

# George Town Council



## Asset Management Strategy for Infrastructure Assets



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## Executive Summary

This Asset Management Strategy has been reviewed and updated to allow Council to continue to monitor and improve the way it delivers services from infrastructure assets including roads, drainage, buildings, and bridges, jetties & pontoons. Ongoing review and approval of this Asset Management Strategy is a requirement of the *Local Government Act 1993* and will assist Council in meeting the requirements of Ministerial Orders under Section 70F of the Act.

From an asset management perspective, the Ministerial Orders place an emphasis on three ratios:

- Asset Consumption Ratio.
- Asset Sustainability Ratio.
- Asset Renewal Funding Ratio.

These ratios are addressed at sections 2.4, 2.5 and 2.6 of this document.

The roadmap for this improvement over the next three years is set out in this strategy as an Improvement Plan that details a range of tasks. The improvement plan is detailed in item 4.1.

## 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, drainage, 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 from these existing assets adds to the planning and financing complexity.

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.

**The goal of asset management is to address these challenges and provide an appropriate level of service for present and future consumers through the management of assets in the most cost effective manner.**

### 1.1 National Strategic Context

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 councillors 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: report of operations with review on the performance of the council against strategic objectives.

The Local Government and Planning Ministers' Council *Framework 2 - Asset Planning and Management (May 2007)*, seeks to develop a nationally consistent asset management framework to support improvement in local governments' asset management performance and sustainability.

The framework has 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. The seven elements of the framework are:

- 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.

As part of the framework, this Asset Management Strategy enables Council to:

- Meet the objectives set out in its Strategic Plan;
- Satisfy the service delivery needs of its community into the future;
- Comply with its Infrastructure Asset Management Policy; and
- Integrate asset management with its Long Term Financial Plan.

## **1.2 State Statutory Context**

The Local Government (Miscellaneous Amendments) Bill 2013 was passed by the Legislative Council on 30 October 2013. The Bill included a power for Ministerial Orders to be made outlining the detail and minimum requirements for the financial and asset management reforms detailed in the amending legislation.

This Asset Management Strategy continues to be in line with the Ministerial Orders that were issued on 10<sup>th</sup> February 2014.

## **1.3 George Town Context - Council's Vision, Mission and Goals**

Council mission statement - Strategic Plan 2016-2026

Mission:

George Town Council will strive to achieve the community's vision of a vibrant, engaged and diverse municipality through: the provision of quality and affordable services, the usage of available assets and resources, the application of sound governance principles and prudent financial management and a focus on sustainability in all that we do..

Council 's key objectives and priorities in relation to infrastructure assets are primarily contained within goal 4 of the strategic plan 2016-2026 which is noted below.

Goal 4

Strengthen the vibrancy of our towns and enhance the benefits of living in a rural setting and living close to the river and coast.

Outcome

Council will work with the community to provide for sustainable infrastructure and facilities across the municipality. In conjunction with the community, Council will develop strategic directions to enhance the vibrancy of the towns, highlight the connection with the water and plan for future new development.

Some indicators of success are:

Increased community satisfaction with the George Town municipality as a place to live, sports and recreation facilities that meet the needs of the community.

- Increased levels of activity and use along the foreshores.
- Population growth.
- Increased satisfaction levels with Council works and services.
- Sustainable waste management.
- The development of settlement strategies and regional structure plans.
- Evidence of greater synergies between recreational groups and associations.

Key objectives

1. To identify and respond to changing needs for infrastructure and facilities.
2. To enhance the vibrancy of places.
3. To advocate for a more streamlined planning system.

Key priorities

1. Review and manage the assets and infrastructure Council currently owns in line with community needs.
2. Continue regular maintenance of Council infrastructure facilities.
3. Deliver vibrancy programs, such as street art and shop front activation projects.
4. Initiate projects to increase the vibrancy of and links to main streets and key places (in particular Macquarie Street, Regent Street and York Cove).
5. Prepare strategic plans for vibrant towns across the municipality.
6. Improve signage, interpretation and way finding, both within the municipality and on the transport corridors into George Town.
7. Ensure that Council's facilities meet the (access) needs of the community.
8. Ensure that planning for new areas takes into account the accessibility to water, sewage and other infrastructure.
9. Upgrade parks to include outdoor recreational facilities.
10. Identify key development sites around the George Town municipality to facilitate investment.
11. Continue to provide an efficient animal control service promoting the amenity and safety of the community and animal welfare.
12. Promote, implement and monitor public health standards.

The key actions in relation to the management of Council's assets within Council's current annual plan and their relationship to the strategic plan are included within the table below.

## INFRASTRUCTURE & ENGINEERING

### LEAD OFFICER – TEAM LEADER INFRASTRUCTURE & ENGINEERING

Strategic Plan Goal  Key Objective & Key Priority	Key Actions	Outcomes
4.1	Manage and implement adopted infrastructure projects and programmes.	Project and programme objectives achieved within set parameters of safety, time, quality and cost.
4.1	Develop and promote procedures to involve the community in recycling.	Enhanced community awareness and participation in recycling best practice principles and actions.
4.1.1	Planning and upgrade of the Waste Transfer Station at the existing George Town site.	Improved opportunity for community participation in recycling, waste minimisation and responsible waste disposal.
4.1.1 5.4.1	Renewal and maintenance of Works Department plant and equipment.	Plant and equipment renewed and maintained to required operational and safety standards; Achievement of asset longevity and minimisation of life-cycle cost. Maintain levels of service, meeting customer expectations.
4.1.2 5.4	Coordinate and maintain our asset management system through routine inspection and reporting processes.	Assets managed and maintained to required quality and safety benchmarks via prompt identification and rectification of infrastructure defects; Achievement of asset longevity and minimisation of life-cycle cost; Increased satisfaction of ratepayers.
4.1.6	Create, maintain and improve appropriate signage.	Increased regulatory, directional and interpretative signage providing information to the community and visitors.
4.1.7 3.4.8	Undertake Council's maintenance of footpath and trail programme.	Provision of pedestrian and cycling linkages for residents and tourists with proactive identification and rectification of hazards ensuring the safety of users.
4.1.8	Implement stormwater drainage upgrade and maintenance programme.	Improved facilities and increased efficiency of stormwater management; Improved level of service for ratepayers.
4.1.12	Manage kerbside waste collection and recycling.	Provision of waste services to reduce waste volumes, increase recycling rates and maintain public health standards.



Strategic Plan Goal Key Objective & Key Priority	Key Actions	Outcomes
4.2.4	Maintain public amenity and enhance community safety through the development of streetscapes and lighting.	Pedestrian friendly environment maintained and provision of safety and security of public places. Reduction of accidents and incidents.
4.2.9	Develop and implement a programme for the renewal and maintenance of parks infrastructure and areas.	Areas maintained to acceptable standards creating attractive areas for the public to congregate and enjoy; Increased opportunity for recreation and development of skills and fitness of users.
5.4.3	Develop specific long term asset management plans for infrastructure to ensure long term asset sustainability.	Projects developed and prioritised ensuring continued viability and enhancing asset service potential in the long-term; Maintained levels of service, meeting customer expectations.
5.4.3	Undertake road maintenance and construction programme (sealed and unsealed roads).	Required standards maintained preserving the value of road assets. Construction undertaken increasing functionality, performance and improving safety for road users.
5.4.5	Pursue State and Federal Government grants.	Funds sourced from Roads to Recovery, Black Spot etc; Achievement of project goals via funding partnerships.

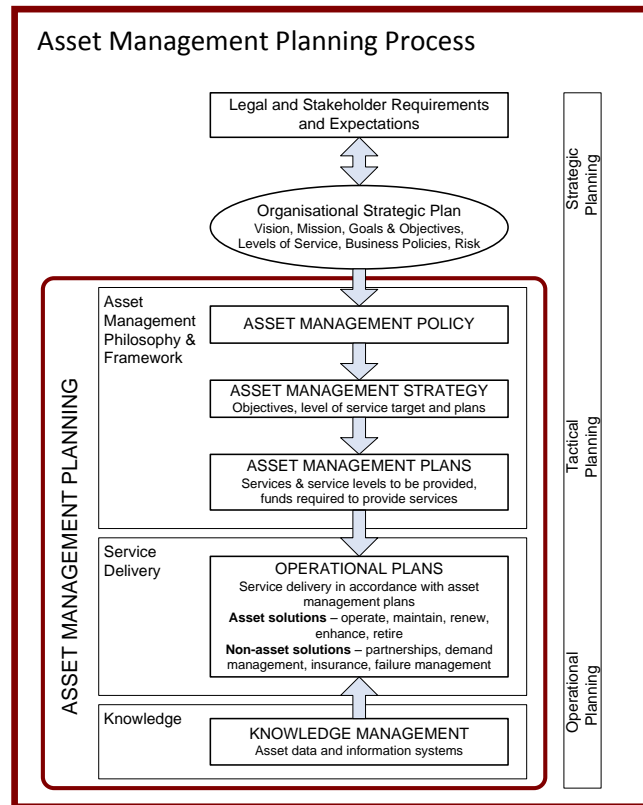
## 2. Council's Assets and their management

### 2.1 Asset Management Planning Process

Asset management planning is the process of linking legal and stakeholder requirements and expectations to the operational plans that direct Council day-to-day management of its infrastructure. The asset management planning process draws its broad directions of the community requirements and expectation from Council's Vision and Strategic Plan. The philosophies and frameworks for asset management practice are detailed in a suite of documents comprising:

- Asset Management Policy – sets out the broad objectives, responsibilities and accountabilities for asset management;
- Asset Management Strategy – sets out the broad scope of asset management as it applies to Council with a focus on improving Council's asset management processes (this document);
- Asset Management Plans – separate documents for each asset class which detail the processes Council uses to manage its infrastructure assets and the funding scenarios required to deliver defined levels of service to the community.

The funding scenarios from the Asset Management Plans inform the development of Council's Long Term Financial Plan (LTFP). The management processes from the Asset Management Plans and adopted funding levels in the LTFP then combine to set the operational plans that Council follows in delivering its services to the community.



## 2.2 What Assets do we have?

George Town Council uses infrastructure assets to provide services to the community. These assets have a total Replacement Value of \$164,877,906 as at the 30 June 2018.<sup>1</sup> This Asset Management Strategy addresses those asset classes listed that have a value of more than 5% of the total asset value.

Asset Class	Description	Services Provided
Roads	Public roads and footpaths	Transportation access into and throughout the community
Drainage	Underground pipe network, culverts & channels and retention basins	Collection and discharge of stormwater
Buildings	Buildings and recreational facilities	Accommodation for community-based activities and services, accommodation for Council to deliver its services
Bridges, Jetties & Pontoons	Vehicle and pedestrian bridges, boardwalks, boating jetties and pontoons	Access across waterways and facilities for boating on waterways

<sup>1</sup> George Town Council – Annual Report 2017/2018

## 2.3 State of the Assets

The financial status of Council's major asset classes, as at June 30, 2018 is shown below in table below.

Asset Class	Replacement Cost (\$000)	Depreciable Amount (\$000)	Depreciated Replacement Cost (\$000)	Annual Depreciation Expense (\$000)
Roads, footpaths and cycleways, kerb and gutter	\$87,727	\$87,727	\$54,826	\$1,523
Drainage	\$16,391	\$16,391	\$9,779	\$187
Buildings	\$23,684	\$23,683	\$10,078	\$626
Bridges, Jetties & Pontoons	\$12,261	\$12,261	\$6,823	\$161
<b>Total</b>	<b>\$140,063</b>	<b>\$140,063</b>	<b>\$81,506</b>	<b>\$2,497</b>

## 2.4 Asset Condition and Asset Consumption Ratio

The Asset Consumption Ratio is one of the three asset ratios that are required for assets under the Ministerial Orders. For infrastructure assets the ratio is calculated by dividing the Depreciated Replacement Cost by the Current Replacement Cost. This ratio is an indicator of the average proportion of 'as new' condition left in assets. The Asset Consumption Ratios of Council's assets are shown below as at the 30 June 2018.

Asset Class/s	Asset Consumption Ratio
Transport Infrastructure	61.7%
Buildings	42.6%
Drainage	59.7%

The Asset Consumption Ratios shown above indicates that the majority of Council's asset stock is aging and will need to be replaced and or upgraded in the medium to long term. Due to the diversity in asset age and condition, timely renewal of assets every year must be a priority for Council.

The extent of asset renewal required in the short term can be better gauged from an assessment of the distribution of Council's assets across the range of possible condition scores. This assessment is shown in the figures on the following pages.

## Roads

Record of Transport Asset Condition Distribution - Valuation Based - Percentage of assets within each Condition Rating

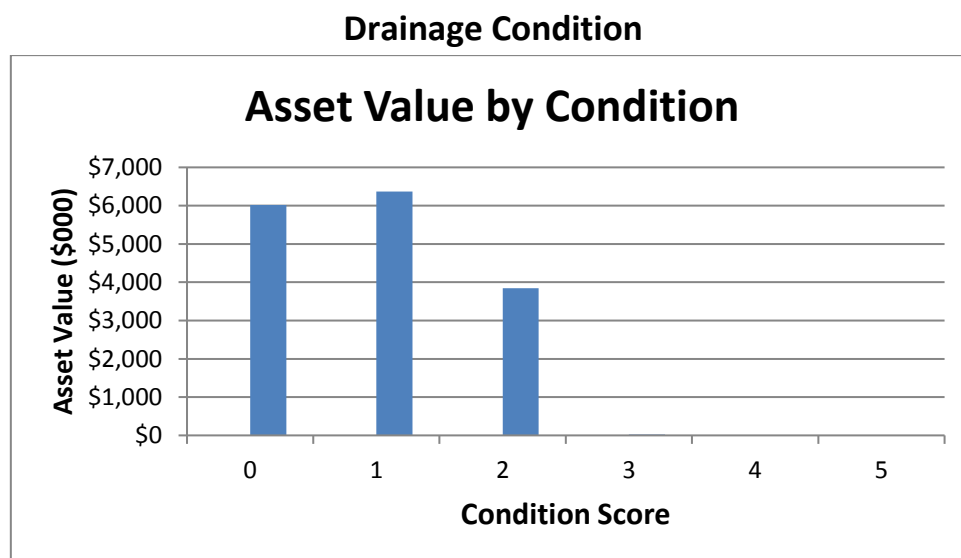
Asset Description	Heavy Traffic Urban	Light Traffic Urban	Heavy Traffic Rural	Light Traffic Rural	All Asphalt Surfaces
Total Quantity	258059	418172	576580	25437	123779
Units	sqm	sqm	sqm	sqm	sqm
Asset Group Renewal \$	11564795	18817731	17297403	763110	770886.5
Condition 10	0.00	0.00	0.00	0.00	0.00
Condition 9	2.35	0.00	0.00	0.00	0.00
Condition 8	3.43	1.53	0.16	0.00	0.00
Condition 7	5.80	0.63	5.29	0.00	0.58
Condition 6	7.28	0.42	8.33	0.00	0.00
Condition 5	11.61	5.02	14.45	10.68	10.17
Condition 4	16.17	36.82	47.12	77.18	13.05
Condition 3	24.06	33.89	12.39	0.00	19.58
Condition 2	15.00	10.71	2.04	3.96	19.73
Condition 1	6.32	3.41	1.73	8.18	34.36
Condition 0	7.99	7.57	8.49	0.00	2.53
	100.00	100.00	100.00	100.00	100.00

Asset Description	Spray Seals Heavy Traffic Urban	Spray Seals Light Traffic Urban	Spray Seals Heavy Traffic Rural	Spray Seals Light Traffic Rural	Unsealed Pavements 160 Design Depth
Total Quantity	161364	337599	476525	20937	151722
Units	sqm	sqm	sqm	sqm	sqm
Asset Group Renewal \$	922452.83	1930797	2713052.68	119356	2275830
Condition 10	0.00	0.00	0.00	0.00	0.00
Condition 9	0.00	0.00	0.00	0.00	0.00
Condition 8	6.42	0.00	0.00	0.00	0.00
Condition 7	0.24	0.94	1.79	0.00	0.00
Condition 6	15.52	11.20	15.92	10.89	0.00
Condition 5	17.05	29.87	21.50	43.51	0.00
Condition 4	19.79	24.03	24.40	0.00	0.00
Condition 3	21.83	13.15	22.69	37.16	0.00
Condition 2	13.31	10.47	5.42	0.00	3.36
Condition 1	2.83	4.47	2.28	0.00	22.57
Condition 0	3.01	5.87	6.00	8.45	74.06
	100.00	100.00	100.00	100.00	100.00

Asset Description	Unsealed Pavements				
	100 Design Depth	All Kerbs	Asphalt Footpaths	Concrete Footpaths	Brick Footpaths
Total Quantity	266636	76933	1975	69141	3698
Units	sqm	sqm	sqm	sqm	sqm
Asset Group Renewal \$	2666355	8529290	98760	4841075	433269
Condition 10	0.00	0.06	0.00	0.00	0.00
Condition 9	0.00	0.16	0.00	0.00	0.00
Condition 8	1.64	1.37	0.00	0.00	0.00
Condition 7	2.19	0.46	0.00	0.00	0.00
Condition 6	0.00	5.71	0.00	1.16	0.00
Condition 5	4.83	26.42	0.00	39.15	0.00
Condition 4	8.73	24.35	80.80	29.74	9.15
Condition 3	14.35	30.91	0.00	9.60	88.50
Condition 2	15.09	1.84	6.38	4.32	1.92
Condition 1	10.50	7.12	0.00	12.97	0.22
Condition 0	42.66	1.60	12.82	3.07	0.22
	100.00	100.00	100.00	100.00	100.00

The Condition Profile above shows the distribution of sealed and unsealed roads and footpaths and kerb and gutter across the range of possible condition scores. While Council is in a healthy position with 92% of its total road transport assets in good to average, condition (Scores 0 and 5), due attention must be given to maintaining this position. The strategy will be to focus on assets that are measured at condition scores in the 6 to 8 range, with annual renewal funding planned for these assets.

## Drainage



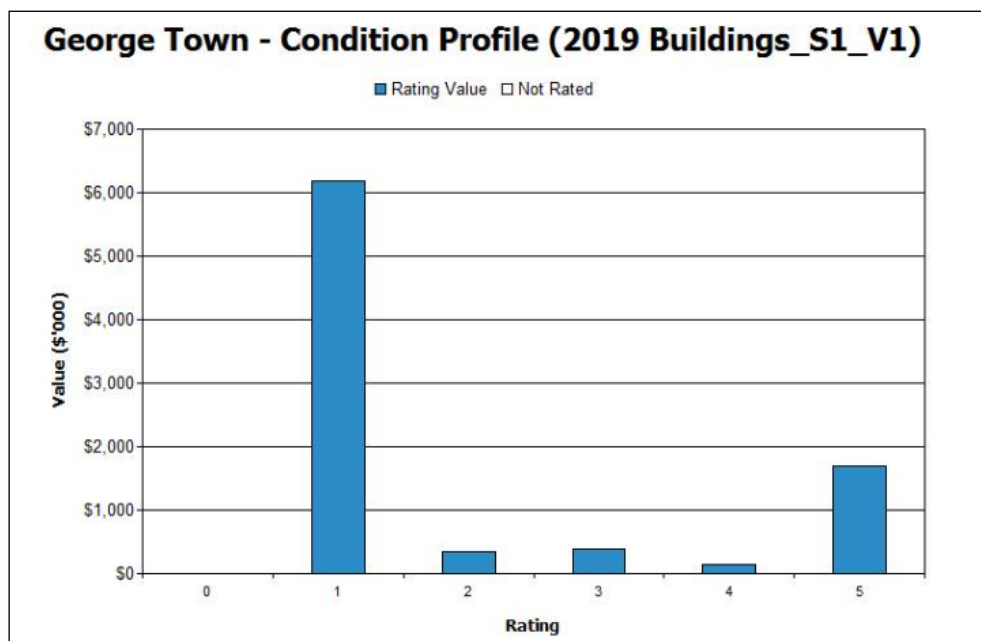
Current replacement value of drainage assets at each condition score.

The Condition Profile above shows the distribution of the drainage pits and underground pipe network across the range of possible condition scores. Council is in a strong position with large number of its drainage assets in *Good Condition* or better (Scores 1 and 2), how evert there are some assets still requiring their condition score reviewed and updated to ensure Council’s asset registers are up to date and accurate. As drainage assets have expected lives of around 100 years, the only requirement for renewal expenditure in the short to medium term will arise from either a lack of capacity or isolated failures due to unusual circumstances.

## Building Assets

The Condition profile for building assets is outlined in graph below, the condition of some of Council’s major building assets are within the good to reasonable scale, while the smaller and specific purpose buildings, particularly in relation to the provision of recreation services are in the varying to poor condition. Council’s priorities in relation to its building assets are to be assessed and then finalise asset management plan for implementation.

The Building asset condition assessment was undertaken by Todd Herron White on 9 June 2016 for Council.

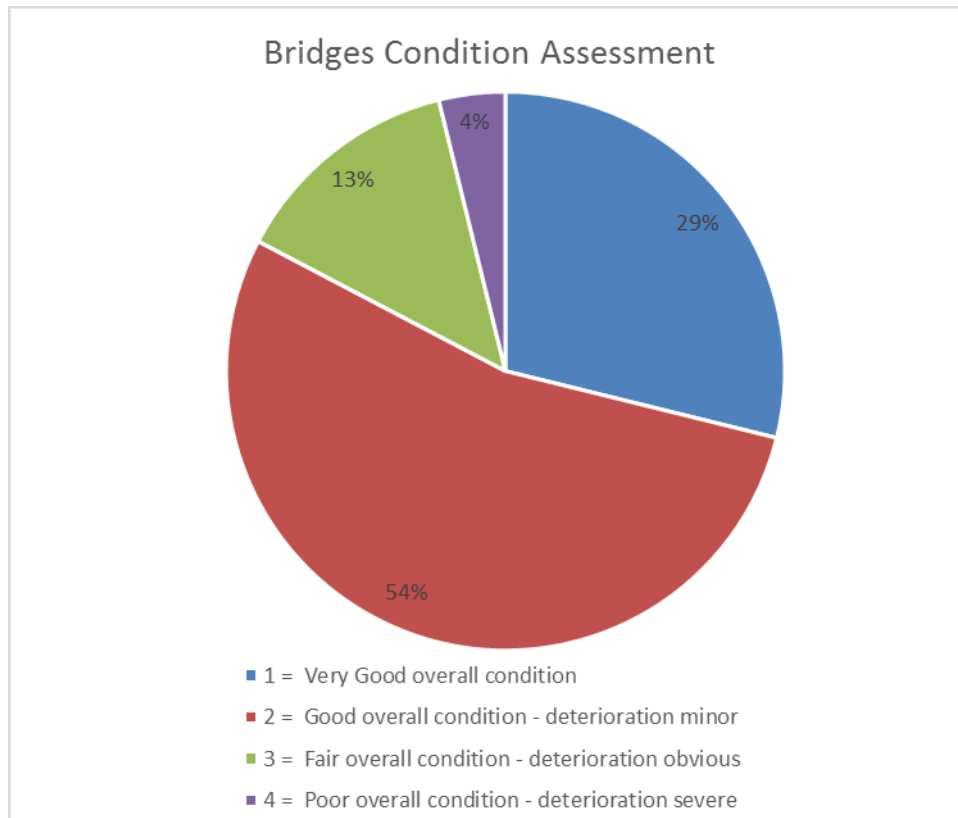


This shows the value of Building asset components by each condition rating from 1 to 5, with five being poor condition.

The condition profile for Bridges shows that Council is generally in a strong position with its bridges, with over 80% of the portfolio in *Good Condition* or better (Scores 1 and 2) and only 4% requiring renewal (Score4) in the short-term.

An important difference in the characteristics of this portfolio is that it comprises of, relatively speaking, a small number of large assets. Unlike the roads portfolio where on a year-to-year basis the required renewal budget does not usually change significantly, the year-to-year renewal budget for bridges, jetties and pontoons can vary markedly depending on the replacement value of any

asset requiring renewal. Consequently it is important that detailed forecasting is undertaken for this asset class. The detailed inspections supplied by Aust Span, to support forecasting will continue to be sought and updated to inform the planning of bridge replacements. Capital expenditure for bridge replacements should be programmed so that funds are available in the year requiring replacement.



## 2.5 Asset Sustainability Ratio

The **Asset Sustainability Ratio** is the second of the three asset ratios that are required for assets under the Ministerial Orders. Calculated by dividing the amount of renewal expenditure per year by the annual depreciation expense, this ratio gives the appearance of being particularly useful with the target being 100%.

In practice however it can be misleading as the results are greatly influenced by the make-up and age distribution of the particular asset portfolio. For a well-managed portfolio of many assets of widely distributed age such as road segments, the average annual renewal expenditure over a period of three or more years will usually fall close to the annual depreciation expense for that period and the ratio will be around 100%.

However for portfolios where the assets are mostly of similar age or where the portfolio is dominated by one or two very large assets, the relationship breaks down. In the years where the assets are all in good condition, little or no renewal expenditure is required and the calculated ratio is very low. Conversely, in those years where renewal works are required, the expenditure is much greater than the annual depreciation expense and the ratio will be much greater than 100%.

Below are the Asset Sustainability Ratios for the George Town Council services covered by this asset management strategy. The overall and individual ratios all vary considerably from the notional ideal

100%. This does not indicate poor asset management of the part of Council but highlights the fallibility of this particular indicator.

Asset	Depreciation \$ 2017/18	Capital Renewal \$ 2017/18	Asset Sustainability Ratio
Roads, footpaths and kerbs,	\$1,285	\$844	66%
Drainage	\$162	\$96	59%
Buildings	\$560	\$301	54%
Bridges, Jetties & Pontoons	\$192	\$183	95%
TOTAL	\$2,199	\$1,424	65%

A Sustainability Ratio of 59% for drainage falls in the range typical for local government across Australia. Council's drainage network is in excellent condition with little or no renewal work required in the foreseeable future. As a consequence the required renewal expenditure is much lower than the annual depreciation expense and a ratio of 59% is considered acceptable.

A sustainability ratios of 54% for Buildings is acceptable until Council has fully assesses building assets and their appropriate service levels determined.

While only 66% was reached for completed renewals in 2017/18 for roads, footpaths and kerbs. As some projects are carried forward, an average over five years should see the sustainability ratio for roads being maintained at the desirable level.

## 2.6 Asset Renewal Funding Ratio

The **Asset Renewal Funding Ratio** is last of the three asset ratios that are required for assets under the Ministerial Orders. It is calculated by dividing the current value of projected funding outlays for assets identified in the long-term financial plan by the current value of projected capital expenditure for assets identified in the long-term strategic asset management plans.

**Asset Condition Modelling** has been conducted for road infrastructure assets and bridges and buildings.

## 2.7 Asset Management Structure

Responsibility for the coordination of Asset Management lies with the Team Leader Corporate and Finance, Assistant Accountant, Team Leader Infrastructure and Works, Capital Works Officer, Project Engineer, Technical Officer, and assisting staff. This team is responsible for the overall management of Council's assets and preparation of the capital budget each year.

Responsibility for maintenance and the day-to-day management of the assets lies with the relevant section within the Infrastructure & Works Department and for buildings with the Community Development Department. This includes obtaining condition information on assets on a programmed basis.

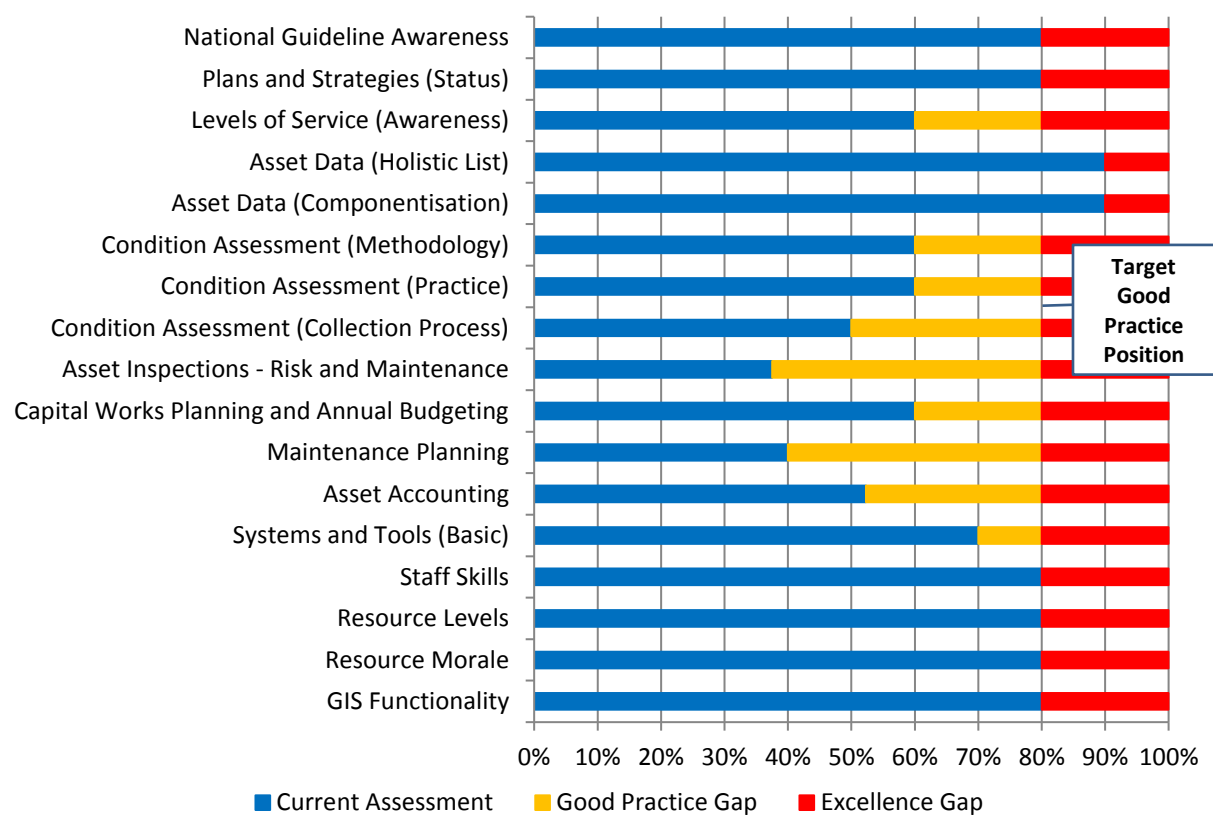


Council has a senior management team that review and consider the overall capital budget each year based on the information supplied by the Asset team which is then presented to Council for overall approval.

## 2.8 Measuring Council’s Asset Management Competencies

The maturity of Council’s Asset Management competencies were independently assessed in 2016 and the outcome is shown below. An organisation was considered to be performing **Good Practice** asset management when it achieves a score of at least 80% in all seventeen assessment areas.

For a Council the size of George Town, the results shown below are a solid foundation with eight competency areas already at or above the **Good Practice** level and the remainder showing progress towards that standard.



**Maturity of Council’s Asset Management Competencies**

### **3. Specific Strategies**

To fulfil its mission, Council must ensure the long-term financial sustainability of its infrastructure assets by balancing the community's expectations for services with their ability to pay for the assets used to provide those services. The key to succeeding with this is to adopt updated and current asset management practices.

- ensure that the 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;
- embed 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; and
- provide high level oversight of financial and asset management responsibilities by reporting to council on the development and implementation of the Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

## **4. How will we get there?**

The pathway is a journey of continuous improvement of Council's asset management policies, practices and procedures. It will require developing first-class competencies in all Council staff engaged across the spectrum of asset management activities through:

- Training and skills development;
- Exposure to best-of-breed industry expertise;
- Overhaul of asset data and asset condition profiles.
- Maintaining asset management technology and expertise.

### **4.1 Improvement Actions**

The next step is to lift Council's asset management competencies and increase knowledge and understanding of its infrastructure assets by achieving the following;

- Accessing formal Asset Management Planning training for Infrastructure staff to ensure plans are competently updates and completed,
- Improved ability to forecast future funding requirements for its asset portfolios,
- Recalculation of renewal funding ratios based on updated financial modelling and the revised asset management plans,
- Linkages between the LTFP and the service levels delivered and the revised asset management plans,
- Linkages between Council's AMP expenditure projections for renewal, upgrade and new and the LTFP
- Incorporate estimated projections for increased annual operational and maintenance expenditure into Capital Works Planning process to allow Council to make informed decisions
- Improve recording of current service levels and those required in the future,
- Improved asset management practices including asset maintenance planning and scheduling of capital works,
- Improved data collection for condition assessments,
- Improve asset accounting competencies,
- Finalise the asset management plan for building assets,

### **4.2 Monitoring Progress**

Progress with the above improvement actions and the Improvement Plan in Section 6 of this Strategy will be monitored annually. The Asset Management Strategy should be reviewed every year to ensure that it remains relevant in the context of industry development and unforeseen events acting on Council and the municipality.

Council's Audit Panel plays an important role in the AM monitoring and review process, including reporting on Improvement Plan action progress and outcomes.

### 4.3 Asset Management Strategies

The Asset Management Strategy proposes strategies to enable the objectives of the Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved.

#### 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	Annually 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	Annual review of 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	Continue to monitor Asset Management performance against targets set in the Improvement Plan and Annual Plan.	Improved financial and asset management capacity within Council.
11	Report yearly to Council by Audit Committee/General Manager on continuous improvement of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

## **5 Where do we want to be?**

### **5.1 Asset Management Policy**

Council's Asset Management Policy defines the council's vision and service delivery objectives for asset management in accordance with the Council's Strategic Plan and the Local Government Act.

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.

### **5.2 Asset Management Plans**

Council's Asset Management Plans, the community and technical service levels contained in them have been developed using current levels of understanding of existing practices and procedures.

The Asset Management Plans document what we do now and identify areas requiring additional effort or work ('core' level approach) and do not focus on aspirational, unattainable goals. Issues identified have been used to create the Asset Management Plan improvement program.

Confidence in the Asset Management Plans and their individual improvement programs is at a medium level, but service levels would be less at fair to medium. Asset data improvement is an important area of focus for Council as well as improving knowledge in service levels. This is identified in individual asset class Asset Management Plans for specific actions.

### **5.3 Asset Management Practices**

Council's Asset Management System is used as the asset register for capturing and reporting on asset condition, attribute data, financial information (valuation, depreciation, capital works recording), inspections and work orders.

Council's asset data requires continual update and review, which is demanding on resources. Asset data especially condition, construction date and replacement cost information is critical to renewal forecasting for future Long Term Financial Plans.

The level of confidence in the asset register data could be seen as medium, but to fair to medium for renewal information and requires further work. This has formed part of the asset management improvement process also in each respective Asset Management Plan asset class.

### **5.4 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 the 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, and
- provide high level oversight of financial and asset management responsibilities through Audit Committee/General Manager reporting to council on continual improvement of Asset Management Strategy (Strategic Asset Management Plan - SAMP), Asset Management Plans and Long Term Financial Plan.

## **5.5 ISO 55000 Asset Management**

ISO 55000 is an international standard that supports organisations to achieve its goals in managing its assets in an effective manner.

This standard recognises that common practices can be applied to the management of assets by a range of organisations.

The standard utilises common terminology for asset management, promotes an organisational approach and the alignment asset management objectives with organisational objectives.

The ISO 55000 is broken down into three standards:

- ISO 55000 – overview of asset management principles and terminology,
- ISO 55001 – defines requirements for an asset management systems, and
- ISO 55002 – provides guidance on the interpretation of the other two standards.

The standard is based around asset management fundamentals:

- Do existing assets provide value to the organisation,
- Does asset management align with strategic objective and meet technical and financial decisions,
- Develop leadership and culture to improve asset management within the organisation, and
- Ensure that organisation governance provides services from its assets for which they are intended.

The standard is not prescriptive in its approach. It provides a common framework to base an organisations asset management system.

## 6. Asset Management Improvement Plan

The following table includes a limited number of actions as part of this plan, the key action for Council is to undertake an assessment to identify Council's current asset management maturity, this help inform priority actions for Council, allow appropriate resources to be allocated and achieve actions in a timely manner.

### Strategic Asset Management Improvement Plan Actions

Ref	Task	Responsibility	Target Date	Budget
1	Undertake NAF Maturity Assessment (NAMS.PLUS assessment) to identify Improvement Plan actions that align to the Local Government and Planning Ministers' Council assessment criteria. While not an issue Council's current improvement direction is data focused, however Council must also look to other areas such as governance, skills and process, strategic planning and evaluation.	Asset and Finance officers	Dec 2019	\$5,000 (officer time)
2	Linkages between Council's AMP expenditure projections for renewal, upgrade and new and the LTFP	Asset and Finance officers	Dec 2019	\$5,000 (officer time)
3	Council to adopt the LGAT Strategic Asset Management Plan (SAMP) template for the next review of this Asset Management Strategy. This template aligns with the Local Government Act requirements and NAMS.PLUS asset management plan process. This document is a combined AM Strategy and Long Term Strategic Asset Management Plan in one document	Asset officer	June 2020	\$5,000 (officer time)
4	List additional Improvement Plan actions as identified in this table. Include priority, responsibility and budget requirement in future Strategy/SAMP reviews. Report on Improvement Plan action progress to the Audit Panel, and include budget requirements in Annual Budget review process	AM Team	June 2020	\$5,000 (officer time)

