they will benefit the community through their cultural or artistic outcomes.

Applicants applying for assistance under the scheme need to ensure that any previous funds received have been acquitted. It is condition of the Scheme that projects be formally acquitted. This will include completing an acquittal form, providing copies of receipts and copies of all media and Council acknowledgement. It is also a condition of the Scheme that formal acknowledgement of Council's support appear on all publicity, promotion, media and correspondence relating to the assistance provided. Copies of Council acknowledgement are to be included with the Acquittal Form.

Applicants should seek guidance and advice from Council's Cultural Services Team on (02) 6285 6170 or our Grants Officer on (02) 6285 6044 before making an application.



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QPRC ~ Cultural GRANTS ~ Application form

Eligible Projects

- The projects can be of a capital nature or activity-based
- The project must be able to demonstrate that it is of benefit to the Queanbeyan-Palerang community through its cultural or artistic outcomes
- Applications for 'seed funding' of projects or new organisations will be considered
- Staged projects that have self-contained components, one of which you may be applying for will be considered
- Able to complete the project (or stage) within 12 months from receipt of funds

Eligible Individuals

- Residents of Queanbeyan Palerang Regional Council – Local Government Area
- Emerging, mid-career or established artists, performers or writers for creative projects or performances that take place in the QPRC LGA
- Able to demonstrate a matching dollar amount either financial, or in-kind through voluntary contributions. [eg: number of unpaid work hours dedicated to the project/event]

Eligible organisations and groups must be:

- Resident organisation of Queanbeyan Palerang Regional Council – Local Government Area
- Community based not-for-profit organisations, preferably incorporated or unincorporated
- Working in or with the community of the Queanbeyan-Palerang region
- Non-government organisations (e.g. P&C's, Visual or Performing Arts Organizations, Festival Management Committees, Literary groups, Music enterprises, etc)
- Able to demonstrate a matching dollar amount either financial, or in-kind through voluntary contributions

Ineligible Projects

- Projects that are for retrospective funding or running costs of organisations
- Projects that are solely commercial ventures and do not engage the QPRC community
- Applications will **not** be considered from previous recipients who have not completed or acquitted their projects or events.

Funding Amounts

Grants are available for the following:

- **up to \$500** for individual artists, performers, writers for creative projects or performances that take place in the QPRC LGA
- **up to \$1000** for groups of artists, performers, writers, for creative projects or performances that take place in the QPRC LGA

Project examples for the above two categories but not limited to: space hire fee; printing costs of catalogue/publication; promotional material such as flyers/invitations; material costs for project development; equipment hire, etc.

- **up to \$1500** for not for profit unincorporated community groups for creative projects or cultural events that enhance arts opportunities in the QPRC LGA
- **up to \$3000** for not for profit Incorporated community groups for creative projects or cultural events that enhance the arts & cultural opportunities in the QPRC LGA that employs a local artist or number of artists as part of the project.

Project examples for the above two categories but not limited to: a performance, festival or event; artists fees; group exhibition; publications, special web-based activations, cultural engagements etc.

3 QUEANBEYAN PALERANG REGIONAL COUNCIL

QPRC ~ Cultural GRANTS ~ Application form

Application Deadlines

Applications may be submitted at any time of the year, or until funds are exhausted. Applicants should allow two months from submission of their application until notification of the results of their application.

Selection Criteria

Grants will be considered if the project meets one or more of the following criteria:

- Employs a professional artist
- Demonstrates an economic benefit to the QPRC-LGA creative economy
- Attracts matched funding from another source (including in-kind), other than QPRC Grant funds
- Works in partnership with other community groups/government bodies
- A festival, event or project that will engage the broader Queanbeyan-Palerang community
- Advances the cultural and or creative experiences of the QPRC community
- Demonstrates educational components that seek to advance the creative skills and knowledge of the QPRC community

Assessment Process

Applications will be assessed by Council staff to ensure that they meet all the required criteria for the Cultural Arts Assistance Scheme (CAAS). Cultural grants recommendations are presented to the next available Queanbeyan-Palerang Regional Council meeting, and Council makes the final decisions concerning the funding of projects. Applicants are notified of the outcome of their application after the relevant Council meeting.

Privacy

Queanbeyan-Palerang Regional Council will ensure privacy and confidentiality of information supplied in this application, which will only be used by Council for the purpose of assessing the application, and for statistical reporting purposes in respect to Council's grants and donations schemes.

Ethical Considerations

QPRC and its agents reserve the right to reject any application they deem to not reflect the goals, aspirations, and ethos of the QPRC Community Strategic Plan.

COVID Compliance

All applications must include a copy of their Covid SAFE Plan for their event or project.

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QPRC ~ Cultural GRANTS ~ Application form

INDIVIDUAL / CONTACT DETAILS

Name:

Postal Address:

Phone:

Mobile:

Email:

Website:

Social:

ABN (if applicable):

ORGANISATION / CONTACT DETAILS

Name of organisation/group:

Postal address:

Primary purposes and activities of organisation:

Number of members:

Names of primary office-bearers (please print clearly):

President/Chair:

Secretary:

Treasurer:

Contact person for this application:

Phone:

Mobile:

Email:

Website:

Social:

Is the group/organisation GST Registered?

☐ Yes

☐ No

☐ Exempt

(If yes provide ABN):

Is the group/organisation not-for-profit?

☐ Yes

☐ No

(If yes, provide copy of not-for-profit certificate)

Is the group a hobbyist organisation

☐ Yes

☐ No

(If yes, provide Statement by Supplier)

5 QUEANBEYAN PALERANG REGIONAL COUNCIL

QPRC ~ Cultural GRANTS ~ Application form

PROJECT DETAILS

Responses to the following in dot points is preferred.

1. **When** will your project, event or creative engagement take place?
2. **Where** will the project/activity be conducted?
3. **Describe in full your project** or activity, indicating community groups, businesses or artists involved (If space is insufficient include attachments): (200 words max)
4. **Describe how you will address** the aims of the Cultural Arts Assistance Scheme i.e. 'To improve the Queanbeyan-Palerang community's opportunities for involvement in cultural and arts activities'. How will the community participate or be encouraged to participate during the course of the project? (200 words max)

6 QUEANBEYAN PALERANG REGIONAL COUNCIL

QPRC ~ Cultural GRANTS ~ Application form

PROJECT DETAILS

Responses to the following in dot points is preferred.

5. **Outline the benefits** of this project on the development of your organisation / group **or your individual creative practice:** (100 words max)

6. **Include a timeline** of your project - when would the project begin and be completed?

7. **Sum-up projected outcomes** of your project/ event or creative engagement. (25-50 words)

NOTE: Individual applicants should include a CV [maximum 3 pages] that includes a minimum of 2 referees and their current contact details.

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7 QUEANBEYAN PALERANG REGIONAL COUNCIL

QPRC ~ Cultural GRANTS ~ Application form

FINANCES

Please tell us why you need financial assistance from Council i.e. what financial resources are available to you or your organisation and why they are not sufficient for your project/event. (100 words max)

BUDGET INFORMATION REQUIRED

Item	Amount sought from Council	Amount being contributed by your organisation or self	Amount sought from other sources (eg sponsors, income, etc.)
Total Category Amounts	\$	\$	\$
TOTAL cost of Project			\$

NOTE:

- Include any other Grant funding that has been secured for your project or event
- Include any financial donations you have received for this specific project or event
- Please also include a realistic in-kind value for any volunteer labour (e.g. \$25/hr) and donated materials above in 'Amount being contributed by your organisation or self'.

Applicants seeking in excess of \$1,500 must attach both the following documents-

- 1) A copy of the organisation's AGM report including its audited statement of income and expenditure
- 2) A copy of the organisation's current financial year budget

Banking Details:

Please supply your account details in the event you are successful in your application

BSB Number		Account Number	
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QPRC ~ Cultural GRANTS ~ Application form

AUTHORISATION BY THE APPLICANT ORGANISATION or INDIVIDUAL

Organisation - The application shall be signed by an accountable executive officer and witnessed by another executive officer of the applying organisation.

Individual - The application shall be signed by the applying individual and witnessed by a separate party.

I certify that the information given in this document is true and accurate, and that if the organisation or the individual receives a donation from Council, the conditions as set out in the Council's Donations Policy will be complied with. The Queanbeyan-Palerang Regional Council will be acknowledged as a sponsor of the project/activity.

Full Name (please print)	Full Name of Witness (please print)
Signature	Signature
Position	Position
Date	Date

FOR OFFICE USE ONLY				
Date Received/Post Marked:		File Number:		
Meets Mandatory Eligibility Requirements			Yes	No
Grant Awarded			Yes	No
Amount Awarded			\$	
Completion Date:		Acquittal Received	Yes	No
Comments				

Assessing Officers: NAME:	Signed:

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QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

24 FEBRUARY 2021

ITEM 9.8 ASSET ACCOUNTING POLICIES

ATTACHMENT 1 DRAFT ASSET CLASS DEFINITIONS POLICY



Draft Asset Accounting Policy: Asset Class Definitions

Date policy was adopted:		CEO Signature and date
Resolution number:		
Next Policy review date:		
Reference number:	ECM 1008120	
Strategic Pillar	Organisation Capability	
Responsible Branch	Finance	DD/MM/YYYY

Asset Class Definitions

1. OUTCOMES

- 1.1 This policy sets a framework for accurate and consistent financial reporting of Council's infrastructure, property, plant and equipment (IPPE), in accordance with Australian Accounting Standards, the Local Government Act, and the Code of Accounting Practice.
- 1.2 Consistent asset accounting policy framework provides materially accurate information on Council's financial position and financial performance.
- 1.3 Efficient asset management decisions are based on reliable information, ultimately resulting in lower costs for the provision of community infrastructure.

2. POLICY

- 2.1 Council will follow a standardised approach when accounting for IPPE. The accounting treatment will comply with Australian Accounting Standards and relevant legislation.
- 2.2 All assets similar in nature and use are grouped within asset classes as defined.

3. SCOPE OF THE POLICY

- 3.1 This policy applies to the accounting treatment for non-current infrastructure, property, plant and equipment. Other assets such as receivables, inventory, intangibles and cash are excluded.

4. DEFINITIONS

Asset class — a grouping of non-current assets of a similar nature and operational use.

5. LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS

- OLG *Code of Accounting Practice and Financial Reporting*
- AASB 116 *Property, Plant and Equipment*
- IPWEA *Australian Infrastructure Financial Management Guidelines*

6. CONTENT

- 6.1 The following asset classes are reported by Council, with assets being grouped in accordance with the definitions detailed in Appendix A.

- (a) Plant and equipment
- (b) Office equipment
- (c) Furniture and fittings
- (d) Land:
 - Operational land
 - Community land
 - Crown land
 - Land under roads (post 01/07/2008)
 - Land improvements (non-depreciable)



Asset Class Definitions

(e) Infrastructure:

- Buildings
- Other structures
- Roads
- Bulk earthworks (non-depreciable)
- Bridges
- Footpaths
- Other road assets (car parks and kerb & guttering)
- Stormwater drainage
- Water supply network
- Sewerage network
- Swimming pools
- Open space/recreational assets

(f) Other assets

- Library books
- Tip assets

7. REVIEW

7.1 This policy will be reviewed every four years or earlier as necessary if:

- (a) legislation requires it, or
- (b) Council's functions, structure or activities change.

Asset Class Definitions

Appendix A

All assets similar in nature and operational use are grouped within the following asset classes:

Asset Class	Description
Plant and equipment	Fleet and large plant including light vehicles, trucks, construction plant, trailers, tractors, generators, and plant attachments. Tools and equipment such as power tools, slashers, mowers, workshop equipment, surveying equipment.
Office equipment	Telecommunications systems, computer hardware and other electronic devices and specialised equipment including sound systems, lighting systems, stage equipment and survey instruments.
Furniture and fittings	Internal furniture and fittings that are not integral to the building structure or purpose including office furniture, cabinets and shelving which are not fixed.
Land:	
Operational land	All Council land is classified as operational or community. All land acquired by Council is classified as community land unless Council resolves that the land be classified as operational (<i>Local Government Act 1993 s31</i>) Operational land includes: <ul style="list-style-type: none"> • Land held as a temporary asset or as an investment; • Land which facilitates the carrying out by a council of its functions • Or land which may not be open to the general public, such as a works depot or a council garage.
Community land	Community land is held for public access and use, or other restrictions apply to the land to create some obligation to maintain public access (such as a trust deed or planning dedication.) This gives rise to legal restrictions, preserving the qualities of the land. Community land can't be sold, leased or licensed. Examples include parks and sporting grounds.
Crown land	Crown reserves under Council's care and control are recognised as assets of Council. While ownership remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.
Land under roads (post 01/07/2008)	Land under roadways, road reserves, footpaths, nature strips and median strips acquired after 1 July 2008. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 <i>Land under roads</i> .
Land improvements (non-depreciable)	Where the useful life of land improvements is connected to the useful life of the land itself and/or there is no way to estimate the useful life, land improvements are not depreciated. Non-depreciable land improvements include levelling, land forming and earthworks – to prepare the land. For example, earthwork preparations to build the land up ready for a new park or sports field. Park landscaping of a non-depreciable nature is included in the non-depreciable land improvements asset class, including trees, plants and turf.

Asset Class Definitions

Infrastructure:	
Buildings	<p>Significant structures with a roof and fixed walls and that include plumbing and electrical services.</p> <p>Includes internal finishes and site surrounds integral to the structure and function of the building.</p> <p>Furniture and equipment that is not built-in and can be removed and used for other purposes is included in the furniture and fittings or office equipment class.</p>
Other structures	<p>Includes miscellaneous other structures that are not a component of a building. This includes statues and public art, fences, monuments, clock towers etc.</p>
Roads	<p>Road assets are recognised at the level of road surface and pavement assets. Roads will also include minor culverts that have not been recognised separately as stormwater assets.</p> <p>On-street carparks are included with sealed and unsealed road categories.</p> <p>Assets ancillary to the use of the road network are also included in this asset class and include noise barriers, retaining walls relating to road infrastructure, road signs, traffic islands, roundabouts, and raised crossings.</p>
Bulk earthworks (non-depreciable)	<p>Major earthworks undertaken at the initial construction of road and drainage assets, for example cut and fill for a road or drainage segment.</p> <p>Improvements and site preparations that add functionality and make the land ready to use for infrastructure purposes. For example, road / bridge formation and earthworks. These are inexhaustible assets that have an unlimited life and therefore are not depreciated.</p>
Bridges	<p>All bridges regardless of their location and use, including road bridges, foot bridges and suspension bridges. Includes guardrails and crash barriers as part of the bridge.</p> <p>Where the width of a culvert is 6m or more along the centreline of the road it shall be deemed to be a bridge.</p>
Footpaths	<p>All public footpaths regardless of their location and use. Pathways / footpaths in parks and road reserves, off-road cycle ways, pram ramps and shared footpaths.</p>
Other road assets	<p>Includes paved public parking areas, road edges / kerb and gutter, road islands in car parks and off street public carparks.</p> <p>Also includes town approach flagpole banners and bus shelters.</p>
Stormwater drainage	<p>Drainage systems to collect stormwater runoff and convey to waterways through pipe networks within the urban boundary, and the stormwater quality improvement devices used to remove pollutants.</p> <p>Includes culverts, end structures, fittings, stormwater pits, pipes, surface drains, stormwater headwall / end wall, stormwater energy dissipation devices, gross pollution traps, detention and retention basins, rain gardens, constructed wetlands and bio-retention systems.</p>
Water supply network	<p>Water network assets includes all assets used to treat water to a potable standard including structures, electrical equipment, mechanical equipment, pipework and tanks.</p>

Asset Class Definitions

	<p>Reservoirs are used to store treated water for consumption and include reservoirs (tanks), fencing and gates, valve pits, access stairways, instrumentation, electrical services, access tracks and hardstand areas.</p> <p>Pumping stations are used to transfer water from one area of the overall system to another, often to a reservoir at a higher location and include pumps, mechanical services, electrical services, switchboards, instrumentation, access tracks, hard stand areas, fencing and gates.</p> <p>Dams and bulk water supplies ensure security of supply and include dam walls, spillways, outlet structures, seepage weirs and aeration equipment.</p> <p>Water mains are used to distribute water to the required location, they can also be referred to as reticulation or trunk mains. Assets associated with water mains include valves, fittings, pits, and hydrants.</p> <p>Customer service assets are the interface between Council's water assets and the property boundary including water services, connections and meters.</p>
Sewerage network	<p>Sewerage network assets include pipes, manholes and minor structures used to collect sewage from customer connections for transfer to a treatment facility for processing.</p> <p>Sewage pumping station assets include wet wells, emergency storage, pumps, switchboards and electrical systems, odour control systems, fences, access roads and other structures required to deliver the service.</p> <p>Sewage treatment plants are used to treat water to a standard suitable for discharge to the environment for re-use as non-potable water. Assets include structures, electrical equipment, mechanical equipment, pipework and tanks.</p> <p>Customer service assets are the interface between Council's sewer network and the property boundary and include customer connections, inspection openings and other components.</p> <p>Includes recycled water treatment plant.</p>
Swimming pools	<p>All pool structural infrastructure including the pool structures, pumps, pipework, chemical control systems, tiles, wet play areas, waterslides and starting blocks.</p> <p>Other assets within the swimming pool complex are recognised in the appropriate asset classes for land, buildings, open space / recreational assets. For example, change rooms, kiosks, and office buildings are recognised within the buildings class.</p>

Asset Class Definitions

Open space and recreational assets	<p>Infrastructure located in parks, reserves, sportsgrounds and sports facilities such as barbeques, barbeque shelters, playground equipment, fitness facilities, lighting, sports tracks and courts.</p> <p>Pathways, footpaths and cycle ways are excluded, even when associated with parks and sports grounds, as these are included in the footpaths class.</p> <p>Internal roads within parks, reserves and sportsgrounds are included in the roads class.</p> <p>Buildings are excluded, even when associated with parks and sportsgrounds, as these are included in the buildings asset class.</p> <p>Miscellaneous other structures that are not a component of a building are included in other structures. This includes statues, fences and monuments.</p>
Other assets:	
Library books	Library books, including e-books, audio books and other library lending resources.
Tip assets	Estimated site restoration costs for landfill sites.

QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

24 FEBRUARY 2021

ITEM 9.8 ASSET ACCOUNTING POLICIES

ATTACHMENT 2 DRAFT ASSET CAPITALISATION POLICY



Draft Asset Accounting Policy: Capitalisation

Date policy was adopted:		CEO Signature and date
Resolution number:		
Next Policy review date:		
Reference number:	ECM 1010191	
Strategic Pillar	Organisation Capability	
Responsible Branch	Finance Branch	DD/MM/YYYY

Asset Accounting Policy: Capitalisation

1. OUTCOMES

- 1.1 This policy ensures that there is a distinction between expenditure on long-lived assets and expenditure on goods and services for immediate consumption. Consistent policy decision becomes critically important in determining the cost of providing Council services.
- 1.2 As a result of having a consistent asset accounting rules for capitalisation, Council provides materially accurate and comparable information on its financial position and financial performance.

2. POLICY

- 2.1 When assets are acquired or created, they are capitalised in the financial statements to reflect the long-life value they have in providing future economic benefits to the QPRC Community.
- 2.2 This policy sets the thresholds for recognising capital expenditure. The capitalisation threshold is the new, upgrade or renewal value of an asset, below which the project cost will be accounted for as operational expenditure, and above which it will be included in Council's asset register and accounted for as an asset.
- 2.3 QPRC will apply the capital expenditure thresholds detailed in this policy, for asset capitalisation decisions.

3. SCOPE OF THE POLICY

- 3.1 This policy applies to the accounting treatment for non-current infrastructure, property, plant and equipment. Other assets such as receivables, inventory, intangibles and cash are excluded.

4. DEFINITIONS

Operational Expenditure - Includes expenditure on operations and maintenance and is excluded from the capital cost of the asset.

Operations - Regular activities / expenditure to provide services such as running costs, public health, safety and amenity eg street sweeping, grass mowing and utility costs such as street lighting. These are day to day (often continuous) operational activities that have no effect on asset condition but are necessary to keep the asset appropriately utilised and operating.

Maintenance - All periodic or reactive actions necessary for retaining an asset in a condition that allows it to deliver the designed service levels throughout its intended life. Eg road patching. Maintenance is periodic or reactive expenditure and does not increase the service potential of the asset or keep it in its original condition. Rather, it slows down deterioration and delays the necessity of rehabilitation or renewal. Maintenance activities fall into two categories, planned and reactive. Planned maintenance is proactive maintenance to prevent asset failure. Work is carried out on a predetermined schedule or planned in association with other works. Reactive actions are taken to correct asset malfunctions and failures on an as-required basis, or in response to reported problems. Eg potholes, repairs, emergency repairs.



Asset Accounting Policy: Capitalisation

Capital expenditure - costs incurred over the life of an asset that either renew, upgrade or extend the asset's underlying service potential. Such costs are capitalised as an addition to the carrying value of existing assets.

Renewal - expenditure that increases the useful life or increases the service potential of the asset beyond its current condition but not exceeding its current maximum design level, for example, resealing of a road. Includes rehabilitation and replacement activities. Rehabilitation activities are defined as the major reinstatement or repair of structural component assets to ensure required levels of service are met and prolonged asset life is achieved. Replacement works are defined as the disposal and substitution (complete replacement) of an asset which has reached the end of its useful life, with an equivalent standard or agreed alternate asset.

Upgrade - expenditure that enhances an asset to provide a longer useful life or increases the service potential of the asset beyond its current maximum design level, for example, widening a road to add an extra traffic lane. Includes expenditure on new assets where existing assets are replaced at a higher level of service, and part of the cost relates to the upgrade.

Expansion - expenditure that extends an existing asset or creates a new asset that provides the same standard of service, to a new group of users.

Materiality - omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make based on the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

5. LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS

- OLG Code of Accounting Practice and Financial Reporting
- AASB 116 Property, Plant and Equipment
- IPWEA Australian Infrastructure Financial Management Guidelines

6. CONTENT

- 6.1 The cost of acquiring or creating fixed assets is determined in accordance with Australian Accounting Standards and includes: the purchase price, directly attributable costs for bringing the asset to the required location and condition to operate in its intended manner, and the estimated cost of an obligation to dismantle and remove the asset and restore the site.
- 6.2 The cost of a constructed asset is determined using the same principles as for an acquired asset. When an asset is contributed to Council for no or low cost, the asset cost is measured at its estimated fair value from the date of acquisition. Included and excluded costs are detailed in the table below:

Asset Accounting Policy: Capitalisation

Activity	Operating Expenditure	Capital Expenditure
<p>All activities prior to the decision made to proceed with investment including:</p> <ul style="list-style-type: none"> • Strategic planning reports • Project scoping and investigation, valuation reports, planning approvals • Sewer line camera inspections 	X	
<p>All activities following decision made to proceed with investment including:</p> <ul style="list-style-type: none"> • Survey and design • Professional fees • Site preparation, including demolition of old assets • Construction and contract payments • Council direct costs - wages, plant hire, inventory and on-costs • Project management, supervision and overheads • Transport, installation, assembly and testing • Costs associated with implementing a new module to Council's information system 		X
<p>If Council has an obligation for site restoration:</p> <ul style="list-style-type: none"> • Initial estimate of dismantling and removal of asset and site restoration (e.g. tips) 		X
<p>All activities after the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management:</p> <ul style="list-style-type: none"> • Costs of opening a new facility • Advertising and promotional activities • Administration and general overhead costs • Staff relocation and training • Costs of relocating, reorganising operations or redeploying an item 	X	
<p>Incidental operations that occur in connection with construction or development:</p> <ul style="list-style-type: none"> • Income and expenses associated with renting / operating an asset before or during development 	X	
Internal profits	X	
Cost of abnormal amounts of wasted material, labour or other resources	X	

Asset Accounting Policy: Capitalisation

6.3 Derecognition of assets

- (a) When a complete asset is replaced (including a complete asset component), the cost of the renewal / rehabilitation / reconstruction is recognised as a renewed asset and any residual value of the replaced asset is disposed from the asset register.
- (b) Partial derecognition of an infrastructure asset is to occur whenever:
 - a. A significant component or section of an infrastructure asset is destroyed, abandoned or decommissioned with no future economic benefits expected to be generated from its use; or
 - b. Major renewal works have been undertaken resulting in a significant component or section of an infrastructure asset being replaced.
- (c) When an asset is partially replaced, the replaced portion should be disposed (often expressed as a percentage). The replacement cost is recognised as an addition to the remaining asset value. The remaining useful life of the renewed asset is reviewed to recognise the restored economic benefits.
- (d) For partial road pavement renewals, due to the variability of actual pavement thickness and thin renewal component, even minor construction variations will have a significant impact on the write off estimation so that a reasonable estimate cannot be made. Therefore, for partial pavement renewals the capital cost is recognised by adding the renewal cost to the existing asset value and the remaining useful life of the renewed asset is reviewed to recognise the restored economic benefits.

6.4 Capitalisation Thresholds

Table 1 – Plant and equipment, office equipment and furniture and fittings

Operations	Maintenance	Renewal	Upgrade and Expansion
<ul style="list-style-type: none"> Fuel, oil, electricity 	<ul style="list-style-type: none"> Reactive maintenance and repairs Programmed servicing Upgrade or replace parts < \$5,000 	<ul style="list-style-type: none"> Replacement asset > \$5,000 Replacement of asset parts > \$5,000 Replacement system or network assets where the individual components are less than the capitalisation threshold but the total acquisition > \$10,000 Replacement of major asset component such as an engine in a motor vehicle 	<ul style="list-style-type: none"> New asset > \$5,000 New system or network assets where the individual components are less than the capitalisation threshold but the total acquisition > \$10,000 Bulk mobile, laptops and computer equipment > \$10,000 per annum

Asset Accounting Policy: Capitalisation

Table 2 – Operational land, community land, crown land, land under roads (post 01/07/2008), land improvements (non-depreciable)			
Operations	Maintenance	Renewal	Upgrade and Expansion
<ul style="list-style-type: none"> Utility costs such as land rates & insurance Asset inspections, supervision and management Legal costs where purchase did not eventuate Mowing, cleaning, gardening, waste removal Pest treatments 	<ul style="list-style-type: none"> Mulch and grass refill/repair Land Improvement <\$10,000 	<ul style="list-style-type: none"> Renewal of land improvements > \$10,000 	<ul style="list-style-type: none"> All land acquisition costs are capitalised Land improvements, including levelling, formation, landscaping > \$10,000

Table 3 – Buildings and other structures			
Operations	Maintenance	Renewal	Upgrade and Expansion
<ul style="list-style-type: none"> Asset management including condition assessment and defect inspections Utility costs Statutory testing and certification Cleaning Graffiti removal Pest control Clearing roof drains and gutters 	<ul style="list-style-type: none"> Reactive and programmed maintenance and repair Partial renewal of building component < \$10,000 Painting or repainting 	<ul style="list-style-type: none"> Partial renewal of building component > \$10,000 Complete renewal or replacement of building component Renewal or replacement at same or modern equivalent standard > \$10,000 Major repainting of a building's external walls, which effectively reseals the external structure 	<ul style="list-style-type: none"> New building asset Fit out > \$10,000 Upgrade assets > \$10,000 Grouped assets - relevant new small value assets purchased > \$10,000 per annum. e.g. security pads, cctv cameras

Asset Accounting Policy: Capitalisation

Table 4 – Roads, bridges, footpaths, earthworks (non-depreciable) and other road assets

Operations	Maintenance	Renewal	Upgrade and Expansion
<ul style="list-style-type: none"> Asset management including condition assessment and defect inspections Street sweeping (kerb and gutter) Cleaning and jetting of footpaths Sweeping and litter control Clearing of subsoil drains Silt control Line marking renewal Replacing traffic indicators and raised pavement markers Verge mowing Street lighting construction/expansion Utility costs Graffiti removal Litter control Weed & pest control 	<ul style="list-style-type: none"> Reactive maintenance and repair eg pothole repairs, minor patching Emergency repairs Programmed maintenance Reapplication of bridge surface coatings e.g. painting, galvanising Footpath trip hazard repairs and surface patching 	<ul style="list-style-type: none"> Partial asset renewal > \$5,000 or more than 10% of the area of the asset segment Complete asset segment renewal or replacement Gravel resheeting Replacement of sub-soil drains Heavy patching and localised (partial) surface renewal > \$5,000 or greater than 10% of the area of the asset segment 	<ul style="list-style-type: none"> New asset Asset expansion e.g. road widening, extra lanes Sealing of unsealed road Upgraded pathways and footpath assets e.g. change from asphalt footpath to concrete footpath Costs associated with new line marking or raised pavement markers in association with asset renewal or construction are capitalised as part of the acquisition cost.

Table 5 – Stormwater drainage

Operations	Maintenance	Renewal	Upgrade and Expansion
<ul style="list-style-type: none"> Asset management including condition assessment and defect inspections Clearing drains and pits Clearing gross pollutant traps (GPT), stormwater quality improvement devices (SQID) and water sensitive urbane design (WSUD) areas 	<ul style="list-style-type: none"> Reactive maintenance (pipe repair, pit repair, GPTs and SQIDS) Programmed maintenance Partial asset renewal < \$5,000 Desilting surface drains Revegetation of WSUD areas Replacement of WSUD area filter media 	<ul style="list-style-type: none"> Replacement or refurbishment of the constructed flood mitigation and drainage assets Partial asset renewal > \$5,000 Replacement of segment length of pipeline Renewal or relining of segment length of pipeline Replacement of complete pit, end structure or fitting Complete asset renewal or replacement 	<ul style="list-style-type: none"> Constructed flood mitigation and drainage assets New asset Replace with larger diameter pipe including increased standard or capacity

Asset Accounting Policy: Capitalisation

Table 6 – Open space/recreational assets and swimming pools			
Operations	Maintenance	Renewal	Upgrade and Expansion
<ul style="list-style-type: none"> Asset management including condition assessment and defect inspections Utility costs Street bins General gardening: mowing, cleaning, tree and shrub trimming, weed control, litter control, leaf control etc. 	<ul style="list-style-type: none"> Reactive and programmed maintenance Painting facilities and structures Partial asset renewal < \$5,000 Replanting garden beds, trees and shrubs Re-turfing 	<ul style="list-style-type: none"> Partial asset renewal > \$5,000 (eg replacing damaged sections of fencing, irrigation, edging) Complete asset renewal or replacement > \$5,000 	<ul style="list-style-type: none"> New asset > \$5,000 Replace entire asset with higher standard or capacity > \$5,000

Table 7 – Water supply and sewerage and recycled water network			
Operations	Maintenance	Renewal	Upgrade and Expansion
<ul style="list-style-type: none"> Soft landscaping Water meter relocation Inspections or condition assessments not requiring dismantling of the asset Sewer line camera inspections 	<ul style="list-style-type: none"> Reactive and programmed maintenance and repair Partial asset renewal < \$5,000 Manhole replacement 	<ul style="list-style-type: none"> Partial asset renewal > \$5,000 Complete asset renewal or replacement > \$10,000 Sewer relining 	<ul style="list-style-type: none"> New asset > \$10,000 Replace complete asset with higher standard / capacity > \$10,000

Table 8 – Library books and other assets			
Operations	Maintenance	Renewal	Upgrade and Expansion
<ul style="list-style-type: none"> Annual online licences, subscriptions, annual platform access to e-formats, periodicals and newspapers 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Bulk or network library book acquisition 	<ul style="list-style-type: none"> Bulk or network new asset > \$5,000

7. REVIEW

7.1 This policy will be reviewed every two years or earlier as necessary if:

- (a) legislation requires it, or
- (b) Council's functions, structure or activities change.

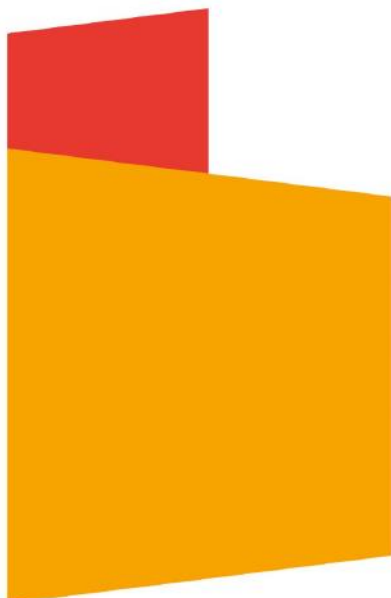
QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

24 FEBRUARY 2021

ITEM 9.8 ASSET ACCOUNTING POLICIES

ATTACHMENT 3 DRAFT ASSET REVALUATION POLICY



Draft Asset Accounting Policy: Revaluation

Date policy was adopted:		CEO Signature and date
Resolution number:		
Next Policy review date:		
Reference number:	ECM 1014333	
Strategic Pillar	Organisation Capability	
Responsible Branch	Finance	DD/MM/YYYY



Document Set ID: 1014333
Version: 5, Version Date: 13/02/2021

Asset Revaluation

1. OUTCOMES

- 1.1 The objective of this policy is to provide accurate financial reporting by ensuring that assets are valued accurately and revaluations are managed efficiently in accordance with Australian Accounting Standards and the Code of Accounting Practice.
- 1.2 As a result of having a consistent asset accounting policy, Council provides materially accurate information on its financial position and financial performance.
- 1.3 A consistent approach to asset valuation supports the provision of relevant and comparable information for decision-making about resource allocation.

2. POLICY

- 2.1 Council will undertake periodic revaluation of all classes of IPPE in accordance with Australian Accounting Standards and the Local Government Code of Accounting Practice.
- 2.2 Comprehensive revaluations of all classes of assets are undertaken at least every 5 years.
- 2.3 Independent, internal or external, professionally qualified valuers are used to conduct fixed asset valuations.
- 2.4 The valuation technique for each asset class is specified in Table 1.
- 2.5 Valuation assumptions, inputs and relevant price indices for each class of assets are specified in Table 1.
- 2.6 Annual fair value reviews are conducted at each reporting date to confirm assets are not materially different from their current value.

3. SCOPE OF THE POLICY

- 3.1 This policy applies to the accounting treatment for infrastructure, property, plant and equipment (IPPE). Other assets such as receivables, inventory, intangibles and cash are excluded.

4. DEFINITIONS

Fair value — AASB 13 (para 9) defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

The Cost Approach — The cost approach reflects the amount that would be required currently to replace the service capacity of an asset.

The Market Approach — The market approach uses price and other relevant information generated by market transactions involving identical or similar assets.

5. LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS

- AASB 13 *Fair Value Measurement*
- AASB 116 *Property, Plant and Equipment*
- OLG *Code of Accounting Practice and Financial Reporting*
- NSW Treasury TPP14-01 *Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value*

Asset Revaluation

- IPWEA *Australian Infrastructure Financial Management Guidelines*

6. CONTENT

- 6.1 Valuation inputs are ranked into three priority levels, called the valuation hierarchy. Level 1 inputs are based upon quoted prices, level 2 inputs are based on other observable inputs, and level 3 inputs are based on unobservable inputs.
- 6.2 Council uses valuation techniques that are appropriate in the circumstances, for which sufficient data is available and that maximise the use of valuation assumptions that use quoted prices in active markets and minimises the use of assumptions that are based on unobservable inputs.
- 6.3 Valuation techniques used by Council include are market approach and cost approach.
- 6.4 In determining the need to use internal or external valuation experts for the revaluation of each asset class, Council considers:
- (a) The availability of in-house knowledge and expertise.
 - (b) The costs and benefits.
 - (c) The risk of material errors based on the nature, complexity and materiality of the asset class.
 - (d) Availability of accurate and reliable data and information.
- 6.5 Council undertakes asset data verification and asset condition assessments (for infrastructure assets) to confirm the currency and accuracy of its asset register data and ensure that assets are recorded at component level where appropriate.
- 6.6 Comprehensive condition assessments and data verification processes are programmed in the financial year prior to the revaluation, as specified in Table 1.
- 6.7 Council provides complete and accurate information to valuers, including all asset characteristics relevant to the valuation.
- 6.8 At each year end reporting date, Council makes an assessment as to whether there is any indication that an asset's carrying amount differs materially from fair value. Where any indication exists, the asset class is revalued.
- 6.9 The annual fair value review requires consideration of external and internal sources of information, including relevant price indices, a review of asset useful lives and residual values.
- 6.10 Where an asset class is required to be revalued as a result of the annual fair value review, Council will conduct an interim revaluation using internal expertise by applying the relevant indexation factors to the carrying amount.
- 6.11 Where there is movement in indicators greater than 20%, Council will give consideration to increasing the frequency of comprehensive revaluations for the asset class.

Asset Revaluation

7. REVIEW

7.1 This policy will be reviewed every year or earlier as necessary if:

- (a) legislation requires it, or
- (b) Council's functions, structure or activities change.

Asset Revaluation

Table 1: Valuation Policy for Classes of Assets

Asset class	Fair value hierarchy	Fair value indices	Last revaluation date	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Plant and equipment Office equipment Furniture and fittings	3	Consumer price index, ABS cat number 6401.0	13 May 16	30 Jun 21	5	Internal	30 Jun 25	Cost approach	Depreciated historical cost equates with fair value Remaining useful life Residual value
Operational land	2	Residential property price index (Canberra), ABS cat number 6416.0	13 May 16	30 Jun 21	4	External	30 Jun 24	Market approach	Sales data (comparable property sales) & reserves based on market assumptions (\$ per square metre)
Community land	3	Residential property price index (Canberra), ABS cat number 6416.0	13 May 16	1 July 20	3	Internal	30 Jun 23	Market approach	Land values obtained from the NSW Valuer General (\$ per square metre)
Crown land	3	Residential property price index (Canberra), ABS cat number 6416.0	13 May 16	1 July 20	3	Internal	30 Jun 23	Market approach	Land values obtained from the NSW Valuer General (\$ per square metre)



Asset Revaluation

Asset class	Fair value hierarchy	Fair value indices	Last revaluation date	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Land under roads	3	Residential property price index (Canberra), ABS cat number 6416.0	13 May 16	1 July 20	3	Internal	30 Jun 23	Market approach	Median operational land value (\$ per square metre), discounted by 90%
Land improvements	3	Building cost index, Canberra Rawlinsons Australian Construction Handbook	13 May 16	30 Jun 21	4	External	30 Jun 24	Cost approach	Industry construction costs sourced from Rawlinsons most recent published cost guide (unit rate) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life
Buildings	3	Building cost index, Canberra Rawlinsons Australian Construction Handbook	13 May 16	30 Jun 21	4	External	30 Jun 24	Cost approach, (specialised) Market approach (non-specialised)	Industry building construction costs sourced from Rawlinsons most recent published cost guide (\$ per square metre) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life

Asset Revaluation

Asset class	Fair value hierarchy	Fair value indices	Last revaluation date	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Other structures	3	Building cost index, Canberra Rawlinsons Australian Construction Handbook	13 May 16	30 Jun 21	4	External	30 Jun 24	Cost approach	<p>Industry construction costs sourced from Rawlinsons most recent published cost guide (<i>unit rate</i>)</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>

Asset Revaluation

Asset class	Fair value hierarchy	Fair value indices	Last revaluation date	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Roads & other roads assets	3	Producers cost index for roads and bridges, ABS cat number 6427.0, table 17, 3101 Road and bridge construction NSW	13 May 16	30 Jun 21	3	External	30 Jun 23	Cost approach	<p>Council road construction costs sourced from contract rates (<i>\$ per square metre</i>)</p> <p>Industry road construction costs sourced from Rawlinsons most recent published cost guide (<i>\$ per square metre</i>)</p> <p>Carpark construction costs sourced from ACT Cost of Building Work Determination 2020 (<i>\$ per car space</i>)</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>

Asset Revaluation

Asset class	Fair value hierarchy	Fair value indices	Last revaluation date	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Bridges	3	Producers cost index for roads and bridges, ABS cat number 6427.0, table 17, 3101 Road and bridge construction NSW	13 May 16	30 Jun 21	3	External	30 Jun 23	Cost approach	Industry bridge construction costs sourced from Rawlinsons most recent published cost guide (\$ <i>per square metre bridge deck area</i>) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life
Footpaths	3	Building cost index, Canberra Rawlinsons Australian Construction Handbook	13 May 16	30 Jun 21	3	External	30 Jun 23	Cost approach	Council footpath construction costs sourced from contract rates (\$ <i>per square metre</i>) Industry footpath construction costs sourced from Rawlinsons most recent published cost guide (\$ <i>per square metre</i>) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life

Asset Revaluation

Asset class	Fair value hierarchy	Fair value indices	Last revaluation date	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Bulk earthworks	3	Consumer price index, ABS cat number 6401.0	13 May 16	30 Jun 21	3	External	30 Jun 23	Cost approach	<p>Council earthwork construction costs sourced from contract rates (<i>\$ per cubic metre</i>)</p> <p>Industry earthwork construction costs sourced from Rawlinsons most recent published cost guide (<i>\$ per cubic metre</i>)</p>
Stormwater drainage	3	Building cost index, Canberra Rawlinsons Australian Construction Handbook	13 May 16	30 Jun 25	5	External	30 Jun 24	Cost approach	<p>Council drainage construction costs sourced from contract rates (<i>\$ per linear metre</i>)</p> <p>Industry drainage construction costs sourced from Rawlinsons most recent published cost guide (<i>\$ per linear metre</i>)</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>



Asset Revaluation

Asset class	Fair value hierarchy	Fair value indices	Last revaluation date	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Water supply network	3	Water reference rate, DPI NSW Office of Water Reference Rates Manual	1 July 2020	30 June 25	5	External	30 June 24	Cost approach	<p>Council water supply construction costs sourced from contract rates (\$ per linear metre)</p> <p>Relevant local government industry cost databases and schedule of rates for construction of assets or similar assets</p> <p>Industry water supply construction costs sourced from DPI NSW Office of Water Reference Rates Manual.</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>

Asset Revaluation

Asset class	Fair value hierarchy	Fair value indices	Last revaluation date	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Sewerage network (including recycled water network)	3	Water reference rate, DPI NSW Office of Water Reference Rates Manual	1 July 2020	30 June 25	5	External	30 June 24	Cost approach	<p>Council sewerage construction costs sourced from contract rates (<i>\$ per linear metre</i>)</p> <p>Relevant local government industry cost databases and schedules of rates for construction of assets or similar assets</p> <p>Industry sewerage supply construction costs sourced from DPI NSW Office of Water Reference Rates Manual.</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>

Asset Revaluation

Asset class	Fair value hierarchy	Fair value indices	Last revaluation date	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Open space / recreational assets	3	Consumer price index, ABS cat number 6401.0	13 May 16	30 Jun 21	4	External	30 Jun 24	Cost approach	Industry construction costs sourced from Rawlinsons most recent published cost guide (<i>unit rate</i>) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life
Swimming pools	3	Consumer price index, ABS cat number 6401.0	13 May 16	30 Jun 21	4	External	30 Jun 24	Cost approach	Industry construction costs sourced from Rawlinsons most recent published cost guide (<i>unit rate</i>) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life
Library books	3	Consumer price index, ABS cat number 6401.0	13 May 16	30 Jun 21	5	Internal	na	Cost approach	Depreciated historical cost equates with fair value Remaining useful life



QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

24 FEBRUARY 2021

ITEM 9.8 ASSET ACCOUNTING POLICIES

ATTACHMENT 4 DRAFT ASSET DEPRECIATION AND IMPAIRMENT POLICY



Draft Asset Accounting Policy: Depreciation and Impairment

Date policy was adopted:		CEO Signature and date
Resolution number:		
Next Policy review date:		
Reference number:	ECM 1012202	
Strategic Pillar	Organisation Capability	
Responsible Branch	Finance	DD/MM/YYYY

Asset Depreciation and Impairment

1. OUTCOMES

- 1.1 This objective of this policy is to spread capital expenditure over the life of the asset through the mechanism of depreciation so that intergenerational equity is maintained.
- 1.2 Consistent asset accounting policy provides fairness and comparability in determining the cost of service provision, recovered from ratepayers across financial years.
- 1.3 Efficient asset management decisions are based on reliable information, ultimately resulting in lower costs for the provision of community infrastructure.

2. POLICY

- 2.1 Council will follow a standardised approach when accounting for IPPE. The accounting treatment will comply with Australian Accounting Standards and relevant legislation.
- 2.2 Asset useful lives are determined based on a sound technical basis, using industry accepted engineering standards and evidence of asset performance.
- 2.3 Asset useful lives are varied from engineering principles, where there is reasonable and demonstrable evidence to justify the variance.

3. SCOPE OF THE POLICY

- 3.1 This policy applies to the accounting treatment for non-current infrastructure, property, plant and equipment (IPPE). Other assets such as receivables, inventory, intangibles and cash are excluded.

4. DEFINITIONS

Depreciable amount — The cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation — The systematic allocation of the depreciable amount of an asset over its useful life.

Impairment — The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Useful life — The period over which an asset is expected to be available for use by Council; or the number of production or similar units expected to be obtained from the asset by Council.

5. LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS

- AASB 116 *Property, Plant and Equipment*
- OLG *Code of Accounting Practice and Financial Reporting*
- IPWEA *Australian Infrastructure Financial Management Guidelines*
- IPWEA *Position Statement: Determining Useful Lives of Infrastructure Assets*

6. CONTENT

- 6.1 Depreciation:



Asset Depreciation and Impairment

- (a) Council depreciates assets using the straight-line method to reflect the consumption of the asset of its useful life.
 - (b) Assets will be componentised where different useful lives relate to each component of an asset. Each component will be depreciated separately.
 - (c) Asset useful lives are reviewed annually and varied from the base to reflect the most recent assessment of the asset's useful life, where there is sound evidence to justify the change.
 - (d) Base useful lives for the various asset classes are detailed in the table at Appendix A.
- 6.2 Revaluations shall be performed regularly to ensure that the carrying amount of the asset does not differ materially from its fair value at reporting date. Where an asset is revalued, accumulated depreciation is restated in proportion to the gross carrying amount of the asset.
- 6.3 When a partial asset is replaced, the remaining useful life of the renewed asset is reviewed to recognise the restored economic benefits.
- 6.4 The Australian Accounting Standards require that Council assess at each reporting date whether there is any indication that any assets under its control may be impaired. If any such indication exists, the Council shall estimate the recoverable amount of the asset.
- (a) Impairment loss on a revalued asset must be first offset against any revaluation surplus for the same class of asset.
 - (b) An asset which is not to be replaced and is not in use is derecognised and the carrying value less residual value written off.
 - (c) Assets impaired by physical damage e.g. fire or floods, will show an impairment loss of the amount estimated to restore the asset to its pre-existing state.

7. REVIEW

- 7.1 This policy will be reviewed every year or earlier as necessary if:
- (a) legislation requires it, or
 - (b) Council's functions, structure or activities change.

Asset Depreciation and Impairment

APPENDIX A

Table 1: IPPE: Base Useful Lives

Asset Class	Category	Useful Life
Plant and equipment	All plant equipment except vehicles	7 years
	Small fleet vehicles	5 years
	Heavy plant/road making equipment	10 years
Office equipment		10 years
	Computer equipment	4 years
	Mobile phones	3 years
Furniture and fittings		10 years
Land:		
Operational land		Infinite
Community land		Infinite
Land under roads		Infinite
Land improvements – non depreciable		Infinite
Infrastructure:		
Buildings	Internal	45 years
	Plant and equipment	50 years
	Services	40 years
	Structure	65 years
	Site features	80 years
	Non-componentised	65 years
Other structures	Public art/monuments	80 years
	Sheds	40 years
	Truckwash	20 years
	Other	45 years
Roads	Pavement	80 years
	Surface	25 years
	Kerb & gutter	100 years
	Bus shelters	30 years
	Crash barriers	65 years
	Street furniture	25 years
	Other road assets	25 years
	Parking areas – surface	30 years
	Parking areas - base	85 years



Asset Depreciation and Impairment

Asset Class	Category	Useful Life
Bridges		100 years
Footpaths		100 years
Bulk earthworks (non-depreciable)		Infinite
Stormwater drainage	Culvert	105 years
	GPT	100 years
	Headwall	100 years
	Inlet	105 years
	OSD	105 years
	Pit	105 years
	Stormwater pipe	105 years
	WSUD area	105 years
Water supply	Main	80 years
	Meter	50 years
	Pumps	50 years
	Reservoir	100 years
	Telemetry	25 years
Sewerage network	Main	90 years
	Pumps	70 years
	Treatment	80 years
	Recycled Water Treatment	80 years
Open space/recreational assets	Park CCTV and ITC	25 years
	Park furniture	40 years
	Park irrigation	40 years
	Park landscaping	75 years
	Park lighting	50 years
	Park play equipment	15 years
	Park site features	35 years
	Park sporting facility	35 years
	Park structure	50 years
Swimming pools		45 years
Library books		5 Years



Asset Depreciation and Impairment

QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

24 FEBRUARY 2021

ITEM 9.8 ASSET ACCOUNTING POLICIES

ATTACHMENT 5 DRAFT AGENCY ASSET POLICY



Draft Asset Accounting Policy: Agency Assets

Date policy was adopted:		CEO Signature and date
Resolution number:		
Next Policy review date:		
Reference number:	ECM 1007892	
Strategic Pillar	Organisation Capability	DD/MM/YYYY
Responsible Branch	Finance	

Agency Assets

1. OUTCOMES

- 1.1 This policy sets Council's accounting policy position for the recognition of agency assets in the financial statements.
- 1.2 Accurate recognition of Council assets provides materially accurate information on Council's financial position and financial performance.

2. POLICY

- 2.1 When Council is subject to legislation, contracts and service agreements for the joint provision of community infrastructure with other agencies, those assets are recognised in the financial statements if they meet the asset recognition criteria in accordance with Australian Accounting Standards.
- 2.2 This policy sets out Council's assessment of whether agency assets are controlled by Council, and determines the accounting treatment in accordance with Australian Accounting Standards and the Local Government Code of Accounting Practice.

3. SCOPE OF THE POLICY

- 3.1 This policy applies to the accounting treatment for non-current infrastructure, property, plant and equipment assets that are subject to any agency agreement, contract or legislative provision whereby the assets are jointly provided to the community by Council, with a third party agency.

4. DEFINITIONS

Asset — a present economic resource controlled by the entity as a result of past events. An economic resource is a right that has the potential to produce economic benefits..

5. LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS

- *OLG Code of Accounting Practice and Financial Reporting*
- *AASB Conceptual Framework 2019, p 4.3 – Definition of an Asset*
- *AASB 116 Property, Plant and Equipment*
- *Rural Fire Services Act 1997*
- *IPWEA Australian Infrastructure Financial Management Guidelines*

6. CONTENT

- 6.1 Asset recognition criteria

To meet the definition of an asset, an item must be:

- a present economic resource controlled by Council
- as a result of past events, that
- is a right that has the potential to produce economic benefits.

In respect of Council, economic benefits are used to provide goods and services in accordance with Council objectives. For example, community infrastructure assets provide

Agency Assets

economic benefit to Council by enabling it to meet its objective for the provision of services to the community.

In assessing whether an item meets the definition of an asset, Council gives attention to the underlying substance and economic reality and not merely its legal form.

Control is the determining factor that links an asset to an entity. Council controls an asset if it has the present ability to direct its use and obtain the economic benefits that may flow from it. It includes the present ability to prevent other parties from directing the use of the economic resource and from obtaining the economic benefits that may flow from it. If one party controls an economic resource, no other party controls that resource.

Assets are recognised in Council's financial statements if they meet the criteria contained in the Australian Accounting Standard Conceptual Framework;

- (a) they must meet the definition of an asset, and:
- (b) recognition of the asset and the resulting income and expenses in the financial statements must be:
 - (i) useful and relevant, and
 - (ii) a faithful representation of the asset, income, expense and change in equity.

6.2 Agency assets

In order to determine whether any item is recognised as an asset in its financial statements, Council assesses whether it meets the asset recognition criteria, with a focus on:

- whether Council has control of the asset and
- can identify potential economic benefits that flow back to Council.

Assessments of the asset recognition criteria are included in the Table 1 below.

(c) REVIEW

7.1 This policy will be reviewed every four years or earlier as necessary if:

- (a) legislation requires it, or
- (b) Council's functions, structure or activities change.

Agency Assets

Table 1 Agency asset assessment

Agency asset	Assessment against recognition criteria	Recognised as Council Assets?
<p>Rural Fire Service (RFS) assets</p> <p>The NSW Rural Fire Fighting Fund holds all contributions required to meet the costs of providing rural fire fighting services across NSW. Annual contributions to the fund are sourced from the NSW Treasury (14.6%), property insurance companies (73.7%), and NSW Councils (11.7%).</p> <p>The NSW Rural Fire Services Act provides that all firefighting equipment acquired from the fund is to be vested in the Council of the area where the equipment has been purchased, and that Council may not dispose of such equipment without the written consent of the Commissioner.</p> <p>Council has an agreement with the RFS specifying that the legal right to possession and control of RFS land and buildings remains vested in Council and the RFS has the right of occupation.</p>	<p><u>Future economic benefits</u></p> <p>All decisions over RFS operating and capital transactions are made by RFS officers, to meet RFS objectives. Council does not provide rural fire fighting services to the community, but does have an organisational objective to provide assistance to emergency agencies.</p> <p>Therefore, there is no expectation that RFS assets provide a future economic benefit to Council.</p> <p><u>Control of assets</u></p> <p>Council retains full legal right to possession and control of premises occupied by the RFS. Council is required to maintain buildings, pay utility costs and pay property insurance.</p> <p>The RFS Zone Manager makes all decisions about access to RFS facilities and all decisions about the use and operation of assets. Council may be consulted, on decisions about major purchases and disposals, however it is not the final decision making authority.</p> <p>Due to the current ambiguity and lack of OLG direction on recognition of RFS assets, Council has determined that it will recognise RFS land and buildings.</p> <p>In practice, the RFS makes decisions to switch fleet and equipment assets between fire districts in order to best manage its assets across all districts.</p> <p>Council has no access to, and is not permitted to use RFS plant and equipment.</p> <p>Therefore, Council can not establish that it controls RFS plant and equipment assets.</p>	<p>Yes - land & buildings</p> <p>No – plant & equipment</p>

Agency Assets

Agency asset	Assessment against recognition criteria	Recognised as Council Assets?
<p>Crown Reserves</p> <p>In accordance with the Crown Land Management Act 2016, Council manages crown reserves within the local government area.</p>	<p><u>Future economic benefits</u></p> <p>Council has an objective to establish and maintain community recreation facilities and reserves, and it manages crown land for the benefit of the local community. Council can not sell crown reserves, and the future economic benefit is limited to the value of the land in use as a community asset.</p> <p><u>Control of assets</u></p> <p>While ownership of the reserves remains with the Crown, Council retains operational control and is responsible for their management, maintenance and use in accordance with the specific community purposes to which the reserves are dedicated.</p>	Yes
<p>Buildings and Structures on Crown Reserves</p> <p>Community buildings and other structures on Crown Reserves are managed by Council.</p>	<p><u>Future economic benefits</u></p> <p>Council maintains public infrastructure on Crown Reserves to meet its organisational objectives.</p> <p><u>Control of assets</u></p> <p>Council retains operational care and control of buildings and other structures on Crown Reserves.</p>	Yes