Barunga West Council

BUILDINGS & STRUCTURES

Asset Management Plan 2020-2029

Version 4

October 2020

Document Control	Asset Management Plan

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Rev No	Date	Revision Details	Author	Reviewer	Approver
1	July 2017		BTH	AJC	AJC
2	November 2017	Removal of PB Caravan park assets, PB Sailing Club Assets, and Building Assets in Wokurna, Alford & Kulpara which are not planned to be replaced.	PBW		
3	December 2017	Removal of consideration of Council housing. Revised replacement and renewal figures to todays $	PBW		
4	October 2020	Reviewing document in line with Local Government act 1999	SJD	RKE	

NAMS.PLUS Asset Management Plan Templates

NAMS.Plus offers two Asset Management Plan templates – 'Concise' and 'Comprehensive'.

The Concise template is appropriate for those entities who wish to present their data and information clearly and in as few words as possible whilst complying with the ISO 55000 Standards approach and guidance contained in the International Infrastructure Management Manual.

The Comprehensive template is appropriate for those entities who wish to present their asset management plan and information in a more detailed manner.

The entity can choose either template to write/update their plan regardless of their level of asset management maturity and in some cases may even choose to use only the Executive Summary.

The illustrated content is suggested only and users should feel free to omit content as preferred (e.g. where info not currently available).

The concise Asset Management Plan may be used as a supporting document to inform an overarching Strategic Asset Management Plan.

This is the **Concise** Asset Management Plan template.

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1 EXECUTIVE SUMMARY

1.1 The Purpose of the Plan

Barunga West Council (Council) commences 100 kilometres north of Adelaide and extends a further 70 kilometres to the north. Our region nestles between Spencer Gulf and the Barunga and South Hummocks ranges.

The Council borders the Port Pirie Regional Council to the north, both Copper Coast and Yorke Peninsula Council to the south and Wakefield Regional Council to the east.

The main townships within the area are Bute and Port Broughton with smaller settlements such as Alford, Tickera, Fisherman Bay, Kulpara, Mundoora and Melton.

Asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.

This asset management plan details information about building assets including actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services over a 10-year planning period.

Council staff will be reviewing the Useful Lives and conditions of the principal buildings to determine a hierarchy for future capital expenditure.

This plan covers the building assets of the Council, and associated structures.

1.2 Asset Description

These assets include:

The building & structures network comprises:

- Halls, offices & depots
- Public conveniences
- Council owned buildings

These infrastructure assets have a current value estimated at $8.15million.

1.3 Levels of Service

Our present funding levels are sufficient to continue to provide existing services at current levels in the medium term.

The main services consequences are:

- Annual depreciation expense
- Funding for maintenance and renewal of assets
- Low demand for several assets

1.4 Future Demand

The main demands for new services are created by:

- Population Growth/Decline
- Shift in Demographics (age)
- Population Mix

1.5 Lifecycle Management Plan

What does it Cost?

This Plan provides an estimate of the projected outlays including operations, maintenance, renewal and upgrade of existing assets over the 10-year planning period and is approximately $1.907M or $191,000 on average per year.

As part of the improvement plan, given the lack of detailed condition data on this asset class, Council staff in conjunction with a contractor are about to undertake an intensive review and reassessment of building condition, lives and usefulness of these assets to the community.

This will better define the service levels offered, what is needed, and if a gap exists

1.6 Financial Summary

What we will do

The capital renewal costs for the next 10 years are based on the APV building revaluations as at June 30, 2019. These revaluations split all building assets into their component parts, i.e. roof, structure, substructure, etc and assessed a useful life for each of these components.

Allowances have been made for available funding for this period of $1,906,863 or $190,700 at an average per year as per the long-term financial plan or budget forecast.

We plan to provide building services for all classes of building assets, although some assets within a sub-category will not be maintained to the same level as higher use buildings due to a lack of demand for the facilities. Further work is needed to define categories linked to service levels.

Barunga West Council - Report 7 - LTFP Expenditure Projections 9

Projected Expenditure	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Capital Expenditure on Renewal/Replacement of existing assets	$389	$129	$42	$78	$271	$137	$148	$54	$185	$30
Capital Expenditure on Upgrade/New assets	$444	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operational cost of existing assets	$15	$15	$15	$15	$15	$15	$15	$15	$15	$15
Maintenance cost of existing assets	$65	$65	$65	$65	$65	$65	$65	$65	$65	$65
Operational cost of New assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance cost of New assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Disposal of Surplus Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

All dollar values in ($'000)'s

Managing the Risks

Our present funding levels are sufficient to continue to manage risks in the medium term.

The main risk consequences are:

- Inability to provide the level of services expected by the ratepayers and visitors to the Council area;
- Future unexpected capital expenditure if buildings are not maintained.

We will endeavour to manage these risks within available funding by:

- Assessment of the major buildings and those buildings deemed to require significant capital expenditure in the next 10 years.

1.7 Asset Management Practices

Our systems to manage assets include:

- Synergy
- NAMS Excel Asset Templates

Assets requiring renewal/replacement are identified from one of three methods provided in the 'Expenditure Template'.

- Method 1 uses Asset Register data to project the renewal costs using acquisition year and useful life to determine the renewal year, or
- Method 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or
- Method 3 uses a combination of average network renewals plus defect repairs in the Renewal Plan and Defect Repair Plan worksheets on the 'Expenditure template'.

Method 1 was used for this asset management plan.

1.8 Monitoring and Improvement Program

The next steps resulting from this asset management plan to improve asset management practices are:

- Undertake a review of building assets and this asset management plan over the next 12-18 months
- Consultation with Council's Elected Members to prioritise expectations in terms of asset maintenance, sale or lease of some Council Buildings and funding shortfalls;
- Determine if Council services for community groups could be provided with fewer individual facilities;
- Assess the condition of the high value buildings. Undertake intensive review of Councils Building assets.

2. INTRODUCTION

2.1 Background

This asset management plan communicates the actions required for the responsive management of assets (and services provided from assets), compliance with regulatory requirements, and funding needed to provide the required levels of service over a 10-year planning period.

The asset management plan is to be read with the Council planning documents. This should include the Asset Management Policy and Asset Management Strategy where these have been developed along with other key planning documents:

- Strategic Management Plan
- Asset Accounting Policy, Internal Financial Controls Policy
- Long Term Financial Plan

The infrastructure assets covered by this asset management plan are shown in Table 2.1. These assets are used to provide administrative, sporting, recreational and works services.

Table 2.1: Assets covered by this Plan

Asset Category	Number of Assets	Replacement Value*
Shed	19	$393,384
District Hall	5	$1,644,828

Public Toilets / Toilet Blocks	15	$951,918
Recreational Shelter	29	$1,163,719
Recreational Facility	8	$723,535
Workshop	3	$304,485
Council Office	3	$1,395,281
Heritage Centre	1	$533,333
Council Depot	3	$238,010
Miscellaneous		$799,842
TOTAL		**$8148335**

* Fair Value as at July 1 2019 ***less*** residual value

2.2 Goals and Objectives of Asset Ownership

Our goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Linking to a long-term financial plan which identifies required, affordable expenditure and how it will be allocated.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 [1]
- ISO 55000[2]

2.3 Core and Advanced Asset Management

This asset management plan is prepared as a 'core' asset management plan over a 10 year planning period in accordance with the International Infrastructure Management Manual[3]. Core asset management is a 'top down' approach where analysis is applied at the system or network level. An 'advanced' asset management approach uses a 'bottom up' approach for gathering detailed asset information for individual assets.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

This 'core' asset management plan is prepared to facilitate consultation prior to adoption by the Elected Members of Council. Future revisions of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist the Elected Members and stakeholders in matching the level of service required, service risks and consequences with the community's ability and willingness to pay for the service.

We currently have no research on customer expectations. This will be investigated for future updates of the asset management plan.

[1] Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2| 13
[2] ISO 55000 Overview, principles and terminology
[3] IPWEA, 2015, IIMM.

3.2 Strategic and Corporate Goals

This asset management plan is prepared under the direction of the Council's values, goals and objectives.

Councils values are:

Respectful, Approachable & Consultative

We will listen and respond to community views as we make the day-to-day and the long term decisions of Council in the best interests of the district and community. We will demonstrate respect, care and empathy in our processes, considerations and dealings.

One District - One Community

We are diverse…from beach to bush, from town to farm, from young to old, from people who have lived here for a lifetime, to those who are new to the district. Respecting all and valuing all, we support the coming together as one community. Our considerations and decisions are made in the best interests of our district as a whole.

Brave

We understand that at times our decisions will find favour; and at times not. However we will pursue considerations and make decisions that are prudent, reliable and always in the best interest of our whole community.

Optimistic

We are optimistic about our future as we pursue harmony, opportunity and prosperity in our district. We are aspirational; working to provide greater opportunity for all within our community.

Integrity

We will work hard to develop and hold the trust of our community by acting with integrity and transparency in our dealings.

Excellence

We will be visionary in thinking, pragmatic in our decisions and professional in our execution as we deliver the best outcomes for our community. We will embrace innovation and creativity in our pursuit of quality and sustainability. We will continuously explore ways to improve.

Relevant goals and objectives and how these are addressed in this asset management plan are:

Table 3.2: Goals and how these are addressed in this Plan

Goal	Objective	How Goal and Objectives are addressed in AM Plan
1. An Inclusive & Connected Community	1. One Community 2. Retaining Our Coastal and Rural Character 3. A safe Inclusive and Active Community	Surplus assets will be identified, consolidation of individual community group building assets to communal use will be reviewed and all ability access issues will be identified
2. Quality Services Facilities and Infrastructure	4. Well Maintained & Sustainable Local Road Network & Community Infrastructure 5. Sustainable & Accessible Services 6. Facilities that Meet the Needs of Our Communtiy	Maintenance and repair issues are to be dealt with in programmed planned maintenance activities to provide sustainable facilities that meet the needs of the community
3. A Robust Local	7. Sustainable Local Businesses &	Seek to improve current facilities to support tourism

Economy	Industry 8. Develop and Promote our Tourism Proposition 9. Develop and Promote the Area As a Desirable Place To Live	opportunities in the future
4. Preserve and Enhance Our Natural and Built Environment	10. Preserve our Local Flora and Fauna 11. Promotion and Recognition of Our Local Environmental Treasures 12. Well Presented Towns of Which We Are Proud	Regular maintenance will provide for better well presented buildings to assist to highlight our towns
5. Effective Community Leadership and Engagement	13. An Informed and Engaged Community 14. Effective Leadership and Engagement 15. A Financially Sustainable Council	Ensure that future Council building and structure enhancements are sustainable.

The Council will exercise its duty of care to ensure public safety in accordance with the infrastructure risk management plan prepared in conjunction with this AM Plan. Management of infrastructure risks is covered in Section 6.

3.3 Legislative Requirements

There are many legislative requirements relating to the management of assets. These include:

Table 3.3: Legislative Requirements

Legislation	Requirement
Local Government Act 1999 & Regulations	Sets out role, purpose, responsibilities and powers of local government including the preparation of a long term financial plan supported by infrastructure and asset management plans for sustainable service delivery.
Work Health & Safety Act 2012 & Regulations	Sets out role & responsibilities to secure the health, safety & welfare of persons in the workplace, as well as members of the public using Council facilities.
Development Act 1993 & Regulations	To provide for planning and regulate development in the state; to regulate the use and management of land and buildings, and the design and construction of buildings; to make provision for the maintenance and conservation of land and buildings where appropriate; and for other purposes
Australian Accounting Standards	Sets out the financial reporting standards relating to the (re) valuation and depreciation of assets
Asbestos Removal Code of Practice	The management and maintenance of asbestos in accordance with the code
Relevant Australian & International Standards	Other relevant standards applicable to buildings
Building Code of Australia	States the minimum requirements for the design, construction and maintenance of buildings
Disability Discrimination Act	To eliminate, as far as possible, discrimination against persons on the grounds of disability and to promote recognition and acceptance within the

	community of the principle that persons with disabilities have the same fundamental rights as the rest of the community.

3.4 Customer Levels of Service

Service levels are defined service levels in two terms, customer levels of service and technical levels of service. These are supplemented by organisational measures.

Customer Levels of Service measure how the customer receives the service and whether value to the customer is provided.

Customer levels of service measures used in the asset management plan are:

Quality How good is the service … *what is the condition or quality of the service?*

Function Is it suitable for its intended purpose …. *Is it the right service?*

Capacity/Use Is the service over or under used … *do we need more or less of these assets?*

The current and expected customer service levels are detailed in Tables 3.4 and 3.5. Table 3.4 shows the expected levels of service based on resource levels in the current long-term financial plan.

Council has not yet determined Performance Targets, and accordingly there is no measurement criteria for assessing Service Levels.

Organisational measures are measures of fact related to the service delivery outcome e.g. number of occasions when service is not available, condition %'s of Very Poor, Poor/Average/Good, Very good.

These Organisational measures provide a balance in comparison to the customer perception that may be more subjective.

Table 3.4: Customer Level of Service

	Expectation	**Performance Measure Used**
Service Objective: Community Levels of Service		
Quality	Provide quality buildings & structures	Customer Service Requests
Function	Ensure that the Council buildings & structures provide the required service levels for users	Customer Service Requests relating to functionality
Safety	Ensure that all buildings and structures are safe, well maintained and hazard free	No of incidents, insurance/risk assessments

Note – at the time of writing this plan customer levels of service have not been workshopped or defined and will be considered further in the next version of the plan.

3.5 Technical Levels of Service

Technical Levels of Service - Supporting the customer service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- Operations – the regular activities to provide services (e.g. opening hours, cleaning, maintenance, utilities, risk inspections, etc.)
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. building component replacement),
- Upgrade/New – the activities to provide a higher level of service (e.g. seal sporting club carparks) or a new service that did not exist previously (e.g. a new library, water park).

Service and asset managers plan, implement and control technical service levels to influence the customer service levels.[4]

Table 3.5 shows the technical levels of service expected to be provided under this AM Plan. The 'Desired' position in the table documents the position being recommended in this AM Plan.

Table 3.5: Technical Levels of Service

Service Attribute	Service Activity Objective	Activity Measure Process
TECHNICAL LEVELS OF SERVICE		
Operations		
Condition	Provide appropriate building facilities to meet user requirements	Building condition assessments, planned & reactive maintenance
Accessibility & Safety	Provide buildings that are safe, and accessible to all users	Budget, Customer Service Requests, Risk Assessments
Renewal		
Ensure functionality of building & structures	Comfortable use of facilities	**Budget**
Upgrade/New		
As determined by Elected Members	To be determined	**Budget**

Note: * Current activities and costs (currently funded).
** Desired activities and costs to sustain current service levels and achieve minimum life cycle costs (not currently funded)

[4] IPWEA, 2015, IIMM, p 2|28.

At present, indications of desired levels of service are obtained from various sources including residents' feedback to Council's Elected Members, staff, customer service requests and correspondence. Council has yet to quantify desired levels of service. This will be done in future revisions of this buildings and structures asset management plan.

4. FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets were identified and are documented in Table 4.3.

4.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

Table 4.3: Demand Drivers, Projections and Impact on Services

Demand drivers	Present position	Projection	Impact on services
Population Growth/Decline	2,434	1% increase over 10 years	Minimal
Shift in Demographics (age)	Ageing population	Increasing percentage of over 64 years of age, declining in all other age groups as indicated in the graph below	Minimal
Disability Discrimination Act	Accessibility to our buildings is paramount to all users	Likely that recognition will continue to increase and legislative targets will increase i.e. upgrading of Council's buildings to meet DDA requirements	Additional operation cost Additional renewal Additional upgrades
Demographics	Population mix	Reduced demand for facilities	Reduced need for multiple facilities

4.4 Demand Management Plan

There is little demand for new services, with Council holding building assets that are underutilized. Any new assets are likely to be tourism related structures.

Opportunities identified to date for demand management are shown in Table 4.4. Further opportunities will be developed in future revisions of this asset management plan.

Table 4.4: Demand Management Plan Summary

Demand Driver	Impact on Services	Demand Management Plan
Tourism	Need for tourism related structures	Provision of playground equipment, barbeque shelters, water features and public art
Recreation	Provision of integrated sporting facilities	Council has building assets and structures in place which are now under-utilized.

4.5 Asset Programs to meet Demand

Not applicable, no new building assets currently being considered by Council to meet demand.

5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the Council plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while managing life cycle costs.

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this asset management plan are shown in Table 2.1.

Council has an excess supply of District Halls. District Halls are underutilised and no longer in suitable locations for the population they serve, historically they were a meeting place for the townships of the Council area.

The Building Financial Asset Register lists a significant number of building roofs as due for replacement in the next 10 years. These will be reviewed by our Building Inspector, and discussed with the valuers when the building assets are next revalued, either as at June 30 2019 or July 1 2019

Figure Values are in current (real) dollars.

5.1.2 Asset capacity and performance

Assets are generally provided to meet design standards where these are available.

Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: Known Service Performance Deficiencies

Location	Service Deficiency
Port Broughton Council Office	The current configuration lacks room for expansion, both for additional employees and paper records
Public Conveniences	Not all public conveniences meet the requirements for persons with a disability
District Halls	Not all District Halls meet the requirements for persons with a disability

The above service deficiencies were identified from experience.

5.1.3 Asset condition

Condition is measured using a 1 – 5 grading system[5] as detailed in Table 5.1.3.

Table 5.1.3: Simple Condition Grading Model

Condition Grading	Description of Condition
1	**Very Good**: only planned maintenance required
2	**Good**: minor maintenance required plus planned maintenance
3	**Fair**: significant maintenance required
4	**Poor**: significant renewal/rehabilitation required
5	**Very Poor**: physically unsound and/or beyond rehabilitation

[5] IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.

All of Council's high value high importance buildings and structures are rated 1 and 2 which is a reflection of the demand for these assets to be maintained at a high level for use by rate payers, community groups, schools, Council Elected Members and staff.

The assets which are rated 3-5 are under-utilised building assets to the Council as indicated. It is simply not a viable option to bring these assets up to a compliant standard, as the cost to Council would be substantial. These assets are highly underutilised and hence in a below average to poor condition. At this stage finances are not allocated to underutilised buildings however a plan is needed for these buildings into the future.

Condition is not currently monitored in a formal way, the following condition ratings are based on a visual basis. Key buildings will be inspected in more detail, particularly those that the revaluation indicates require capital renewal.

A full review of building conditions is currently scheduled to be undertaken over the next 12-18 months and this is intended to be for asset planning purposes and not financial reporting.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services such as security & insurance.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, ie cleaning, regular risk assessments, etc

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating.

Historic maintenance expenditure is shown in Table 5.2.1.

Table 5.2.1: Maintenance Expenditure Trends

Year	Operations and Maintenance Budget $
2017-18	$80,000
2018-19	$80,000
2019-20	$80,000

For this plan allowance has been made for $65000/annum for routine maintenance and $15000 for operations

Maintenance expenditure levels reflect current work practices. This will be reviewed in future as service levels become more defined.

5.3 Renewal/Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an upgrade/expansion or new work expenditure resulting in additional future operations and maintenance costs.

Assets requiring renewal/replacement are identified from one of three methods provided in the 'Expenditure Template'.

- Method 1 uses Asset Register data to project the renewal costs using acquisition year and useful life to determine the renewal year, or
- Method 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or
- Method 3 uses a combination of average network renewals plus defect repairs in the Renewal Plan and Defect Repair Plan worksheets on the 'Expenditure template'.

Method 1 is used for this asset management plan.

5.3.1 Renewal ranking criteria

Asset renewal and replacement is typically undertaken to ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate.

It is possible to get some indication of capital renewal and replacement priorities by identifying assets or asset groups that:

- Have a high consequence of failure,
- Have high use and subsequent impact on users would be greatest,
- Have a total value representing the greatest net value,
- Have the highest average age relative to their expected lives,
- Are identified in the AM Plan as key cost factors,
- Have high operational or maintenance costs, and
- Have replacement with a modern equivalent asset that would provide the equivalent service at a savings.[6]

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in Table 5.3.1.

Table 5.3.1: Renewal and Replacement Priority Ranking Criteria

Criteria	Weighting
Demand for Service	20.00%
Cost of Service	60.00%
Possibility to Consolidate Service	20.00%
Total	**100.00%**

5.3.2 Summary of future renewal and replacement expenditure

The staff at Council have assembled a renewal plan based on limited available information from previous valuation reports and from knowledge of known issues. This will be further refined in future versions of this plan.

The renewal expenditure for this plan is shown in Table 5.3.2.

Table 5.3.2: Renewal Expenditure Prediction

Year	Renewal Budget $
2020-21	$832,771
2021-22	$129,364
2022-23	$42,447
2023-24	$77,345
2024-25	$270,920
2025-26	$137,375
2026-27	$148,103
2027-28	$53,660
2028-29	$185,342
2029-30	$29,531

[6] Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

The projected Budgeted Expenditures Accommodated in LTFP are shown in appendix A.

Deferred renewal and replacement, i.e. those assets identified for renewal and/or replacement and not scheduled in capital works programs are to be included in the risk analysis process in the risk management plan.

Renewals and replacement expenditure in the capital works program will be accommodated in the long term financial plan. This is further discussed in Section 7.

5.4 Creation/Acquisition/Upgrade Plan

New works are those that create a new asset that did not previously exist, or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost. These additional assets are considered in Section 4.4.

5.4.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Candidate proposals are inspected to verify need and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes.

5.4.2 Summary of future upgrade/new assets expenditure

Council currently has no plans for new or upgraded Building facilities in the planning period.

5.4.3 Summary of asset expenditure requirements

The financial projections from this asset plan are for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets).

Providing services in a sustainable manner will require matching of projected asset renewals to meet agreed service levels with planned capital works programs and available revenue.

A gap between projected asset renewals, planned asset renewals and funding indicates that further work is required to manage required service levels and funding to eliminate any funding gap.

Council will manage the 'gap' by developing this infrastructure and asset management plan to provide guidance on future service levels and resources required to provide these services.

Council's long-term financial plan covers the first 10 years of the 20-year planning period.

5.5 Disposal Plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.5, together with estimated annual savings from not having to fund operations and maintenance of the assets. These assets will be further reinvestigated in the next 12-18 months to determine the required levels of service and see what options are available for alternate service delivery, if any. Any costs or revenue gained from asset disposals is accommodated in the long-term financial plan.

Table 5.5: Assets Identified for Disposal

Asset	Reason for Disposal	Timing	Disposal Expenditure
Wokurna Hall	No demand for Services	2021/22	Unknown
Mundoora Sporting Assets	Reduced demand for Services	2021/22	Unknown

Kulpara Greyhound Track Assets	No demand for Services	2021/22	Unknown

6. RISK MANAGEMENT PLAN

The purpose of infrastructure risk management is to document the results and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2009 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2009 as: 'coordinated activities to direct and control with regard to risk'[7].

An assessment of risks[8] associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock'. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Similarly, critical failure modes are those which have the highest consequences.

Critical assets have been identified and their typical failure mode and the impact on service delivery are as follows:

Table 6.1 Critical Assets

Critical Asset(s)	Failure Mode	Impact
Port Broughton Council Office	Black Out	Typically occurs when entire town is blacked out, no Council services available
Bute Council Office	Black out or disconnection from Port Broughton Office	No Council services available ***in Bute***
CWMS Assets	Black Out	Back up of sewerage

By identifying critical assets and failure modes investigative activities, condition inspection programs, maintenance and capital expenditure plans can be targeted at the critical areas.

6.2 Risk Assessment

The risk management process used in this project is shown in Figure 6.2 below.

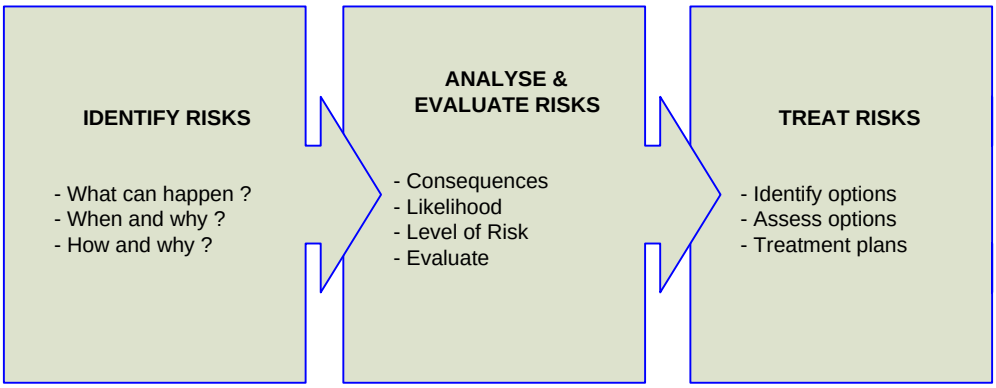
It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of the ISO risk assessment standard ISO 31000:2009.

Fig 6.2 Risk Management Process – Abridged

[7] ISO 31000:2009, p 2

[8] Refer Council's Business Continuity Plan



The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

An assessment of risks[9] associated with service delivery from infrastructure assets has identified the critical risks that will result in significant loss, 'financial shock'or a reduction in service.

Critical risks are those assessed with 'Very High' (requiring immediate corrective action) and 'High' (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment cost after the selected treatment plan is implemented is shown in Table 6.2. These risks and costs are reported to management and Elected Members.

Table 6.2: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H, M, L)	Risk Treatment Plan	Residual Risk *	Treatment Costs
All Buildings	Destruction by Fire or critical event	M	Check adequacy of insurance coverage, maintain appropriate security coverage and develop & refine existing Business Continuity Plan	M	Nil additional
Aged Buildings	Structural damage	H	Inspect, monitor and report	H	Unknown
Aged Buildings	Obsolescence	M	Inspect, monitor and report	M	Unknown
Port Broughton Council Office	Blackout	H	Offsite backup server at Port Broughton Council depot	Low	$10,000
Bute Council Office	Disconnection from Port Broughton Office	M	Council is planning on improving the IT and communications link between the offices in 2017/18	Low	$10,000

Note * The residual risk is the risk remaining after the selected risk treatment plan is operational.

[9] Refer Council's Business Continuity Plan

6.3 Infrastructure Resilience Approach

The resilience of our critical infrastructure is vital to our customers and the services we provide. To adapt to changing conditions and grow over time we need to understand our capacity to respond to possible disruptions and be positioned to absorb disturbance and act effectively in a crisis to ensure continuity of service.

Resilience is built on aspects such as response and recovery planning, financial capacity and crisis leadership.

Our current measure of resilience are shown in Table 6.4 which includes the type of threats and hazards, resilience assessment and identified improvements and/or interventions.

Table 6.4: Resilience

Threat / Hazard	Resilience LMH	Improvements / Interventions
Blackout	High	Offsite backup server at Port Broughton Council depot
Disconnection of Bute Office from Port Broughton Office	Medium	Council is planning on improving the IT and communications link between the offices in 2017/18

6.4 Service and Risk Trade-Offs

The decisions made in adopting this AM Plan are based on the objective to achieve the optimum benefits from the available resources.

6.4.1 What we cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next 10 years. These include:

- Council cannot fund the predicted capital expenditure as derived from the July 2014 building revaluation

6.4.2 Service trade-off

Operations and maintenance activities and capital projects that cannot be undertaken will maintain or create service consequences for users. These include:

- Council may have to centralise community group activities to a lesser number of buildings;
- Council may not be able to maintain some historic buildings at the current expected levels

6.4.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may maintain or create risk consequences. These include:

- Council may have to restrict access to some of the older buildings

These actions and expenditures are considered in the projected expenditures, and where developed are included in the Risk Management Plan.

7. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

7.1 Financial Statements and Projections

7.1.1 Asset valuations

The best available estimate of the value of assets included in this Asset Management Plan are valued at current replacement cost, per the revaluation on July 1 2019. This Plan excludes leased assets belonging to the PB Caravan Park, and excludes those assets which will not be replaced in the event of total loss.

Several of the building assets are subject to land-only leases, and accordingly the depreciation on those buildings is not recorded in the Council's General Ledger. Annual average depreciation expense in the Council financial reports is approximately $270-275,000.

7.1.1 Sustainability of service delivery

Two key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset category, these being the:

- asset renewal funding ratio, and
- medium term budgeted expenditures/projected expenditure (over 10 years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio[10] 100%

The Asset Renewal Funding Ratio is the most important indicator and indicates that over the next 10 years of the forecasting that we expect to have 100% of the funds required for the optimal renewal and replacement of assets. This will be reviewed by Council staff in conjunction with the external valuers. We believe that the Useful Lives on the most recent valuations may indeed be longer than those provided by the valuers.

Medium term – 10 year financial planning period

This asset management plan identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core asset management plan, a gap is generally due to increasing asset renewals for ageing assets.

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is $190,700 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is $190,700 on average per year giving a 10 year funding shortfall of $0 per year. This excludes upgrade/new assets.

Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and financing to achieve a financial indicator of approximately 1.0 for the first years of the asset management plan and ideally over the 10-year life of the Long Term Financial Plan.

7.1.2 Projected expenditures for long term financial plan

Table 7.1.2 shows the ***projected*** expenditures for the 10 year long term financial plan.

Expenditure projections are in 2017 real values.

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[10] AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

Table 7.1.2: Projected Expenditures for Long Term Financial Plan ($000)

Year	Operations ($000)	Maintenance ($000)	Projected Capital Renewal ($000)	Capital Upgrade/ New ($000)
2021	$15,000	$65,000	$832,771	$0
2022	$15,000	$65,000	$129,364	$0
2023	$15,000	$65,000	$42,447	$0
2024	$15,000	$65,000	$77,345	$0
2025	$15,000	$65,000	$270,920	$0
2026	$15,000	$65,000	$137,375	$0
2027	$15,000	$65,000	$148,103	$0
2028	$15,000	$65,000	$53,660	$0
2029	$15,000	$65,000	$185,342	$0
2030	$15,000	$65,000	$29,531	$0

7.2 Funding Strategy

Funding for assets is provided from the budget and long term financial plan. The projected Capital Renewal expenditure meets the current forecast Capital renewal for the period.

The financial strategy of the entity determines how funding will be provided, whereas the asset management plan communicates how and when this will be spent, along with the service and risk consequences of differing options.

7.3 Valuation Forecasts

Asset values are forecast to reduce slightly from current levels as some assets are removed.

Additional assets will generally add to the operations and maintenance needs in the longer term, as well as the need for future renewal. Additional assets will also add to future depreciation forecasts.

7.4 Key Assumptions Made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this asset management plan. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan are:

- Council's ability to fund the current level of capital renewal per the July 2019 revaluations

7.5 Forecast Reliability and Confidence

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale[11] in accordance with Table 7.5.

Table 7.5: Data Confidence Grading System

Confidence Grade	Description
A - Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%

[11] IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.

Confidence Grade	Description
B - Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%
C - Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated ± 25%
D - Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy ± 40%
E - Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is considered to be 'C – Uncertain' at this stage. Due to an extensive review process to be undertaken over the next 12-18 months. The useful lives of some of these assets needs to be reviewed.

8. PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices[12]

8.1.1 Accounting and financial data sources

APV July 1 2019 revaluation of Building Assets

8.1.2 Asset management data sources

NAMS.PLUS 3, developed by the Institute of Public Works Engineering australia

8.2 Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in Table 8.1.

Table 8.1: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Consultation with Council's Elected Members	Manager Assets and Infrastructure & Manager Corporate and Community Services	Leadership Team	July – Nov 2022
2	Conduct regular condition assessments on all Council buildings, including, updated condition life expectancy, unit rates and replacement costs at a	Manager Assets and Infrastructure &	Leadership Team and external contractor	2021 - Ongoing

[12] ISO 55000 Refers to this the Asset Management System

	key component level	Manager Corporate and Community Services		
3	Consultation with the community to write off or sell assets identified in the Disposal Plan	Council	Leadership Team	2022 - 2023
4	Community survey/consultation to gain an understanding of what the ratepayer and residents of the district want and what they feel is important to them	Senior Administration Officer	Senior Management & Staff	Unknown
5	Categorise buildings linked to utilisation and develop service levels that are appropiate	Manager Assets and Infrastructure & Manager Corporate and Community Services	Senior Management & Staff	2021-2022
6	Define Buildings that are underutilised that are not on the disposal plan and develop a plan to maintain or dispose	Manager Assets and Infrastructure & Manager Corporate and Community Services	Senior Management & Staff	2022-2023
7	Update Asset Register with new data to ensure the 3rd review of the Asset Management Plan is as true and correct as possible. Enabling work plans to be driven by the asset register.	Manager of Finance & Planning Officer	Senior Management	Unknown
8	Council endorsement of the updated Asset Management Plan	Manager Assets and Infrastructure	Senior Management	Unknown

8.3 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget planning processes and amended to show any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

The AM Plan will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the long term financial plan.

The AM Plan has a life of 5 years and is due for complete revision and updating within 2 years of each Council election.

8.4 Performance Measures

The effectiveness of the asset management plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in this asset management plan are incorporated into the long term financial plan,
- The degree to which 1-5 year detailed works programs, budgets, business plans and corporate structures take into account the ‘global’ works program trends provided by the asset management plan,
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the Strategic Plan and associated plans,
- The Asset Renewal Funding Ratio achieving the target of 1.0.

9. REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM
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- IPWEA, 2012 LTFP Practice Note 6 PN Long Term Financial Plan, Institute of Public Works Engineering Australasia, Sydney
- Strategic Management Plan 2020-2030,
- Long Term Financial Plan 2020-2030
- Annual Business Plan and Budget 2020/21

10. APPENDICES

Appendix A Budgeted Expenditures Accommodated in LTFP