

Clare and Gilbert Valleys Council Asset Management Strategy to 2020

Purpose

The purpose of 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,
- How to achieve a judicious reduction of surplus assets in collaboration with relevant community of interest.
- to enable Council's Asset Management Plan to be achieved, and
- To ensure the integration of Council's asset management with its long term Strategic Plan. 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 consumers.

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.

In February 2016 Clare & Gilbert Valleys Council adopted the Strategic Plan 2020. Prepared in collaboration with the University of Technology, Sydney Centre for Local Government Excellence, the Plan provides the direction for the future delivery of services by Council.

The role, utilization and performance of Council's asset portfolio will be pivotal to successfully achieving Council's vision to be "attractive, prosperous, welcoming and harmonious" the role,

State of the Assets at present, 2016

Clare & Gilbert Valleys Council owns and is responsible for the management, operation and maintenance of an extensive asset portfolio with a total replacement value of \$234,595,000 as at 30 June 2015 (1)

This portfolio comprises:

	Replacement Value	Accumulated Depreciation	Written Down Value
	\$'000	\$'000	\$'000
Roads	102119	-27685	74434
Buildings	59054	-23297	35757
Footways & Kerbs	24485	-8464	16021
Land	12725		12725
Community Wastewater Management Systems	13948	-4633	9315
Bridges	10939	-3721	7218
Plant & Equipment	6488	-2829	3659
Stormwater Drainage	3230	-1105	2125
Other Road Infrastructure	695	-185	510
Library Books	381	-9	372
Furniture and Fittings	531	-413	118
	234595	-72341	162254

Detailed condition information is only available for a limited number of asset classes. Work is ongoing to progressively capture relevant data to assist in forward work's programming and asset renewal. Below are comments on each of the asset classes.

Transport Assets: In general, the transport asset base is in fair condition. Roads can be affected from major flood events as occurred in 2010 which severely affect their condition. Many concrete assets such as footpaths and kerb and channelling are relatively old and aesthetically may look poor to fair but from a functional perspective continue to provide a suitable level of service.

A back log in the renewal of road surfaces has been identified and is currently being reviewed as it is determined by material properties and useful lives which need to be ground tested. Generally though road surfaces are in a fair condition. Road pavements comprise the majority of asset value and are long life assets. Renewal demand is yet to be developed at this point in time. It is clear though that continued investment in transport assets is necessary to ensure service levels are maintained.

Bridges and Culverts: Council's regular inspection regime has identified that the bridge stock is in relatively sound condition and a long term replacement program is in place. Current bridge inspections for condition reports are being completed in the 2016/17 budget.

Buildings: A current assessment of the condition of the stock of buildings is currently being planned. There are likely to be some issues with Council buildings that are impacting on the intended use of the facility. A number of buildings / facilities are proposed to be released by way of long term leases to Community bodies. There are backlog maintenance / renewal challenges that need to be addressed so that users needs can continue to be met in to the future.

Stormwater: Some work has occurred to obtain objective condition information for storm water assets, mainly through the use of condition reports, site inspections and flood mitigation storm water modelling. This work is expensive and is used to resolve issues in the network as they arise. Over time a bank of condition information will be obtained. As relatively passive assets, with a long useful life, renewal demands are yet to be compiled for the foreseeable future.

Parks, Reserves and Cemeteries: Inspections of the assets are yet to be completed and assessed in relation to the suitability of the useful life originally chosen for the various asset types. i.e. the life value chosen did not reflect in service life . As such the backlog is yet to be quantified. However, it is noted that much of the asset stock is aging and appropriate funding of asset renewal will need to occur to maintain current levels of service. As asset condition information availability increases, modelling of condition profiles can occur. As with leased buildings, recreational facilities on Council land but managed by third parties, are ageing and increasingly Council is being requested to assist clubs in funding renewal works.

Waste: The vast majority of waste assets are located at the Clare and Rhynie Waste Transfer Stations and support the receipt, processing and disposal / transfer of waste. At the Clare site the main assets are relatively recent in construction and present no significant issues for Council from an asset management perspective. Rhynie is proposed to be closed and replaced with a new complex at Riverton within the next 12 months.

Plant and Equipment: Council does not currently have a designated 10 year plant replacement program but has established desirable replacement cycles for a range of major plant items. While this can be managed in the short term, operating outside the established replacement cycles in the longer term will lead to a replacement backlog. Resultant impacts can be reduced operating capacity, plant breakdown, production inefficiency and lower trade values for plant.

Management of Asset recording: Council currently has a third party managing the asset base recording with no staff trained in the use of this particular software. In order to achieve efficiency and effectiveness adequate trained staff and suitable human resources will be needed.

CWMS: Current condition reports, flushing and CCTV inspections are being carried out on Councils 3 CWMS systems. From these condition reports, costings can be included within the Asset Management Plan to determine the long term commitment to maintain and upgrade these systems where required.

Strategic Outlook

1. Council will develop a range of “Technical Levels of Service” that reflect current activities to provide a range of services and infrastructure to the community. The cost of meeting these “levels of Service “ will be built in to Council’s Long Term Financial Plan and Asset Management Plan so as to maintain this level of service over the next 10 years.
2. Council’s current asset management maturity is below ‘core’ level; Council investment is needed to improve information management, governance arrangements, and a range of other issues to bridge this gap.
3. Council has committed to ensuring that it focuses on asset renewals and will prioritise funding to address infrastructure (committed to be retained) that is not providing a suitable level of service.

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).

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 three years. Life cycle expenditure will vary depending on the timing of asset renewals.

The life cycle costs and life cycle expenditure comparison (once completed) will highlight 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 Council in providing service to the community’s in a financially sustainable manner. This is the purpose of the AM 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.

Annual asset renewal demand for a given time period may be less than or greater than the annual depreciation provision. This will depend upon the in service performance of the assets and the actual performance of the assets within the overall asset stock life cycle.

Asset Management Functional Duties

Mayor and Elected Members: Ensure Council's assets management policy and principles are applied to relevant decisions making. Provide appropriate resources to maintain and renew infrastructure assets. Ensure the Financial Management Strategy is implemented annually.

Chief Executive Officer: Ensure the Council infrastructure is maintained and operated in accordance with Council's adopted policies and procedures and in accordance with relevant legislation.

Manager Infrastructure and Works: Ensure overall control of AM and operational objectives, including management of asset systems and data, data collection, coordination of condition assessments, development of AM processes and the design and programming of Capital Works and over view of operational program.

Manager Finance and Administration: Responsible for development, implementation and review of the Financial Management Strategy and Financial Services input into the AM process.

Manager Governance and Community: Responsible for development, implementation and review of the Governance aspects of the AM process.

Throughout the organisation a range of staff provide support to the appropriate management of assets and implementation of Council's Asset Management functions.

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 futures, 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,
- provide high level oversight of financial and asset management responsibilities through Audit Committee / CEO reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

How will we 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.

1. Move from Annual Budgeting to Long Term Financial Planning by ensuring the long term implications of Council services are considered in annual budget deliberations.
2. Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes by 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 by development of a sustainable funding model to provide Council services.
4. Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets and ensuing long term financial planning drives budget deliberations.
5. Review and update asset management plans and long term financial plans after adoption of annual budgets by communicating any consequence of funding decisions on service levels and service risks. Ensuring 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 and ensuing 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 by provision of 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 and clearly indicating services delivery is matched to available resources and operational capabilities.
9. Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.
10. Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years by developing improved financial and asset management capacity within Council.
11. Report six monthly to Council and Council's Audit Committee on development and implementation of the Asset Management Plan and Long Term Financial Plan by way of clear oversight of resource allocation and performance.

Use of technology

The ability to achieve the above is reliant on Council's ability to adopt the appropriate use of technology, their ability to better collect, update and manage accurate and complete data, and the up-skilling of staff to use this technology.

By 2020 Council's Asset Management Plan will be underpinned by a powerful technology based GIS mapping system. The System will provide capability to interrogate Council's asset portfolio from the macro (district wide and key asset class) to micro levels (individual components of assets).

In 2020:

- Council will have collated, improved and updated data sets across its asset base.
- Council will be able to produce meaningful and comprehensive reporting to assist planning, development, budgeting decision making.
- The system will hold historic records of work performed on the asset and be able to produce forward maintenance or capital works programs.
- Council will have implemented processes to continually renew this data to ensure it remains relevant.
- Council will have trained staff to update and utilise this technology.
- The use of this technology will be the primary source of information and planning across the Council.
- The Council will continue to pursue efficiencies in the use of the technology. Ie. Use of mobile reporting devices, accepting works requests electronically etc.
- Council will use this technology to ensure legislative compliance and manage risk across its assets.

Time Frame

Program	Target Date
Phase 1 Statutory Review	November 2016
<p>Statutory Comprehensive review of Council's Asset Management Plan. Additional components:</p> <ul style="list-style-type: none"> - Community Waste Water Management Scheme condition assessment and forward improvement and maintenance program. - Risk assessment of Council owned and operated halls and institutes to determine statutory compliance, development program and programmed maintenance schedule. - Review of categorization of roads and field assessment of condition rating against Conquest data base report. - Utilisation of Conquest asset management system and review of asset classes and designated depreciation rates by Tonkin Consulting. - Presentation to Council meeting of Asset Management Plan. 	
Research and investigations to map, categorise and condition rate stormwater assets including underground systems, culverts, sumps and drains.	31 December 2016
Phase 2 Technical & Asset Officer	1 May 2017 (pre budget)
Identification of role and outcomes required for new position of Asset Officer employed with Council Recruitment placement, induction and training.	
Appointment of Technical and Asset Officer	1 July 2017
Phase 3 GIS	31 December 2017
Development of integrated technology based Geographical Identification System (GIS) mapping capability with all elements within Council's asset register recorded and uploaded with all ownership tenancy arrangements and key contracts	
Annual Review of Asset Management Plan	

Phase 4 Integration	1 July 2018
<p>Completion of fully integrated GIS data base system with comprehensive suite of key decision making framework including:</p> <ul style="list-style-type: none"> - detailed risk assessments - evaluation of statutory compliance - maintenance history (including certificates of compliance) - forward development program (costed) - forward maintenance program (costed) - agreed service levels - linkage to works requests and completion reports - Linkage to hazard identification and injury/incident reports. 	

The ***Asset Management Plan*** will further detail the specific objectives and actions including timeframes for achievement of the Asset Management Strategy.