

Clarence City Council





Clarence... a brighter place

ASSET MANAGEMENT STRATEGY

2018-2022

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Table of Contents

Executive Summary.....	1
1. Introduction	4
1.1 Asset Management Planning Process	5
2. What Assets does Council have?	5
3. Council’s Assets and their Management	7
3.1 State of the Assets	7
3.2 Asset Funding Ratio.....	9
3.3 Life Cycle Cost	9
3.4 Medium Term Projected / Budgeted Asset Related Expenditure	11
3.5 Asset Management Structure	12
3.6 Corporate Asset Management Team.....	13
3.7 Financial & Asset Management Core Competencies.....	13
4. Where does Council want to be?.....	15
4.1 Council’s Vision, Mission, Goals and Objectives	15
4.2 Asset Management Policy.....	15
4.3 Asset Management Vision	16
5. How will Council get there?	17
6. Asset Management Improvement Plan	18

Tables

Table 1: Infrastructure Asset Description	1
Table 2: Asset Funding Ratio.....	2
Table 3: Asset Life Cycle Sustainability	2
Table 4: Budget Gap.....	3
Table 5: Assets Used for Providing Services.....	6
Table 6: Financial Status of Assets	7
Table 7: Asset Funding Ratio.....	9
Table 8: Life Cycle Costs for Council Services	9
Table 9: Life Cycle Expenditure for Council Services	10
Table 10: Life Cycle Indicators	10
Table 11: Medium Term Requirements (5 Years).....	11
Table 12: Medium Term Requirements (10 Years).....	11
Table 13: Goals and Objectives for Infrastructure Services	15
Table 14: Asset Management Strategies	17
Table 15: Asset Management Improvement Plan	18

Figures

Figure 1: Asset Replacement Values.....	7
Figure 2: Asset Consumption	8
Figure 3: Asset Condition Profile.....	8
Figure 4: Clarence City Council Organisational Chart.	12
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Executive Summary

Purpose

Council's vision is for Clarence to be a vibrant, prosperous and sustainable city. To achieve this, we must have assets that are functional and be innovative to support our service delivery.

Council's Asset Management Policy defines Council's vision and service delivery objectives for asset management in accordance with the Strategic Plan and applicable legislation.

This Asset Management Strategy has been prepared to meet the requirements of the Local Government Act 1993 and supports the Asset Management Policy by:

- Describing how Council's asset portfolio will meet the affordable service delivery needs of the community;
- Describing how Council's Asset Management Policy will be addressed; and
- Ensuring Council's asset management is integrated with its long-term strategic plans.

The objective of the Asset Management Strategy is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for Council to provide services to the community.

This strategy outlines our understanding of the assets we own and manage on behalf of the community. It outlines the condition of those assets and provides a plan for the improvement of asset management.

Description of Assets

Council has road, stormwater, building and open space infrastructure assets with a replacement value of \$782M (as at 24 August 2017). This figure has increased from \$600M in 2012 due to revaluation of the assets and the addition of new infrastructure assets, with the largest reason for the increase being an increase in the estimated replacement value of Council's building stock.

These infrastructure assets present Council with particular challenges, as their condition and longevity can be difficult to determine and their financing needs can be large, requiring long term planning for renewal of the assets, in addition to the finances required for upgrading of those assets or for new assets. In addition to these costs, Council needs to allocate funds each year for the maintenance and operation of the assets to ensure adequate service levels are maintained and full asset lives are reached. The range of infrastructure assets are described in Table 1:

Table 1: Infrastructure Asset Description

Asset Class	Description	Replacement Cost	Ave % of Asset Life Remaining	Condition Profile (% poor or very poor)
Roads and Transport	Roads, bridges, kerb & gutter, footpaths	\$458M	43.7	29.9

Stormwater	Pipes, Pits, pump stations and quality treatment	\$154M	58.9	0
Buildings	Council owned buildings	\$147M	89.5	4.1
Public Open Spaces	Sportsgrounds, playgrounds and play equipment	\$23M	62.1	6.7
Total		\$782M	50.6	19.8

It is desirable to maintain the proportion of assets within the poor / very poor category to below 20%, therefore Roads and Transport requires the greatest attention. This is reflected in the current road reseal backlog, which will be addressed in upcoming works programs.

Sustainability of Service Delivery

Asset Funding Ratio

The proportion of asset renewals funded over the 10 year planning period compared to actual renewal requirements is shown in Table 2:

Table 2: Asset Funding Ratio

Asset Class	Funding Ratio
Roads and Transport	0.89
Stormwater	1.00
Buildings	0.95
Public Open Space	0.97

This illustrates that over the ten year planning period 89% of road asset renewal requirements are forecast to be met, with all other asset classes practically fully funded.

Long Term Asset Life Cycle Cost / Expenditure

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense) and are shown in Table 3.

Table 3: Asset Life Cycle Sustainability

Asset Class	Life Cycle Cost (\$/yr) Includes operations, maintenance and depreciation	Life Cycle Expenditure (\$/yr) Includes operations, maintenance and renewal expenses ave over 10 years	Life Cycle Gap (\$/yr)	Life Cycle Sustainability Indicator over 10 years (%)
Roads and Transport	\$15,094,000	\$14,724,000	-\$370,000	97.5
Stormwater	\$2,735,000	\$2,098,000	-\$637,000	76.7
Buildings	\$2,547,000	\$1,630,000	-\$915,000	64.0
Public Open Spaces	\$3,973,000	\$3,432,000	-\$541,000	86.4
Total	\$24,349,000	\$21,884,000	-\$2,465,000	89.9

The Life Cycle Sustainability Indicator is the % of the average life cycle cost being funded in a given period. Council's life cycle sustainability is 89.9% over the ten year planning period.

Due to the long life nature of Council’s assets, the life cycle sustainability indicator will vary, as the requirement for asset renewals is a function of their age and condition and therefore the rate at which assets expire will vary over time.

Whilst the sustainability indicator is currently under 100%, suggesting underfunding, there will be times when the indicator will be over 100% suggesting overfunding. Generally, it is expected that the indicator will fall between 90-110%.

Medium Term Projected / Budgeted Asset Related Expenditures

Estimates have been made of the required asset related expenditure (including maintenance, operations and renewals) and these estimates have been compared with the projected budgets over both a 5 year and a 10 year period in Table 4.

Table 4: Budget Gap

Forecast Period	Expenditure Requirement (Ops, maint. & renewals) \$/annum	Estimated Budget (Ops, maint. & renewals) \$/annum	Budget Gap \$/annum	% Funded
5 Years	22,577,000	22,064,000	513,000	97.7
10 Years	23,461,000	22,267,000	1,194,000	94.9

Whilst Council’s position at this time is appropriate for the relative age of the asset stock, with only a minor shortfall in required funding over the next 5 years, this data indicates that asset funding projections will need to increase at some stage in the next 5-10 years to ensure that asset renewals are conducted in a timely manner.

Strategy Outlook

1. The projected expenditure figures over the 10 year planning period provide input into the 10 year financial and funding plans.
2. Council is reasonably placed to maintain current service levels over the next 1-5 years but further resources and budget are likely to be required to maintain this service level to 10 years and beyond.
3. Council’s current asset management requires further improvement to ensure that current industry standards are met, with improvements required in asset data, lifecycle management and service delivery management. Current implementation of the OneCouncil SAM project is considered a sound direction for Council to improve on its core competencies.
4. Any increase in service standards will require an additional source of funding.

1. Introduction

Assets deliver important services to communities. A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement.

Infrastructure assets such as roads, drains, bridges and public buildings present particular challenges. Their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.¹

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.²

The national frameworks on asset planning and management and financial planning and reporting endorsed by the Local Government and Planning Ministers' Council (LGPMC) require councils to adopt a longer-term approach to service delivery and funding comprising:

- A strategic longer-term plan covering, as a minimum, the term of office of the aldermen and:
 - bringing together asset management and long term financial plans,
 - demonstrating how council intends to resource the plan, and
 - consulting with communities on the plan.
- Annual budget showing the connection to the strategic objectives, and
- Annual report with:
 - explanation to the community on variations between the budget and actual results,
 - any impact of such variances on the strategic longer-term plan, and
 - report of operations with review on the performance of the council against strategic objectives.³

Framework 2 Asset Planning and Management has the following seven elements to assist in highlighting key management issues, promote prudent, transparent and accountable management of local government assets and introduce a strategic approach to meet current and emerging challenges:

- Asset management policy,
- Strategy and planning,
 - asset management strategy,
 - asset management plan,
- Governance and management arrangements,
- Defining levels of service,
- Data and systems,
- Skills and processes, and
- Evaluation.⁴

¹ LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.

² LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.

³ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

⁴ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

The Asset Management Strategy is to enable Council to:

- show how its asset portfolio will meet the service delivery needs of its community into the future,
- enable Council’s asset management policies to be achieved, and
- ensure the integration of Council’s asset management with its long term strategic plan.⁵

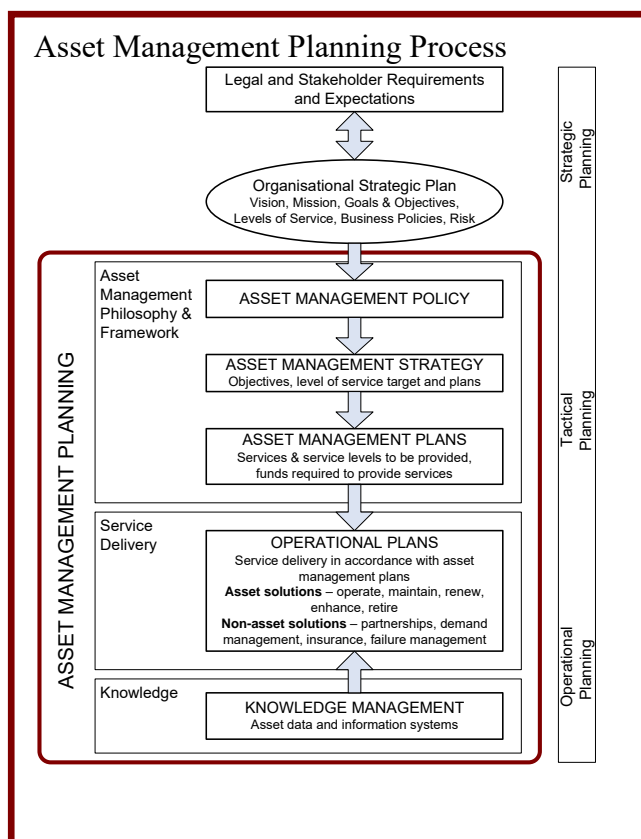
The goal of asset management is to ensure that services are provided:

- in the most cost effective manner,
- through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets,
- for present and future stakeholders.

The objective of the Asset Management Strategy is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for council to provide services to the community.

1.1 Asset Management Planning Process

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council’s financial sustainability under scenarios with different proposed service levels. Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation’s strategic plan, developing an asset management policy, strategy, asset management plan and operational plans, linked to a long-term financial plan with a funding plan.⁶



2. What Assets does Council have?

Council uses infrastructure assets to provide services to the community. The range of

⁵ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

⁶ IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

infrastructure assets and the services provided from the assets is shown in Table 5.

Table 5: Assets Used for Providing Services

Asset Class	Description	Services Provided
Roads & Transport	Roads, bridges, kerb & gutter, footpaths and cycleways.	Provision and maintenance of appropriate transport infrastructure to enable people to travel safely and efficiently throughout the City
Stormwater	Pipes, pits, pump stations and quality treatment.	Provision and maintenance of appropriate stormwater drainage infrastructure necessary to provide a means of draining land to preserve the health and safety of the community.
Buildings	Council owned buildings and services	Public buildings, recreation facilities, community halls.
Public Open Spaces	Sportsgrounds, playgrounds and play equipment.	Provision and maintenance of recreational assets including sportsgrounds, playgrounds and play equipment and associated infrastructure.

Further details of the assets are available in the Asset Management Plans for each asset class.

3. Council's Assets and their Management

3.1 State of the Assets

The financial status of Council's assets is shown in Table 6.

Table 6: Financial Status of Assets

Asset Class	Replacement Cost (\$'000)	Depreciable Amount (\$'000)	Depreciated Replacement Cost (\$'000)	Depreciation Expense Per Year (\$'000)
Roads & Transport	\$456,738	\$456,738	\$237,988	\$8,814
Stormwater	\$153,673	\$153,673	\$90,527	\$1,281
Buildings	\$147,205	\$42,356	\$37,905	\$1,472
Public Open Spaces	\$22,671	\$22,671	\$15,853	\$938
Total	\$780,287	\$675,438	\$382,273	\$12,460

Figure 1 shows the replacement values of Council's assets.

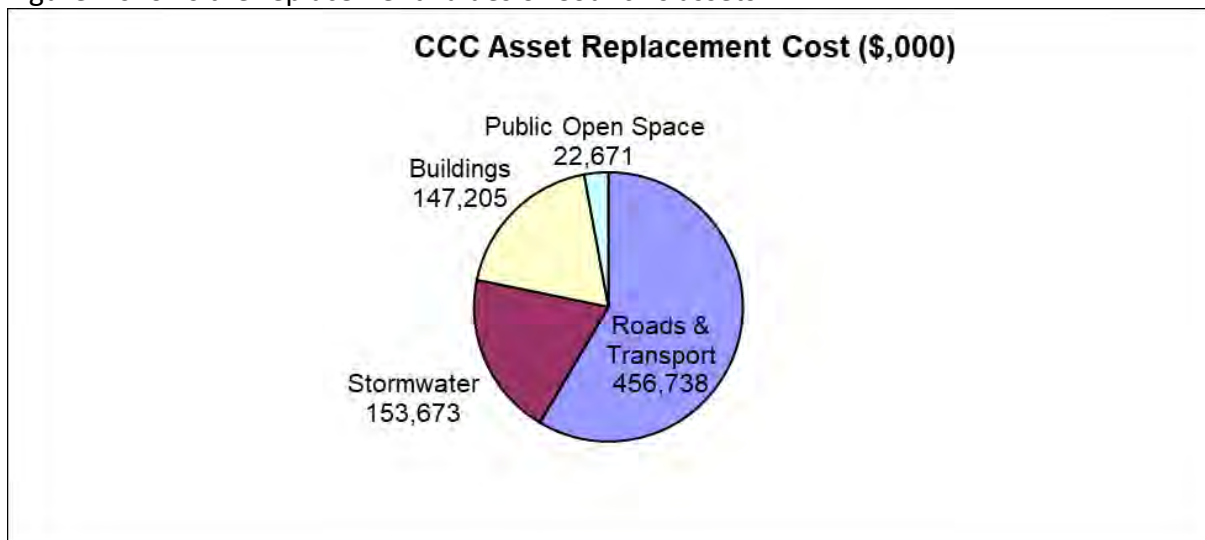


Figure 1: Asset Replacement Values

The consumption of Council’s assets (average proportion of ‘written down’ value of assets) is shown in Figure 2.

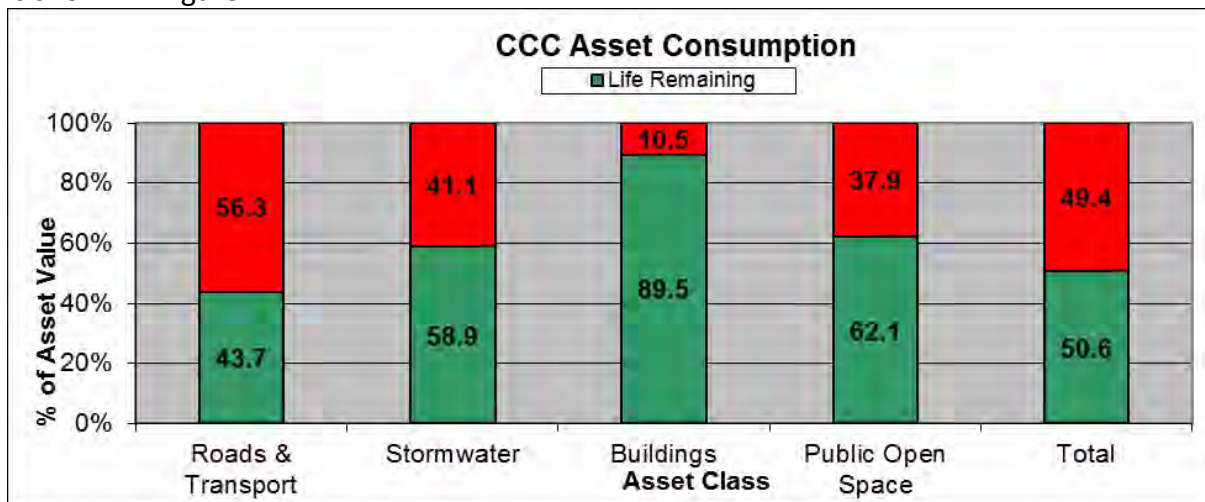


Figure 2: Asset Consumption

The condition of Council’s assets is shown in Figure 3.

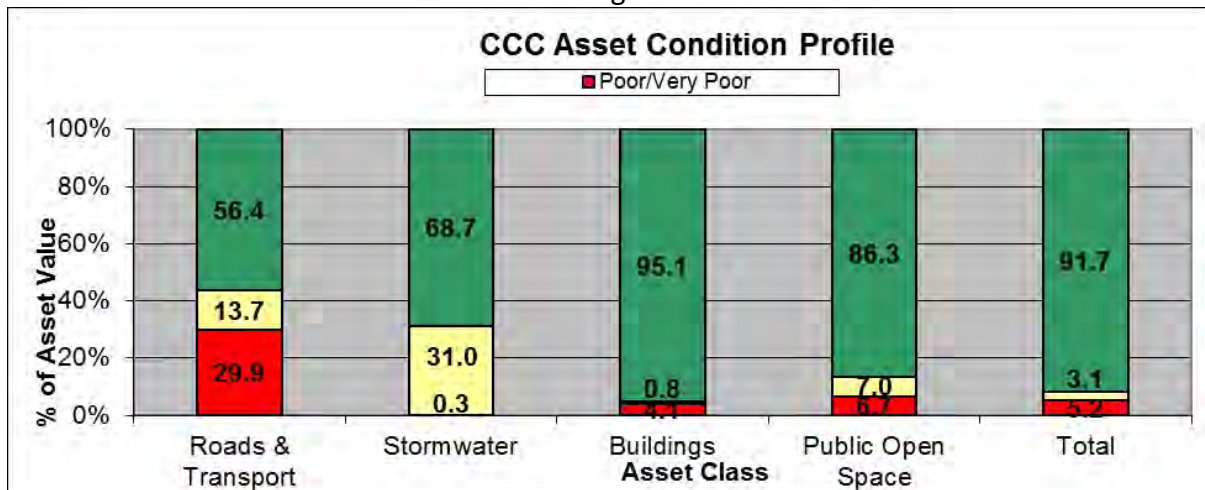


Figure 3: Asset Condition Profile

The asset condition profiles have been extrapolated from the age distribution of each asset class. It is desirable to maintain the proportion of assets within the poor/very poor category to below 20%, therefore Roads & Transport requires greatest attention. This is reflected in the current road reseal backlog, which will be addressed in upcoming works programs.

3.2 Asset Funding Ratio

The proportion of asset renewals funded over the 10 year planning period compared to actual renewal requirements is shown in Table 7:

Table 7: Asset Funding Ratio

Asset Class	Funding Ratio
Roads and Transport	0.89
Stormwater	1.00
Buildings	0.95
Public Open Space	0.97

This illustrates that over the planning period 89% of road asset renewal requirements are forecast to be met, with all other asset classes practically fully funded.

3.3 Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management strategy is shown in Table 8.

Table 8: Life Cycle Costs for Council Services

Service	Previous Year Expenditure		Previous Year Depreciation Exp	Life Cycle Cost (\$/yr)
	Operations	Maintenance		
Roads & Transport	\$3,860,000	\$2,420,000	\$8,814,000	\$15,094,000
Stormwater	\$812,000	\$642,000	\$1,281,000	\$2,735,000
Buildings	\$380,000	\$695,000	\$1,465,000	\$2,540,000
Public Open Spaces	\$315,000	\$2,713,000	\$945,000	\$3,973,000
Total	\$5,367,000	\$6,470,000	\$12,505,000	\$24,342,000

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year or preferably averaged over the past 3 years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is shown in Table 9.

Table 9: Life Cycle Expenditure for Council Services

Service	Previous Year Expenditure		Cap Renewal Exp (\$/yr – 10yr avg)	Life Cycle Exp (\$/yr)
	Operations	Maintenance		
Roads & Transport	\$3,860,000	\$2,420,000	\$8,444,444	\$14,724,444
Stormwater	\$812,000	\$642,000	\$644,000	\$2,098,000
Buildings	\$380,000	\$695,000	\$550,000	\$1,625,000
Public Open Spaces	\$315,000	\$2,713,000	\$404,000	\$3,432,000
Total	\$5,367,000	\$6,470,000	\$10,042,444	\$21,879,444

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than the life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing service to their communities in a financially sustainable manner. This is the purpose of the asset management plans and long term financial plan.

A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the asset management and long term financial plan.

The life cycle gap and life cycle indicator for services covered by this asset management strategy is summarised in Table 10.

Table 10: Life Cycle Indicators

Service	Life Cycle Cost (\$/yr)	Life Cycle Expenditure (\$/yr)	Life Cycle Gap * (\$/yr)	Life Cycle Indicator
Roads & Transport	\$15,094,000	\$14,724,000	-\$249,444	97.5
Stormwater	\$2,735,000	\$2,098,000	-\$637,000	76.7
Buildings	\$2,540,000	\$1,625,000	-\$928,000	64.0
Public Open Spaces	\$3,973,000	\$3,432,000	-\$541,000	86.4
Total	\$24,342,000	\$21,879,000	-\$2,465,000	89.9

Note: * A life cycle gap is reported as a negative value.

Council’s life cycle sustainability is 89.9% over the 10 year planning period. Due to the long lived nature of Council’s assets, particularly road pavements and stormwater infrastructure, the life cycle sustainability indicator will vary over time. While the sustainability indicator is currently below 100%, suggesting underfunding, there will be times that the indicator will be more than 100% suggesting overfunding. It is appropriate to set a desired target range for the sustainability indicator to fall within, say 90-110%. Council’s position at this time is appropriate for the relative age of the asset stock.

3.4 Medium Term Projected / Budgeted Asset Related Expenditure

Estimates have been made of the required asset related expenditure (including maintenance, operations and renewals) and these estimates have been compared with the projected budgets over both a 5 year (Table 11) and a 10 year period (Table 12).

Table 11: Medium Term Requirements (5 Years)

Service	Expenditure Requirement (Ops, maint. & renewals) \$/annum	Estimated Budget (Ops, maint. & renewals) \$/annum	Budget Gap \$/annum	% Funded
Roads	\$14,929,000	\$14,765,000	-\$164,000	98.9
Stormwater	\$2,189,000	\$2,142,000	-\$47,000	97.9
Buildings	\$1,648,000	\$1,635,000	-\$13,000	99.2
Open Space	\$3,811,000	\$3,522,000	-\$289,000	92.4
Total	\$22,577,000	\$22,064,000	-\$513,000	97.7

Table 12: Medium Term Requirements (10 Years)

Service	Expenditure Requirement (Ops, maint. & renewals) \$/annum	Estimated Budget (Ops, maint. & renewals) \$/annum	Budget Gap \$/annum	% Funded
Roads	\$15,222,000	\$14,873,000	-\$349,000	97.7
Stormwater	\$2,189,000	\$2,098,000	-\$91,000	95.8
Buildings	\$1,657,000	\$1,630,000	-\$27,000	98.4
Open Space	\$4,393,000	\$3,666,000	-\$727,000	83.5
Total	\$23,461,000	\$22,267,000	-\$1,194,000	94.9

Whilst Council's position at this time is appropriate for the relative age of the asset stock, with only a minor shortfall in required funding over the next 5 years, this data indicates that asset funding projections will need to increase at some stage in the next 5-10 years to ensure that asset renewals are conducted in a timely manner.

3.5 Asset Management Structure

Asset management responsibilities are outlined in Figure 4.

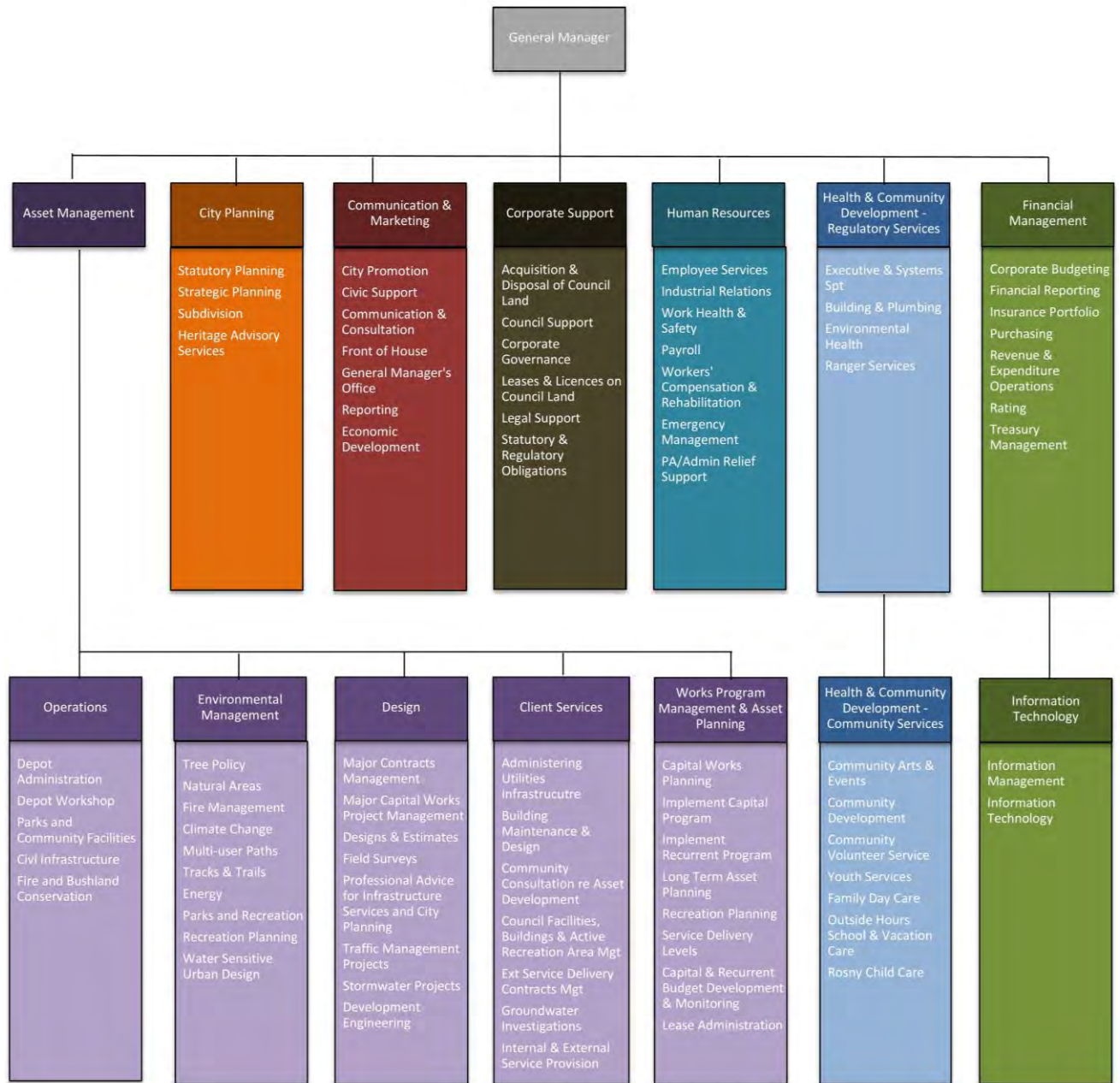


Figure 4: Clarence City Council Organisational Chart.

3.6 Corporate Asset Management Team

A 'whole of organisation' approach to asset management can be developed with a corporate asset management team. The benefits of a corporate asset management team include:

- demonstrate corporate support for sustainable asset management,
- encourage corporate buy-in and responsibility,
- coordinate strategic planning, information technology and asset management activities,
- promote uniform asset management practices across the organisation,
- information sharing across IT hardware and software,
- pooling of corporate expertise
- championing of asset management process,
- wider accountability for achieving and reviewing sustainable asset management practices.

The role of the asset management team will evolve as the organisation maturity increases over several phases.

Phase 1

- strategy development and implementation of asset management improvement program,

Phase 2

- asset management plan development and implementation,
- reviews of data accuracy, levels of service and systems plan development,

Phase 3

- asset management plan operation
- evaluation and monitoring of asset management plan outputs
- ongoing asset management plans review and continuous improvement.

The current position on Council's asset management team is Phase 2.

3.7 Financial & Asset Management Core Competencies

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define ten elements. Eleven core competencies have been developed from these elements⁷ to assess 'core' competency under the National Frameworks. The core competencies are:

Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual report

Asset Planning and Management

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan

⁷ Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.

- Governance & Management
- Levels of Service
- Data & Systems
- Skills & processes
- Evaluation

Council's maturity assessment for the core competencies was detailed in Appendix A of the 2012 version of Council's Asset Management Strategy. This document has not been updated in the 2018 version. There appears to be inconsistencies with the 2012 diagram and the strategy will be better served by completing the OneCouncil Strategic Asset Management (SAM) project and having more confidence in the known data to update the maturity assessment.

3.8 Strategy Outlook

1. The projected expenditure figures over the 10 year planning period provide input into the 10 financial and funding plans.
2. Council is reasonably placed to maintain current service levels over the next 1-5 years but further resources and budget are likely to be required to maintain this service level to 10 years and beyond.
3. Council's current asset management requires further improvement to ensure that current industry standards are met, with improvements required in asset data, lifecycle management and service delivery management. Current implementation of the OneCouncil SAM project is considered a reasonable direction for Council to improve on its core competencies.
4. Any increase in service standards will require an additional source of funding.

4. Where does Council want to be?

4.1 Council's Vision, Mission, Goals and Objectives

Council has adopted a Vision for the future in the Council Strategic Plan.

“Clarence...diverse communities working together for a vibrant, prosperous and sustainable city”

Council's purpose or reason for existence is set out in the adopted mission statement,

“To represent the people of Clarence by providing leadership, programs, services and facilities to advance the quality of life in Clarence”.

The Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where Council wants to be. The objectives are the steps needed to get there. Goals and objectives relating to the delivery of services from infrastructure are shown in Table 13.

Table 13: Goals and Objectives for Infrastructure Services

Goals	Objectives
Governance - To provide consistent, accountable, transparent and effective governance of the City	Internal operating systems - Ensure appropriate management of risk associated with Council's operations and activities
Community Leadership - To provide leadership and advocacy for our City whilst recognising the diverse needs of our communities	Future Planning - Develop strategic long term plans that advance the social, environmental and economic outcomes for our communities, eg ... Asset Management Plans ...
Financial Management - To exercise active stewardship in strengthening the City's finances	Financial Planning - Develop and implement a long term financial plan - Develop and implement long term strategic asset management plans aligned with our long term financial planning.
Social Inclusion – To support local communities to build on existing capacity and progress the health and well-being.	Community Safety and Well-being – Provide essential infrastructure to support, sustain and enhance community safety and social well-being. Public Spaces and Amenity - Develop and implement Asset Management Plans that respond to the identified needs of local communities.
Prosperity - To plan, lead and provide for the sustainable economic growth of the City	Economic Development - Provide and plan for essential infrastructure to support economic development.
Environment - To sustainably manage and enhance the natural and built environments of the City	Built Environment - Develop and implement strategic asset management plans for all Council asset classes.

Council's Asset Management Policy defines Council's vision and service delivery objectives for asset management in accordance with legislative requirements, community needs and affordability.

4.2 Asset Management Policy

Council's Asset Management Policy defines Council's vision and service delivery objectives for asset management in accordance with the Strategic Plan and applicable legislation.

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

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

4.3 Asset Management Vision

To ensure the long-term financial sustainability of Council, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, Council aspires to:

Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the future, in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the asset management strategy are to:

- ensure that Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability,
- safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets,
- adopt the long term financial plan as the basis for all service and budget funding decisions,
- meet legislative requirements for all Council's operations,
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- provide high level oversight of financial and asset management responsibilities through Audit Committee/General Manager reporting to council on development and implementation of Asset Management Strategy, Asset Management Plans and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 5.

5. How will Council get there?

The Asset Management Strategy proposes strategies to enable the objectives of the Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved. These strategies will ensure that Council is well informed about the financial resources required to sustainably deliver services that rely on the provision of infrastructure assets and the financial impacts of any changes to existing service standards.

Table 14: Asset Management Strategies

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.
2	Develop and regularly review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
11	Report six monthly to Council by Audit Committee/general Manager on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

6. Asset Management Improvement Plan

The tasks required to progress and ensure that current industry standards are met are shown in priority order in Table 15. Completion of these tasks will result in improvements in asset data, lifecycle management and service delivery management.

Table 15: Asset Management Improvement Plan

No	Task	Responsibility	Target Date	Budget
1	Council to adopt Asset Management Policy, Asset Management Strategy, Road & Transport Asset Management Plan, Stormwater Asset Management Plan, Public Open Spaces Asset Management Plan and Buildings Asset Management Plan	Council	May 2019	Staff time
2	Consolidate asset data into single corporate asset register, OneCouncil Strategic Asset Management (SAM) project	AM/FIM	June 2022	To be determined
3	Review asset data and consider resources and budgetary requirements to increase confidence in life cycle data	AM/FIM	June 2020	Staff time
4	Develop Infrastructure Risk Management Plan for each Program	AM	June 2022	Staff time
5	Complete maturity assessment for core competencies	AM	June 2022	Staff time

11.5.3 BUILDING ASSET MANAGEMENT PLAN 2018

(File No 27 May 2019)

EXECUTIVE SUMMARY**PURPOSE**

To adopt Council's Building Asset Management Plan 2018.

RELATION TO EXISTING POLICY/PLANS

Council's Strategic Plan 2016-2026 is relevant.

LEGISLATIVE REQUIREMENTS

The Local Government Act, 1993 is applicable with Section 70B being relevant for Council to prepare long-term strategic asset management plans.

CONSULTATION

The Building Asset Management Plan has been developed according to the Institute of Public Works Engineering Australasia (IPWEA) template adopted by the Local Government Association of Tasmania for all Tasmanian Councils.

FINANCIAL IMPLICATIONS

The financial implications to Council in adopting the Building Asset Management Plan 2018 will be reflected in Council's 10 Year Financial Plan.

RECOMMENDATION:

That Council adopts the Building Asset Management Plan 2018 which is Attachment 1 to the Associated Report.

ASSOCIATED REPORT**1. BACKGROUND**

1.1. In May 2007, the Local Government and Planning Ministers' Council (LGPMC) adopted a set of 3 local government financial sustainability nationally consistent frameworks:

- Framework 1 – Criteria for assessing financial sustainability;
- Framework 2 – Asset Planning and Management; and
- Framework 3 – Financial Planning and reporting.

The national frameworks on asset planning and management and financial planning and reporting endorsed by LGPMC require councils to adopt a longer-term approach to service delivery and funding.

- 1.2.** The guiding principles that underpin the development of a national asset management framework allow each State and Territory to consider and determine how the elements of the national framework will be accommodated and implemented. The guiding principles are that:
- a nationally consistent approach to asset management should sit within the context of each State and Territory’s legislative and operating framework. States and Territories should be able to implement the elements of the asset management framework in accordance with their own particular circumstances which may include legislative reform, policies, programs or best practice guidance; and
 - the elements of a national framework should not limit States and Territories in their asset management programs. There may be additional elements that individual jurisdictions may wish to pursue.
- 1.3.** In Tasmania, LGAT sponsored a process for councils to develop Asset Management Plans in accordance with the Institute of Public Works Engineering Australasia (IPWEA) template.
- 1.4.** A workshop session on the proposed Asset Management Strategy and Asset Management Plans was held with Council on 23 July 2018. The final version of the Building Asset Management Plan 2018 accompanies this Agenda as Attachment 1.

2. REPORT IN DETAIL

- 2.1.** The Building Asset Management Plan 2018 (BAMP) was prepared to assist Council to improve the long-term management of delivering services from its building infrastructure. These infrastructure assets have a replacement value of \$147.2M and comprise as shown in Table 1.

Table 2: Building Asset Replacement Values by Asset Category

Asset Category	Number	2018 Assumed Replacement Value
Active Recreation and Sports Buildings	64	\$ 51,265,020
Community Buildings (Including Shelters)	42	\$ 49,580,000
Corporate Buildings	7	\$ 24,350,000
Heritage Buildings	6	\$ 10,900,000
Investment Properties (Future Development Sites)	4	\$ 120,000
Public Toilets	31	\$ 10,990,000
Total	154	\$ 147,205,020

2.2. The BAMP contains the following detail:

- Levels of service – specifies the services and levels of service to be provided by Council;
- Future demand – how this will impact on future service delivery and how this is to be met;
- Life cycle management – how Council will manage its existing and future assets to provide defined levels of service;
- Financial summary – what funds are required to provide the defined services;
- Asset management practices;
- Monitoring – how the plan will be monitored to ensure it is meeting Council’s objectives; and
- Asset management improvement plan.

2.3. Adopting this BAMP will assist Council in meeting the requirements of national sustainability frameworks, Local Government Act 1993 and providing services needed by the community in a financially sustainable manner.

2.4. The actions prioritised by the BAMP are:

- input building asset condition parameters into OneCouncil Asset Management module;
- GIS mapping of all building footprints;
- Building Asset Condition assessment and data collation for BSA compliance;
- implement detailed inspection program;
- analyse condition data and review useful lives of Building assets.
- preparation of financial projections for building asset replacement;
- develop a Risk Management Plan for building infrastructure;
- develop a Community Facilities Plan for new and developing residential communities; and
- implementation of Specific Building Asset Management Plans.

These matters will be considered as part of the normal budgetary cycle for future Annual Plans.

2.5. The BAMP, if adopted and implemented in accordance with the Asset Management Strategy and 10 year financial plan will mean:

- that over the next 10 years Council expects to have 95% of the projected expenditures needed to provide the services documented in the BAMP, and
- while the data indicates Council has a shortfall of funds to afford its building renewal program, this has resulted from estimates of original construction dates and not from physical inspections. Based on our engineering experience it is considered likely Council's building infrastructure has a longer life cycle and therefore more accurate data is recommended to be obtained on its building assets.

- 2.6.** In summary, Council’s renewal effort is sustainable in the medium-term. The aim in the coming years is to develop a comprehensive and accurate asset register to improve knowledge of our overall building condition profile, to ensure Council has adequate strategies and actions in place for the sustainable management of Council’s Building infrastructure.

3. CONSULTATION

3.1. Community Consultation

Nil.

3.2. State/Local Government Protocol

The Building Asset Management Plans have been developed according to the IPWEA template adopted by the Local Government Association of Tasmania for all Tasmanian Councils. Also, the BAMP has been presented to Council’s Audit Panel.

3.3. Other

The BAMP was presented to Council’s Audit Panel who noted viewing the AMP and recommended the inclusion of an Executive Summary.

4. STRATEGIC PLAN/POLICY IMPLICATIONS

- 4.1.** Council’s Strategic Plan 2016-2026 – A Well planned Liveable City has the following Asset Management Planning Strategy:

- “● *2.1 Develop and implement contemporary, funded, asset management plans that consider their impacts of environmental change for all Council assets.*
- *Supporting plans:*
 - *Assets Management Strategy 2013; and*
 - *Building Asset Management Plan 2013”.*

- 4.2.** Council’s Strategic Plan 2016-2026 – Council’s Assets and Resources has the following Financial Planning Strategy:

- “● *Integration of financial and asset management strategies.*
- *Supporting plans:*
 - *Assets Management Strategy 2013;*
 - *Building Asset Management Plan 2013”.*

5. EXTERNAL IMPACTS

Nil.

6. RISK AND LEGAL IMPLICATIONS

The Local Government Act, 1993 Section 70B requires Council to prepare long term strategic asset management plans for the municipal area and to cover at least a 10-year period.

7. FINANCIAL IMPLICATIONS

7.1 The financial implications to Council in adopting the BAMP will be reflected in Council's 10 Year Financial Plan.

7.2 Funds are required in the coming financial years to undertake audits of our buildings to develop more accurate data on the lifecycle of its current building infrastructure.

8. ANY OTHER UNIQUE ISSUES

Nil.

9. CONCLUSION

The Local Government Act 1993 and national frameworks on asset planning and management and financial planning and reporting endorsed by the Local Government and Planning Ministers' Council (LGPMC) require councils to adopt a longer-term approach to service delivery. The BAMP is a key step in the above process and it is recommended that the document is adopted by Council.

Attachments: 1. Building Asset Management Plan 2018 (69)

Ross Graham
GROUP MANAGER ENGINEERING SERVICES