



# **COMBINED STRATEGIC ASSET MANAGEMENT PLAN**

Glamorgan Spring Bay Council

Glamorgan Spring Bay Strategic AMP 2024

Adopted: 26 November 2024

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## EXECUTIVE SUMMARY

### Context

Glamorgan Spring Bay Council is responsible for the acquisition, operation, maintenance, renewal and disposal of an extensive range of finite life physical assets with a full replacement value of **\$211,111,000**.

These assets include, buildings, parks, recreation areas, roads, plant vehicles and equipment, marine infrastructure bridges, footpaths, drainage systems, IT and associated operating assets and provide service essential to our community's quality of life. Council also owns land assets which are excluded from this plan.

This Strategic Asset Management Plan (SAMP) takes the organisational objectives in our Strategic Plan, develops the asset management objectives, principles, framework and strategies required to achieve our organisational objectives. The plan summarises activities and expenditure projections from individual asset management plans to achieve the asset management objectives.

### Current situation

Our aim is to achieve a 'core' maturity for asset management activities by 2028 and continue maturity improvement where the benefits exceed the costs. Improvement tasks with costs and target dates have been identified and documented in Table 8.2.

### What does it Cost?

Operating Outlays (excluding depreciation)

The projected operating outlays necessary to provide the services covered by this SAMP includes operation and maintenance of existing assets over the 10 year planning period is **\$4.762M** on average per year.

Capital Outlays

The projected required capital outlays including renewal/replacement and upgrade of existing assets and acquisition of new assets over the 10 year planning period is **\$6.578M** on average per year.

We have balanced the projected expenditures in the SAMP with financial outlays in the Long-Term Financial Plan (LTFP) involving:

- Previous and ongoing community consultation on desirable and affordable levels of service

- balancing service performance, risk and cost in a trade-off of projects and initiatives
- considering the impact of trade-offs and accepting the service and risk consequences
- No new borrowings to finance high priority capital renewal and upgrade/new projects in years where grants can be secured
- Reliance on projected external funding for particular asset classes like: *MAST* for Marine Infrastructure, Bridges renewal Program for Bridge renewals, unspecified grants and developer contributions for hydraulic, buildings and roads and parks renewals and new capital.

### What we will do

Our aim is to provide the services needed by the community in a financially sustainable manner. Achieving financial sustainability requires balancing service levels and performance with cost and risk.

It may not be possible to meet all expectations for services within current financial resources. We will continue to engage with our community to ensure that needed services are provided at appropriate levels of service at an affordable cost while managing risks.

### What we have deferred

We have enough funding to provide all services at the present service levels but not to provide new services without a level of grant funding and development contributions. Major initiatives are minimised for the next 10 years under long-term financial plan funding levels and limited by available grant funds for example for bridge renewals

Selected smaller capital projects can be funded in whole or part.

Infrastructure renewal backlog works are starting to be addressed primarily through judicious use of grant funds to achieve a necessarily high rate of asset renewal.

### Managing the Risks

There are risks associated with providing the services and not being able to complete all identified initiatives and projects. We have identified major risks as:

- Assets performing below their required level of service
- Loss of key staff and knowledge
- Climate Change Risks
- Unknown condition ratings for many assets
- Community dissatisfaction with the level of amenity or service provided by council
- Reliance on grant funding for renewal programs

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

- Developing and servicing pro-active maintenance programs
- Prioritising renewals on a basis of risk reduction
- Targeting grants that are critical to meeting renewal milestones
- Working cooperatively with funding partners without committing council to unconsidered costs
- Minimising asset acquisitions
- Providing resources to development application scrutiny of future infrastructure burdens and climate change adaptation
- Communicating long term financial plans to the community
- Maintaining an asset management committee within staff to facilitate continuous improvement and learning
- Improving asset data and condition ratings

### **Confidence Levels**

This SAMP is based on Medium level of confidence information.

### **The Next Steps**

The actions resulting from this asset management plan are:

- implement the improvement plan in Section 8.2
- improve consultation methods to increase awareness of service performance, risk and cost pressures we are facing
- investigate actions to extend the life of assets without affecting performance and risk
- review asset renewal and replacement options to reduce service delivery lifecycle costs
- Review Long Term Financial Plan sustainability goals

## 2. ASSET MANAGEMENT STRATEGY

### 2.1 Asset Management System

Asset management enables an organisation to realise value from assets in the achievement of organisational objectives, while balancing financial, environmental and social costs, risk, quality of service and performance related to assets.<sup>1</sup>

An asset management system is a set of interrelated and interacting elements of an organisation to establish the asset management policy and asset management objectives, and the processes, needed to achieve those objectives. An asset management system is more than 'management information system' software. The asset management system provides a means for:

- coordinating contributions from and interactions between functional units within an organisation,<sup>2</sup> and
- consistent application of the asset management processes to achieve uniform outcomes and objectives.

The asset management system includes:

- The asset management policy
- The asset management objectives
- The strategic asset management plan
- The asset management plans, which are implemented in
  - operational planning and control
  - supporting activities
  - control activities
  - other relevant processes.<sup>3</sup>

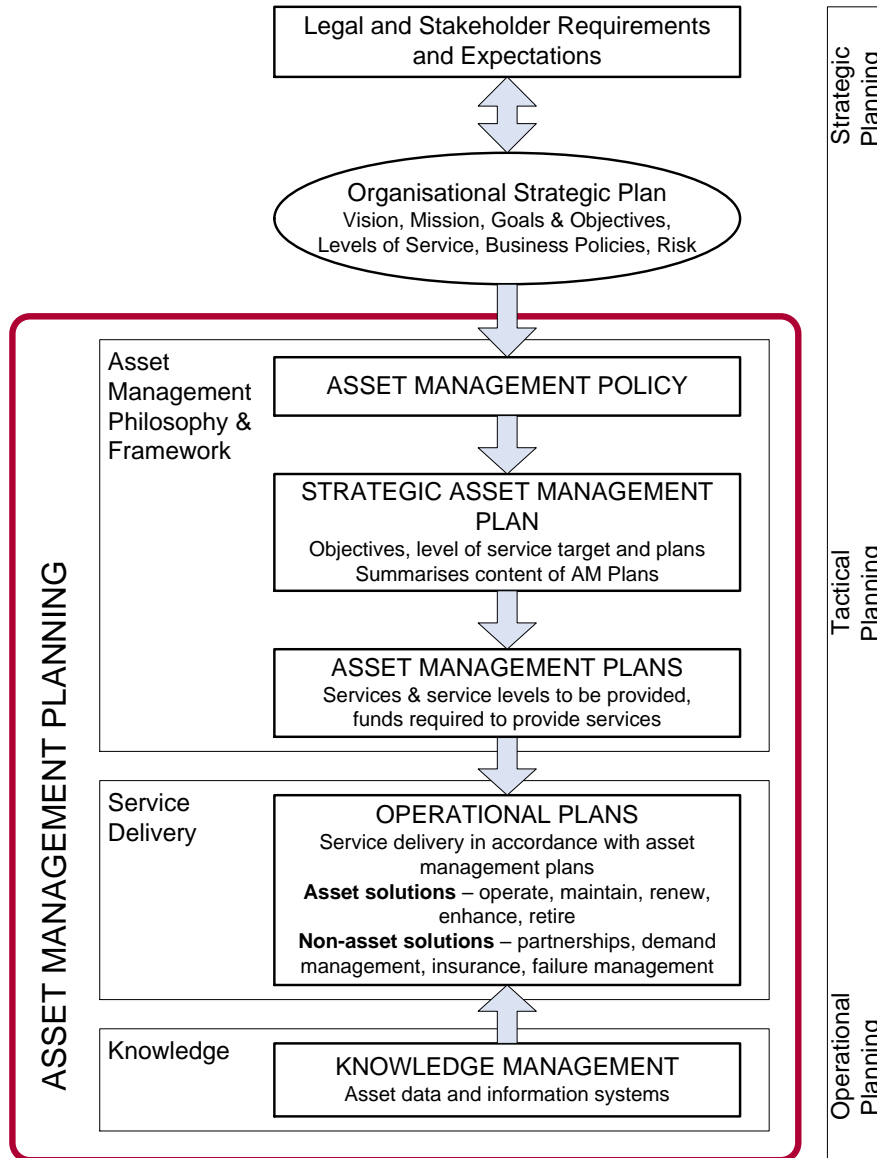
The asset management system fits within the organisation's strategic planning and delivery process as shown in Figure 1.

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<sup>1</sup> ISO, 2014, ISO 55000, Sec 2.2, p 2

<sup>2</sup> ISO, 2014, ISO 55000, Sec 2.5.1, p 5

<sup>3</sup> ISO, 2014, ISO 55002, Sec 4.1.1, p 2.



**Figure 1: Strategic Asset Management Plan fit in Planning Process**

**2.1.1 Asset Management Policy**

The asset management policy sets out the principles by which the organisation intends applying asset management to achieve its organisational objectives.<sup>4</sup> Organisational objectives are the results the organisation plans to achieve, as documented in its Strategic Plan. Our adopted asset management policy is available from our web site.

**2.1.2 Asset Management Objectives**

The asset management objectives developed in Section 2.4.3 provide the essential link between the organisational objectives and the asset management plan(s) that describe how those objectives are going to be achieved. The asset management objectives transform the required outcomes (product or service) to be provided by the assets, into

<sup>4</sup> ISO, 2014, ISO 55002, Sec 5.2, p 7.



activities typically described in the asset management plans. Asset management objectives should be specific, measurable, achievable, realistic and time bound (i.e. SMART objectives).<sup>5</sup>

### 2.1.3 Strategic Asset Management Plan

This strategic asset management plan is to document the relationship between the organisational objectives set out in the Financial Management Strategy and the asset management (or service) objectives and define the strategic framework required to achieve the asset management objectives.<sup>6</sup>

The asset management objectives must be aligned with the organisation's strategic objectives set out in its strategic plan.

This strategic asset management plan encompasses the following services:

- Bridges and major culverts
- Roads Infrastructure including footpaths and kerb
- Stormwater infrastructure including pits, pipes, culverts, drains, detention basins and gross pollutant traps
- Coastal Infrastructure including jetties, pontoons, wharfs, boat ramps and marina
- Public Open Space amenities including playgrounds, tracks, BBQ's and park benches
- Buildings including public amenities, halls, operational buildings, medical and commercial
- Operational assets including furniture, IT equipment, plant vehicles and other equipment
- Sewerage infrastructure

The strategic asset management framework incorporates strategies to achieve the asset management objectives. The strategies are developed in 4 steps:

- What assets do we have?
- Our assets and their management
- Where do we want to be?
- How will we get there?<sup>7</sup>

### 2.1.4 Asset Management Plans

Supporting the strategic asset management plan are asset management plans for major service/asset categories. The asset management plans document the activities to be implemented and resources to be applied to meet the asset management objectives. The strategic asset management plan summarises the key issues from following asset management plans:

- Road Infrastructure
- Parks & Recreation
- Bridges
- Hydraulic Infrastructure

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<sup>5</sup> ISO, 2014, ISO 55002, Sec 6.2.1, p 9.

<sup>6</sup> ISO, 2014, ISO 55002, Sec 4.1.1, p 2.

<sup>7</sup> LGPMC, 2009, Framework 2, Sec 4.2, p 4.

- Buildings
- Coastal Infrastructure
- The Strategic Asset Management Plan is part of the organisation’s strategic and annual planning and reporting cycle as shown in Table 2.1.

**Table 2.1: Strategic Asset Management Plan within the Planning and Reporting Cycle**

	Plan	Planning Cycle	Performance Reporting	Reporting Method
Community Planning	10 year Strategic Plan	4 – 10 years	Community Objectives Indicators	Annual Report
Strategic Planning	10 year Long-Term Financial Plan	4 years	Organisational Objectives Financial Indicators	Annual Report
	Corporate Calendar		Corporate Performance Indicators	
	Strategic Asset Management Plan Asset Management Plans		Asset Management Objectives	
Annual Planning & Budget	Annual Plan & Budget	Annual	Annual Objectives Budget Objectives	Annual Report/ Monthly Reports to Council
	Asset Management Plans		Directorate Work Plans	Monthly Reports to Council
	Asset Management Plans		Individual Work Plan Objectives	

## 2.2 What Assets do we have?

We manage a lot of assets to provide services to our community. The assets provide the foundation for the community to carry out its everyday activities, while contributing to overall quality of life.

**Table 2.2: Assets covered by this Plan**

Asset Class/Category	Values
Bridges	\$14,477,000
Buildings	\$31,333,000
Parks & Recreation	\$9,061,000
Hydraulic Infrastructure	\$27,454,000
Coastal Infrastructure	\$11,951,000
Road Infrastructure	\$109,951,000
Plant Vehicles & Equipment and sundry	\$6,884,000
<b>Grand Total</b>	<b>\$211,111,000</b>

## 2.3 Our Assets and their management

### 2.3.1 Asset Values

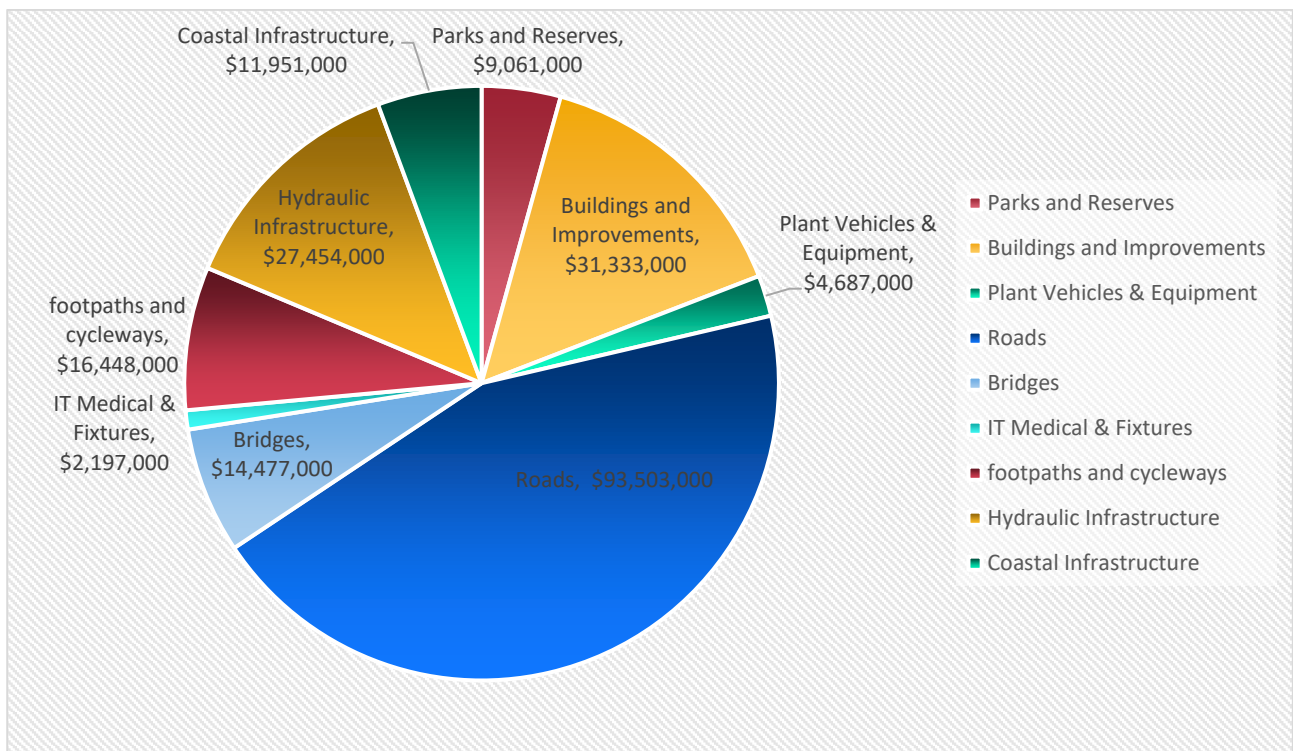
The infrastructure assets covered by this strategic asset management plan are shown in Table 2.3.1. These assets are used to provide services to the community.

**Table 2.3.1: Assets covered by this Plan**

Asset Class/Category	Gross Replacement Cost *	Carrying Value	Annual Depreciation
Bridges	\$14,477,000	\$,7,029,000	\$243,288
Buildings	\$31,333,000	\$22,326,000	\$584,471
Parks & Recreation	\$9,061,000	\$8,199,000	\$422,998
Hydraulic Infrastructure	\$27,454,000	\$15,475,000	\$244,680
Coastal Infrastructure	\$11,951,000	\$9,090,000	\$136,220
Road Infrastructure	\$109,951,000	\$72,577,000	\$1,630,356
Plant Vehicles & Equipment, IT, Medical and sundry	\$6,884,000	\$1,342,000	\$450,938
<b>TOTAL</b>	<b>\$211,111,000</b>	<b>136,038,000</b>	<b>\$3,712,951</b>

Figure 2 shows the gross replacement value of our assets.

**GLAMORGAN SPRING BAY COUNCIL – Asset Replacement Values**



**Figure 2: Asset Replacement Values**

Section 2.3 demonstrates the significance of Glamorgan Spring Bay’s investment in infrastructure. An objective for this SAMP is to demonstrate how value is to be obtained from the \$211M investments in providing services to the community. The investment in infrastructure is being consumed at \$4.65M per annum.

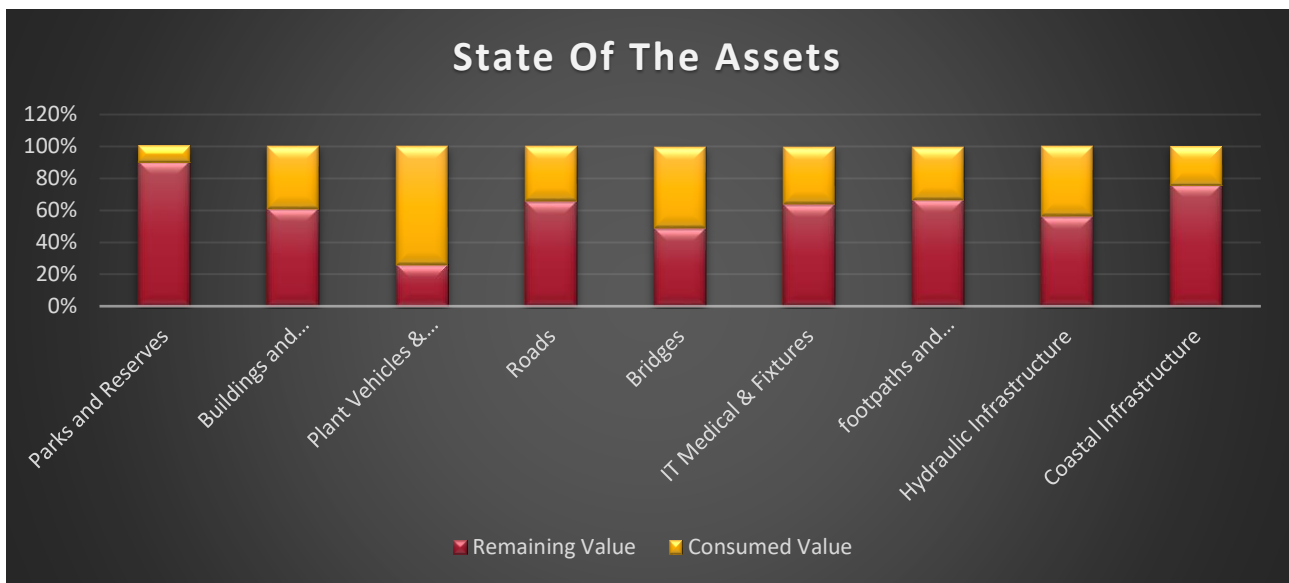
**2.3.2 Asset Condition, Function and Capacity**

Our State of the Assets Report monitors the performance of the assets under three community service indicators:

- condition/quality – how good is the service?
- function - does it meet users’ needs?
- capacity/utilisation – is the service usage appropriate to capacity?

A future improvement will be to provide more detailed condition data.

Figure 3 shows the state of the assets in terms of the respective portfolio consumed values relative to their individual asset value. The chart below shows at the top of each bar in Yellow, how much value has been consumed of the total proportional value of each asset class. The heavy Maroon bar at the base of each column indicates the residual, or remaining value of each class.



**Figure 3: State of the Assets**

Figure 3 provides a visual summary of overall asset consumption by asset class. Each class has many assets. The greater the Yellow section, the more assets are coming to the end of their useful lives through full depreciation. Road infrastructure indicates that 34% (\$32M) of the asset value has been consumed. Some assets will be at the end of their useful life and beginning to fail, while others have good service life left. Of concern is the high level of bridge consumption and the shorter life road assets at the end of life.

Across all assets, 36% of the total asset value has been consumed.

### 2.3.3 Lifecycle Costs

Lifecycle costs (or whole of life costs) are the average annual costs that are required to sustain the service levels over the longest asset life. Lifecycle costs include operation and maintenance expenditures plus asset consumption (depreciation). Life cycle costs can be compared to lifecycle expenditure to give a comparison of current expenditures to lifecycle costs of services.

Lifecycle expenditures include operation and maintenance expenditures (excluding depreciation) plus capital renewal expenditure. The capital renewal component of lifecycle expenditure can vary depending on the timing of asset renewals. Included is the identified costs for bridge ancillary works and stormwater upgrade associated with replacement and development.

The lifecycle costs and expenditures averaged over the 10 year planning period are shown in Table 2.3.3.

**Table 2.3.3: Asset Lifecycle Costs**

Asset Class/Category	Lifecycle Cost (\$/yr)	Lifecycle Expenditure (\$/yr)	Lifecycle Expenditure Indicator
Bridges	\$544,873	\$544,873	\$0
Buildings	\$1,755,697	\$1,755,748	\$51
Parks & Recreation	1,515,526	\$1,515,565	-\$40
Hydraulic Infrastructure	\$874,493	\$873,938	-\$555
Coastal Infrastructure	\$498,355	\$537,237	\$38,882
Road Infrastructure	\$4,516,217	\$4,519,000	\$3000
Plant Vehicles & Equipment, IT, Medical and sundry	\$1,031,890	\$1,031,890	\$0
<b>TOTAL</b>	<b>\$10,737,051</b>	<b>\$10,778,251</b>	<b>\$41,200</b>

Total lifecycle expenditure may reasonably be higher/lower than lifecycle costs in periods of above/below average asset renewal/replacement activity. The lifecycle indicator is a measure of estimated need over the long-term with negative values indicative of the size of funding gaps. Positive values indicate surplus value allocations. Section 5.4 gives a more accurate indicator of renewal/replacement funding needs over the period of the SAMP.

### 2.3.4 Asset Management Indicators

An asset management objective is to provide the services that the community needs at the optimum lifecycle cost in a financially sustainable manner. Figure 4 shows the projected operation, maintenance, acquisition, renewal expenditure balanced with financial outlays in the 10-year long-term financial plan. Asset renewal may now be scheduled at a rate to ensure the overall condition of assets is not declining. While there is some work to do in renewing assets at a rate faster than depreciation to pull back the renewal backlog, asset decline has been arrested with the passing of the 2023-24 and 2024-25 financial year budgets.

**Figure 4: Projected Operating and Capital Expenditure**

The purpose of this strategic asset management plan is to develop the strategies to achieve the asset management objectives through balancing of asset service performance, cost and risk.

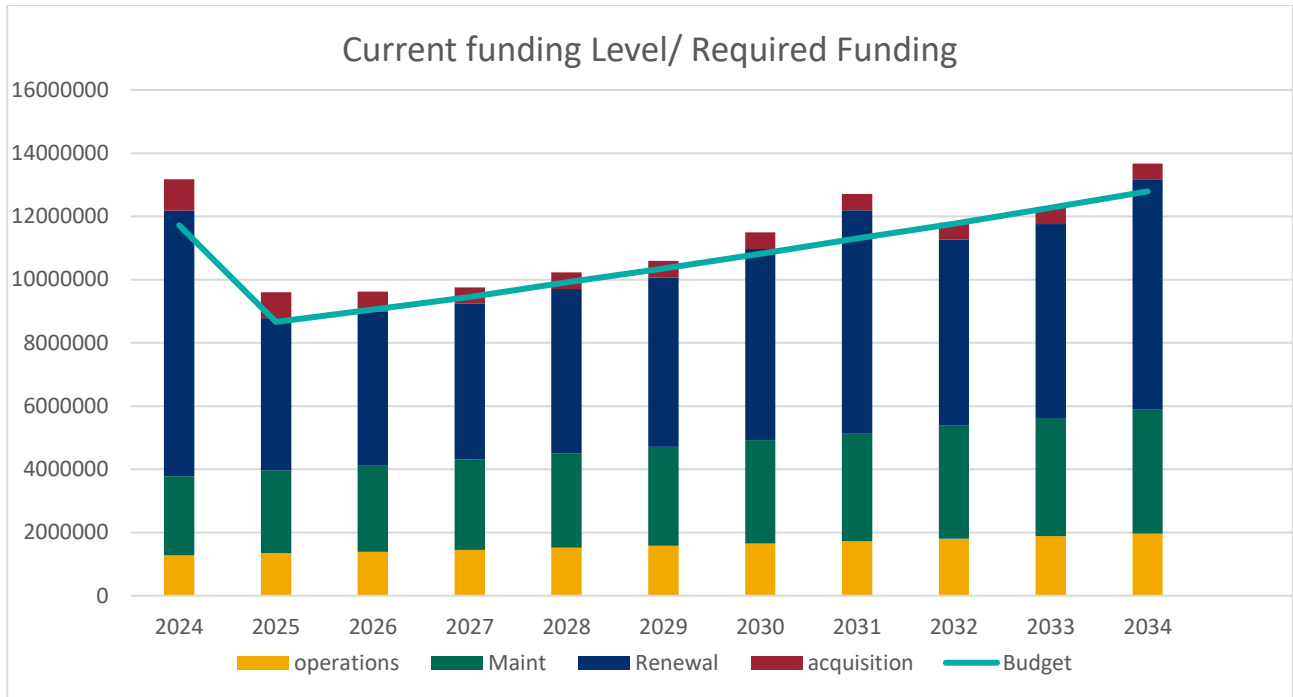


Figure 4 shows the results of balancing of service performance, risk and cost in the asset management plans and long-term financial plan to achieve an agreed and affordable position on service level and costs. This includes allocations for new grant funds to finance urgent and critical renewal and new capital works in years throughout the program, deferral of lower priority projects and modest initiatives for at least 10 years and identification and acceptance of the risks associated with the deferrals.

**2.3.5 Opportunities and Risks**

We have identified opportunities relevant to the services included in this strategic asset management plan including:

- Investigate options for bitumen road maintenance to provide cost effective repairs to old seals
- Review of buildings and properties to identify surplus and opportunity for sale income
- Funding options for renewal and new infrastructure including grant opportunities which provide some new infrastructure and also renewal of existing assets
- Mentoring and training of multiple staff in aspects of asset management practice
- Working with the Tas Audit Office and audit consultants to minimise council liabilities

Relevant risks to the strategic asset management plan in the future are:

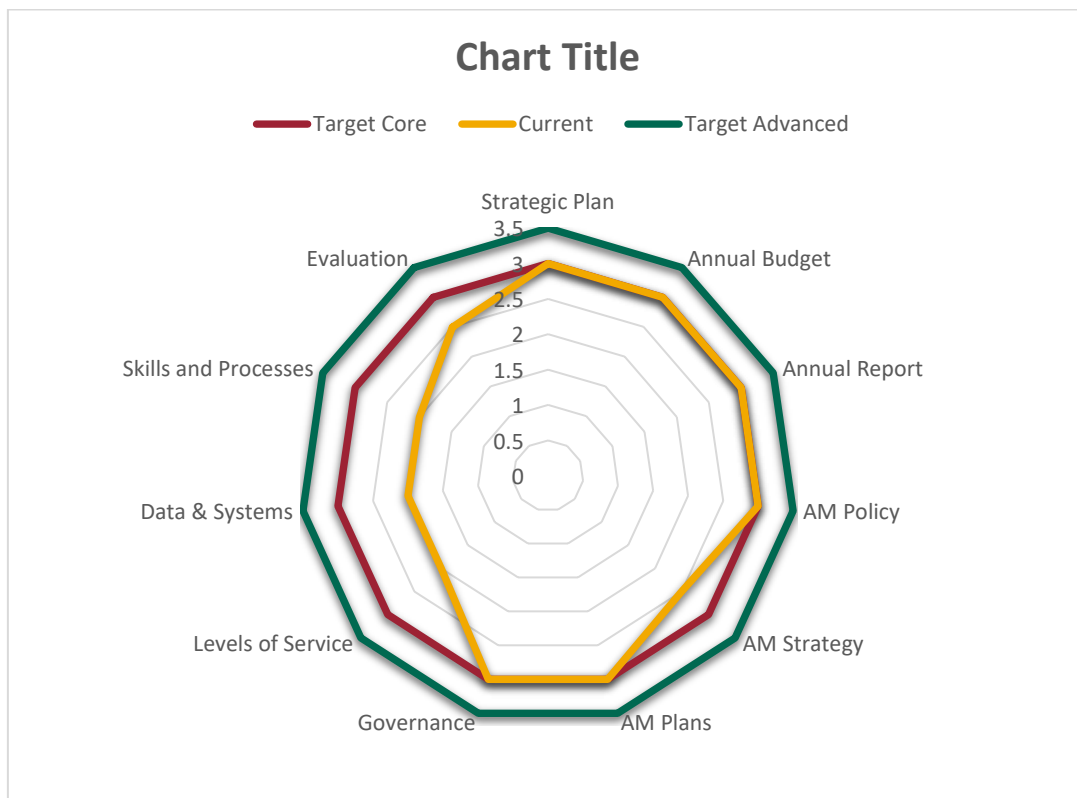
- Economic shocks to the organisation
- State Government Council reform outcomes

- Asset management system capability within council
- HR Resourcing for staff and consultants
- An asset renewal backlog
- Grant funding slow or delayed due to funding priorities of other levels of Government
- Community aspirations over-riding fiscal responsibility

Infrastructure risk management plans for these and other relevant risks are summarised with risk management activities and resource requirements incorporated in the relevant asset management plans.

### 2.3.6 Asset and Financial Management Maturity

We have taken steps to improve our asset and financial management performance including assessing our asset management maturity against the International Infrastructure Management Manual Frameworks. Our target is to achieve 'core' maturity with the Frameworks. Figure 5 shows the current and target 'core' and 'advanced' maturity scores for the key elements of the Frameworks for asset and financial management.



**Figure 5: Maturity Assessment**

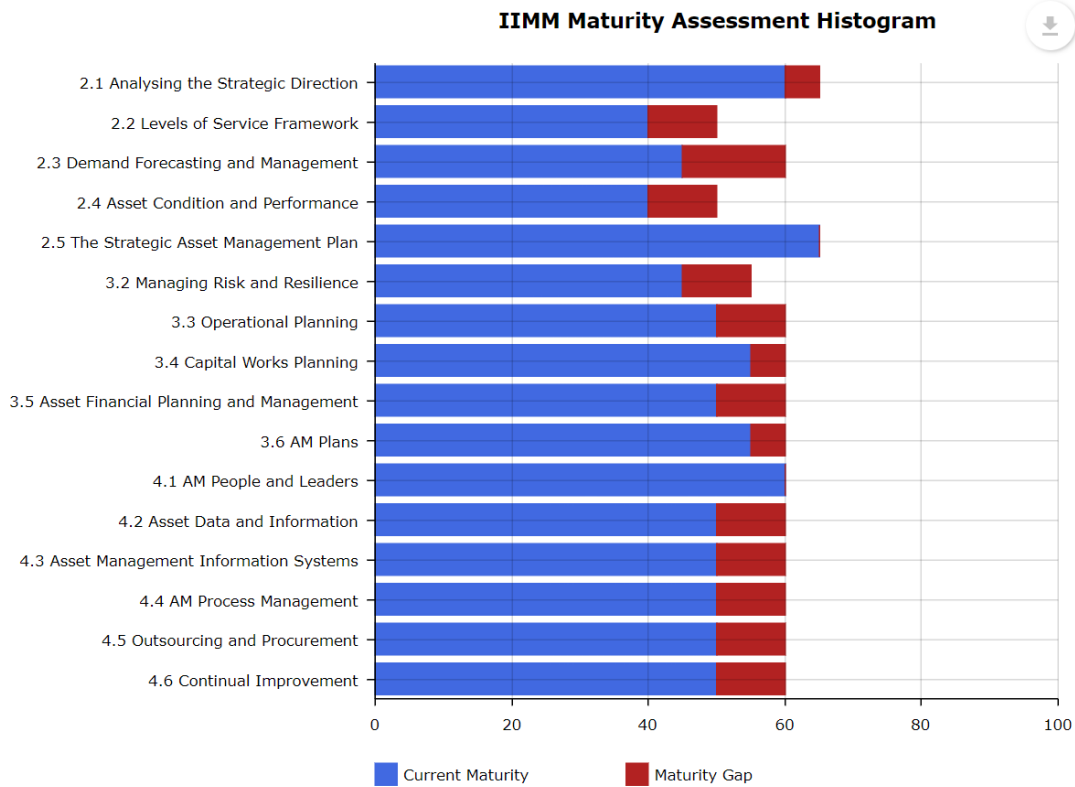
Improvement in 'core' maturity is indicated by movement of the Orange (current maturity) line to the Red ('core' maturity target) line.

Elements with low maturity scores are:

- Levels of Service Framework

- Data and Systems
- Skills and Processes
- Evaluation and AM Strategy

The risk to the organisation from the current maturity is shown in Figure 6.



**Figure 6: Maturity Risk Assessment**

Reduction in risk from current maturity is indicated by elimination of the red ♦ (current risk) bar by replacing it with Blue. (desired or aspirational target risk). The priority for maturity risk reduction is indicated by the length of the blue bars. Elements with highest priority for improvement are:

- Asset Condition and performance
- Levels of Service Framework
- Managing risk and resilience
- Demand Forecasting and Management

Tasks to improve asset and financial management maturity are prioritised and included within the Improvement Plan shown in Section 7.2.



### 2.3.7 Strategy Outlook

1. We can maintain current levels of service or modest variations in service for the next ten years based on current knowledge and projections in AM Plans and Long-Term Financial Plan, subject to grant funding success for bridge renewal and Marine Infrastructure renewal.
2. Subject to grant funding of bridges and marine infrastructure, funding of current infrastructure lifecycle costs is considered adequate for the next 10 years. Review of services, service levels and costs will need to be ongoing over the next 10 years to identify and monitor changes in demand for services and affordability over the longer-term.
3. Our current asset and financial management maturity are below 'core' level and further investment is needed to improve information management, lifecycle management, service management and accountability and strategic direction.
  - a. This investment means continuation of staff development and knowledge of processes.
  - b. Development of service level documentation has been challenging to date with limited resources. Workforce development and prioritisation of activity is required to achieve this advance in process.
  - c. Council's financial system (Xero), is not well structured or developed to provide reporting supportive of developed service levels. This will remain a challenge for the foreseeable future.

## 2.4 Where do we want to be?

### 2.4.1 Community Expectations

We have identified community expectations for service levels to be generally consistent with current levels of service. We engage with the community through an annual community survey, public meetings and various other surveys and communications including review of customer requests to determine adequacy of service levels. Community engagement is necessary to ensure that informed decisions are made on future levels of service and costs and that service and risk consequences are known and accepted by stakeholders.

### 2.4.2 Organisational Objectives

The organisation objectives are developed in the Glamorgan Spring Bay Council Strategic Plan 2020-2029 (revised February 2024) under Vision, Mission, Values and Priority Areas as shown below.

#### Vision

We want Glamorgan Spring Bay to be:

*Prosperous, Vibrant And Inclusive. A Place Where People Want To Live, Work And Visit.*

#### Key Foundations

- Our Governance and Finance
- Our Community
- Infrastructure and Services
- Our Environment

#### **Priority Areas**

*Our Vision and Values means looking after the distinctive characteristics and qualities of our region and community that already make this place special – as well as encouraging positive and appropriate change and development.*

The organisation objectives developed for priority areas are shown in Table 2.4.2.

**Table 2.4.2: Strategic Priority Areas and Organisational Objectives**

Strategic Priority Area	Organisational Objective
Our Governance and Finance	Planned Asset Renewal expenditure based on agreed asset management plans
	Realistic Budgets with income and expenditure monitored closely
Our Community	Developing our facilities to be accessible and inclusive for all.
	Improvement of access for all abilities across internal and external environments
Infrastructure and Services	Continuation of our asset management journey to maturity of processes and policy conformance across all Council assets
	Developing and implementing infrastructure provision strategies and plans that consider whole of municipality service priorities.
Our Environment	Undertaking Planning functions, including development engineering, to support and manage growth in our municipality including effective future development facilitation.

### 2.4.3 Asset Management Objectives

The asset management objectives (or strategies) translate the organisational objectives into the required service outcomes to be provided by infrastructure assets and activities described in the asset management plans. Actions to achieve the asset management objectives with performance targets and timelines are shown in Tables 2.4.3 – 2.4.3.5 and included in operational and capital works plans.

**Table 2.4.3: Asset Management Objectives – Asset Condition and Performance**

**Organisational Objective Our Governance and Finance**

Asset Management Objective	Action	Performance Target & Timeline
Planned asset renewal expenditure based on agreed asset management plans	Set asset expenditure within LTFP	Annual budget cycle
	Consult and update 10 year forward works program	As per budget development program
Best Practice governance risk and financial management	Asset Management Training for staff	Annual program

**Table 2.4.3.1: Asset Management Objectives – Levels of Service Framework**

**Organisational Objective Our Community**

Asset Management Objective	Action	Performance Target & Timeline
Developing our Facilities to be accessible and inclusive for all.	Review Public Amenities and strategise improvement actions	2024-27
Support and facilitation of social activities that promote community wellbeing	Development of Walking and Cycling Strategy	2024-25
	Development of Public Open Space Strategy	2024-25
Improvement of access for all abilities across internal and external environments	Review Public Amenities and strategise improvement actions	2024-27

**Table 2.4.3.2: Asset Management Objectives – Levels of Service Framework**

**Organisational Objective Infrastructure and Services**

Asset Management Objective	Action	Performance Target & Timeline
Continuation of AM journey to maturity of process and policy conformance across all council assets	Continued development of service level documents for core asset services	2024-26
Setting clear annual budget priorities to meet needs and community expectations in consultation with community	Continued development of service level documents for core asset groups	2024-26
Providing and managing a safe and well maintained road and bridge network across the municipality	Alignment of funding to asset renewal requirements	10 year program LTFP
	Securing of capital grants to assist bridge renewals	Annual requirement

**Table 2.4.3.3: Asset Management Objectives – Demand Forecasting and Management**

**Organisational Objective** Our Environment

Asset Management Objective	Action	Performance Target & Timeline
Implementing strategies to respond to climate change	Climate change data and plans are used to inform asset renewal and new planning actions	Ongoing
Reviewing and updating council strategies and plans	Including consideration of climate change adaptation requirements for the CC risks in our municipality	Progressive with reviews
Undertaking Planning functions, including development engineering, to support and manage growth in our municipality including effective future development facilitation	Development engineer planning conditions are appropriate for future climate change.	Every application ongoing

Note: Development of Asset Management Objectives is a requirement if ISO 55001. The Asset Management Objectives shown in Tables 2.4.3 – 2.4.3.3 are those to be achieved to deliver the agreed level of service performance while managing risk and cost. The Asset Management Objectives are identified and developed in our Strategic Plan.

All actions and tasks to achieve the asset management objectives are included within operational and capital works plans discussed in Sections 5.3 – 5.6.

## 2.5 Asset Management Vision

To ensure the long-term financial sustainability of the organisation, 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, we aspire 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 strategic asset management plan are to:

- ensure that our 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 our financial sustainability
- safeguard our 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 our operations
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated
- ensure operational and service delivery risks are adequately managed
- engage the relevant cross section of council departments in asset management committee activities
- continually improve our asset, risk and financial management and service delivery performance

- provide high level oversight of financial and asset management responsibilities through Audit Committee/CEO reporting to Council on development and implementation of the Strategic Asset Management Plan, Asset Management Plan(s) and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 2.6.

## 2.6. How will we get there?

The strategic asset management plan proposes strategies to enable the organisational objectives and asset management policies to be achieved.

**Table 2.6: Asset Management Strategies**

No	Strategy	Desired Outcome
1	Incorporate Year 1 of long term financial plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations and the long term implications of all services are considered in annual budget deliberations.
2	Report our financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against organisational objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
3	Develop and maintain a long term financial plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide our services.
4	Develop and annually review asset management plans and strategic asset management plan 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.
5	Review and update asset management plans, strategic asset management plan and long term financial plans to inform preparation and adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	We and the community are aware of changes to service levels and costs arising from budget decisions.
6	Develop and maintain a risk register of operational and service delivery risks showing current risk levels, risk management treatments and report regularly to Council on current high level risks.	Risk management of operational and service delivery risks is an integral part of governance.
7	Ensure Council 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 our resources and operational capability to deliver the services needed by the community in the annual report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an improvement plan to realise 'core' maturity for the financial and asset management competencies within 3 years.	Improved financial and asset management capacity within the organisation.
11	Report regularly to Council by GM on development and implementation of strategic asset management plan, AM Plans and long term financial plans.	Oversight of resource allocation and performance.

## **2.7 Asset Management Improvement Plan**

The tasks required achieving a 'core' financial and asset management maturity are shown in priority order in the asset management improvement plan in Section 8.2

## **2.8. Consequences if actions are not completed**

There are consequences for the Council if the improvement actions are not completed. These include:

- Inability to achieve strategic and organisational objectives
- Inability to achieve and financial sustainability for the organisation's operations
- Current risks to infrastructure service delivery are likely to eventuate and response actions may not be appropriately managed
- We may not be able to accommodate and/or manage changes in demand for infrastructure services.

### 3. LEVELS OF SERVICE

#### 3.1 Consumer Research and Expectations

The expectations and requirements of various stakeholders were considered in the preparation of asset management plans summarised in this strategic asset management plan. Table 3.1 shows available satisfaction levels for these services.

**Table 3.1: Community Satisfaction Levels (annual community survey data)**

Asset Management Plan	Service	Satisfaction Level %	
		Previous Year	Last Year
Roads	Roads	16	16
Hydraulic Services	Drainage and SW management	20	31
Roads	Footpaths	25	23
Roads	Cycling and pedestrian infrastructure	31	28
Public Open Space	Parks reserves and open spaces	45	42
Public Open Space	Sport courts ovals fields and pavilions	50	52
Buildings	Community halls	63	68

#### 3.2 Organisational Objectives

Sections 2.4.2 and 2.4.3 of this strategic asset management plan reported the organisational objectives from the Strategic Plan and asset management objectives developed from the organisational objectives.

The organisational and asset management objectives provide focus for the community and technical level of service tables in Section 3.4.

#### 3.3 Legislative Requirements

We have to meet many legislative requirements including Australian and State legislation and State regulations. These are detailed in the various asset management plans summarised in this strategic asset management plan.

#### 3.4 Levels of Service

Service levels are defined in three ways, customer values, customer levels of service and technical levels of service.

**Customer Values** indicate:

- what aspects of the service is important to the customer,
- whether they see value in what is currently provided and
- the likely trend over time based on the current budget provision

**Customer Levels of Service** measure how the customer receives the service and whether the organisation is providing value.

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

General perception of condition, quality and extent of service provided

Our current and projected community levels of service for the services covered by this strategic asset management plan are shown in the AM Plans summarised in this strategic asset management plan.



The community level of service measures provide information on our performance on service delivery. They can indicate areas of possible over and over servicing and potential for reallocation of resources to maximise community value.

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

Technical service measures are linked to annual budgets covering:

- Operation – the regular activities to provide services such as availability, cleansing, mowing, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (e.g. road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset similar to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement) or to a lower service level,
- Acquisition – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Service managers plan, implement and control technical service levels to influence the customer service levels.<sup>8</sup>

Together the community and technical levels of service provide detail on service performance, cost and whether service levels are likely to stay the same, get better or worse.

Our current and projected technical levels of service for the services covered by this strategic asset management plan are shown in the AM Plans summarised in this strategic asset management plan.

Tables summarising the current and desired technical levels of service for services are shown in Appendix A.

Note: The Tables in Appendix A summarise the agreed sustainable position where trade-offs between service performance, risk and cost have been agreed by the Council following consultation with the community.

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<sup>8</sup> IPWEA, 2011, IIMM, p 2.22

## 4. FUTURE DEMAND

### 4.1 Demand Drivers

Drivers affecting demand include population change, changes in demographics, seasonal factors, climate change, vehicle ownership rates, consumer preferences and expectations, government decisions, technological changes, economic factors, agricultural practices, environmental awareness, etc.

### 4.2 Demand Forecast

The present position and projections for demand drivers that may impact future service delivery and utilisation 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 utilisation of assets are shown in Table 4.3.

**Table 4.3: Demand Drivers, Projections and Impact on Services**

Projection	Impact on services
<b>Aging Population</b>	
GSBC population is projected to continue to age	More retired people – requirements for walking and cycling active community infrastructure
	Facilities to cater for group activities, art classes, ukulele groups etc
<b>Climate Change</b>	
Increased heat	Fire danger level increase – access roads levels of service
More Intense rain	Stormwater systems capacity issues
	Bridge and culvert upgrades
<b>Property Values</b>	
High property values	General Purpose FA grants low – council capacity to pay impacted
Land subdivision	Increase in demands for services
	Increase in POS requirements
	Higher expectations of stormwater management
<b>Increased tourist traffic</b>	
20% increase	Pressure on roadside car parks for RV overnight camping
<b>HV Transport economies / secondary routes</b>	
Increase in level of service required	Bridge upgrades (Wielangta Road)
Increased traffic volumes	Road upgrades (Wielangta Road)

### 4.4 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures<sup>9</sup>.

<sup>9</sup> IPWEA, 2015, IIMM, Sec 2.3.6, p 2 | 53.

Examples of non-asset solutions include providing joint services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified for demand management are shown in Table 4.4.

**Table 4.4: Demand Management Plan Summary**

Service Impact	Demand Management Plan
Bridge Upgrade	Partner with state and federal government for grant funding to accommodate increased service level required by state
Road Upgrade	
Roadside car park pressures	Work with State government on plan to improve RV and caravan parking
Land subdivision	Work with developers to provide mitigation and detention for stormwater
	Work with developers in provision of upgraded services: footpaths, kerbs, stormwater contributions
	Manage POS pressures with financial contributions in lieu of public land where practical
	Require climate change modelling for stormwater assessments
Walking and cycling demand	Develop and adopt strategy for Walking and Cycling and POS
Facilities to cater for retirees	Develop strategies for provision of buildings and seek grants to assist funding

#### 4.5 Asset Programs to meet Demand

The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by the organisation. New assets constructed/acquired by the organisation are discussed in Section 5.5.

Acquiring these new assets will commit the organisation to fund ongoing operation, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operation, maintenance and renewal costs in Section 6.

## **5. LIFECYCLE MANAGEMENT PLAN**

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

### **5.1 Background Data**

#### **5.1.1 Physical parameters**

The assets covered by this strategic asset management plan are shown in Tables 2.2 and 2.3.1.

#### **5.1.2 Asset capacity and performance**

The organisation's services are generally provided to meet design standards where these are available.

Asset capacity and performance is monitored loosely by community survey prior to annual budget development period. The state of the assets is shown in Figure 3.

## **5.2 Routine Operation and Maintenance Plan**

Operation include regular activities to provide services such as public health, safety and amenity, e.g. cleansing, utility services, street sweeping, grass mowing and street lighting.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

### **5.2.1 Operation and Maintenance Plan**

Operation activities affect service levels including quality and function, such as cleanliness, appearance, etc., through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

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, e.g. road patching but excluding rehabilitation or renewal.

Maintenance expenditure levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in the respective AM Plan and service risks considered in the Infrastructure Risk Management Plan.

### **5.2.2 Operation and Maintenance Strategies**

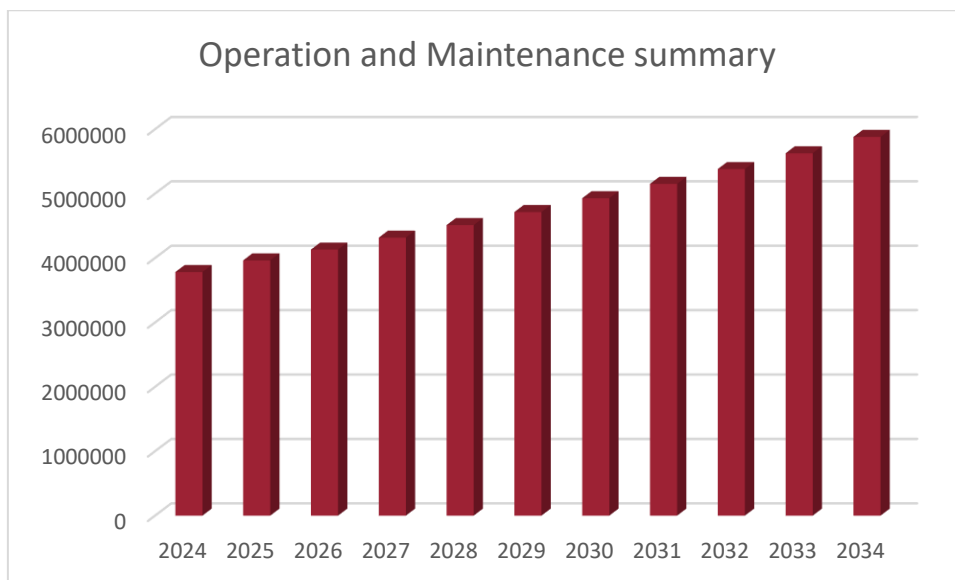
We will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- Scheduling operations activities to deliver the defined level of service in the most efficient manner
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 – 70% planned desirable as measured by cost)
- Maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council
- Review current and required skills base and implement workforce training and development to meet required operation and maintenance needs
- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options
- Maintain a current hierarchy of critical assets and required operation and maintenance activities

- Develop and regularly review appropriate emergency response capability
- Review management of operation and maintenance activities to ensure we are obtaining best value for resources used.

### 5.2.3 Summary of future operation and maintenance expenditures

Future operation and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 7. The forecast expenditures (shown in Appendix B) have been accommodated in the organisation's long-term financial plan. Note that all costs are shown in current dollar values (i.e. real values).



**Figure 7: Projected Operation and Maintenance Expenditure and LTFP Outlays**

The consequences of deferred maintenance, i.e. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the infrastructure risk management plan.

### 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 or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

#### 5.3.1 Renewal and Replacement Strategies

We will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner
- Undertaking project scoping for all capital renewal and replacement projects to identify
  - the service delivery 'deficiency', present risk and optimum time for renewal/replacement
  - the project objectives to rectify the deficiency
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency
  - and evaluate the options against evaluation criteria adopted by Council, and
  - select the best option to be included in capital renewal programs,
- Using *optimal* renewal methods (cost of renewal is less than replacement) wherever possible

- Maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and report Very High and High risks and Residual risks after treatment to management, Audit Committee and Council
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required
- Review management of capital renewal and replacement activities to ensure we are obtaining best value for resources used.

**Renewal ranking criteria**

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. replace a bridge that has a 5t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. roughness of a road).

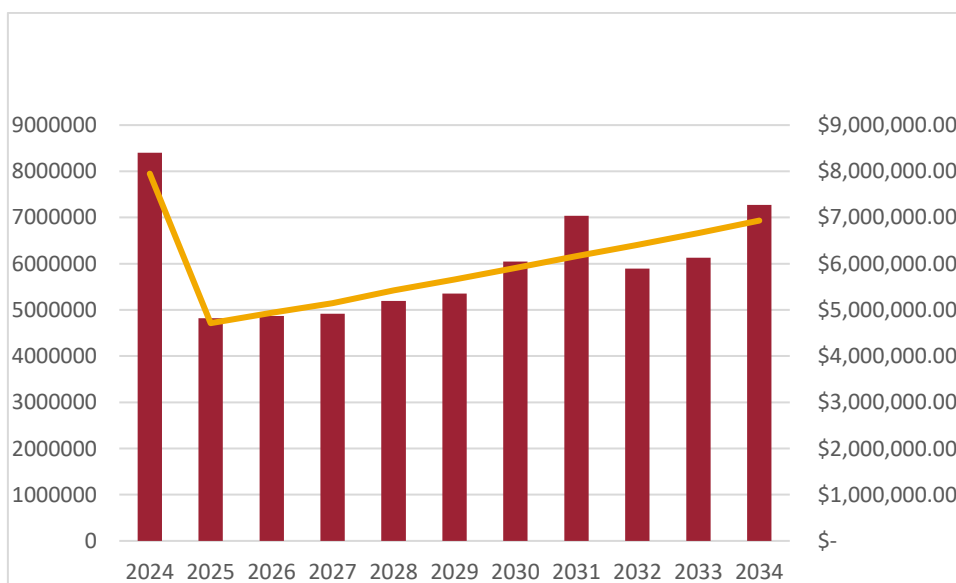
Capital renewal and replacement priorities are indicated by identifying assets or asset groups that:

- Have a high consequence of failure
- Have exponential cost increases relating to subsequent associate asset failure caused by initial asset failure
- Have a high utilisation and loss of service would have a significant impact on users
- 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
- Where replacement with modern equivalent assets would yield material savings.

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in the respective asset management plans.

**5.3.2 Summary of future renewal and replacement expenditure**

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock ages. The forecast expenditures have been accommodated in the organisation’s long-term financial plan as shown in Fig 8. Note that all amounts are shown in real values.



**Fig 8: Projected Capital Renewal and Replacement Expenditure and LTFF Outlays**

Where renewal projections are based on estimates of asset useful lives, the useful lives are documented in the relevant asset management plan(s). Projected capital renewal and replacement programs are shown in Appendix C.

The projected renewal and replacement program includes anticipated grants to fund high priority items in years 1 and 8. Low priority renewal and replacement projects unable to be accommodated within the 10 year long-term financial plan have been deferred for following years (see Figure 4) to allow further consideration in updates of the AM and financial plans.

## **5.4 Creation/Acquisition/Upgrade Plan**

New works are those works that create a new asset that did not previously exist, or works which 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 to the organisation from land development. These assets from growth are discussed in Section 4.5.

### **5.4.1 Selection criteria**

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or community requests, proposals identified by strategic plans or partnerships with other organisations. 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. The priority ranking criteria is detailed in the respective asset management plans.

### **5.4.2 Capital Investment Strategies**

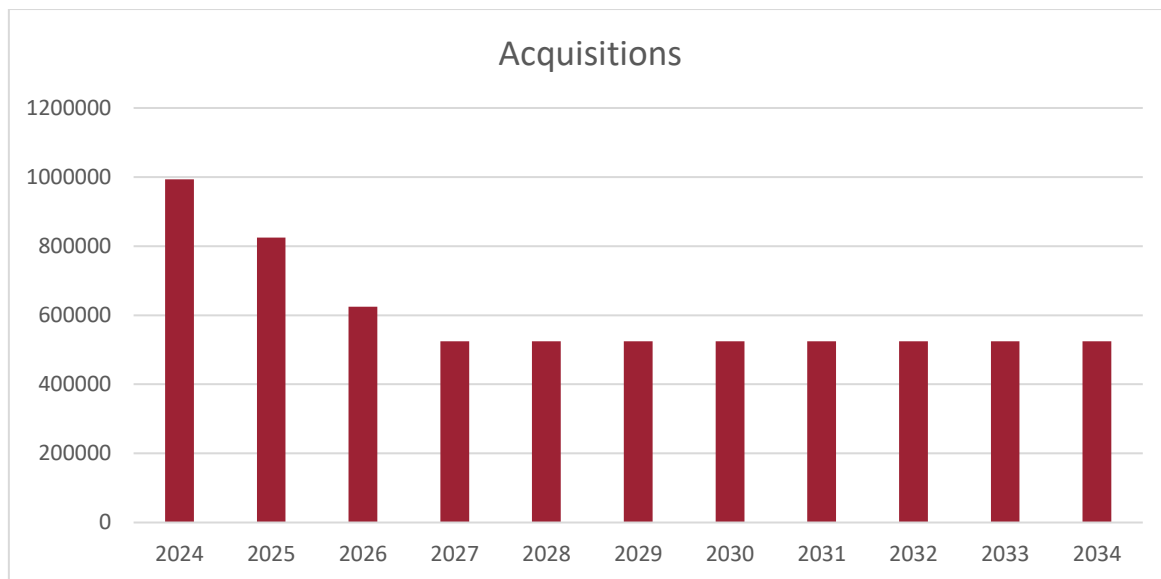
We will plan capital upgrade and new projects to meet level of service objectives by:

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner
- Undertake project scoping for all Renewal projects to identify
  - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset
  - the project objectives to rectify the deficiency including value management for major projects
  - the range of options, estimated capital and life cycle costs for each option that could address the service deficiency
  - management of risks associated with alternative options
  - and evaluate the options against evaluation criteria adopted by Council, and
  - select the best option to be included in renewal programs
- Review current and required skills base and implement training and development to meet required construction and project management needs
- Review management of capital project management activities to ensure we are obtaining best value for resources used.

Standards and specifications for maintenance of existing assets and construction of new assets and upgrade/expansion of existing assets are detailed in relevant asset management plans.

### **5.4.3 Summary of future upgrade/new assets expenditure**

Projected upgrade/new asset expenditures and estimated long-term financial plan outlays are summarised in Fig 9. The forecast expenditures have been accommodated in the organisation's long-term financial plan through the anticipated success in grant funding. The projected upgrade/new capital works program is shown in Appendix D. All amounts are shown in real values.



**Fig 9: Renewal Asset Expenditure and Budget**

The projected upgrade and new assets program includes actual and projected grants to fund high priority items in all years of the planning period. Low priority renewal and replacement projects unable to be accommodated within the 10 year long-term financial plan have been deferred for following years (see Figure 4) to allow further consideration of service performance, risks and cost in updates of the AM and financial plans.

### 5.5 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in the respective asset management plans summarised in this strategic asset management plan.

### 5.6 Service Consequences and Risks

The organisation has prioritised decisions made in adopting the asset management plans summarised in this strategic asset management plan to obtain the optimum benefits from its available resources.

The asset management plans are based on balancing service performance, cost and risk to provide an agreed level of service from available resources in our long-term financial plan.

#### 5.6.1 Deferred initiatives and projects

There are some operation and maintenance initiatives and capital projects that have been deferred for the next 10 years. These are shown in Appendix E. The major initiatives and projects include:

- Renewal of the swinging wire bridge over the Prosser River likely to be excluded altogether
- 2024 Wielangta Road Bridge renewals until grant funding is approved
- Other bridges throughout the program period requiring grant funds
- Significant building upgrades unless grant or provision funded

#### 5.6.2 Service consequences

Operation and maintenance initiatives and capital projects that have been deferred will maintain or create service consequences for users. The major service consequences include:



- Load limits on bridges
- Potential detours for overmass transports
- Upgrades to secondary detour roads
- Alternate flood response for Brockley Road residents
- Building user group accommodation considerations

### **5.6.3 Risk consequences**

The operation and maintenance initiatives and capital projects that cannot be undertaken may maintain or create risk consequences for the organisation. The major service risks include:

- Community frustration
- Additional costs to industry transporting high-mass goods
- Unable to project resolution time frames
- Helicopter evacuation worst case options

These risks have been included with the Infrastructure risk management plan summarised in the relevant asset management plan and risk management plans actions and expenditures included within projected expenditures.

## 6. RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings 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’<sup>10</sup>. An assessment of risks<sup>11</sup> associated with service delivery will identify 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, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluate the risks and develop a risk treatment plan for those risks that are deemed to be non-acceptable.

### 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.

Examples if failure mode could include:

- Physical failure, collapse
- Essential service interruption

Critical assets have been identified and their typical failure mode and the impact on service delivery are summarized in Table 6.1:

**Table 6.1 Critical Assets**

Critical Asset(s)	Failure Mode	Impact
Wielangta Road Bridges	Physical failure - collapse	Significant detour potential
		Loss of secondary route in event of primary route failure
Stormwater systems	Increased incidence of system overload	Private property flooding

By identifying critical assets and failure modes an organization can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

### 6.2 Risk Assessment

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

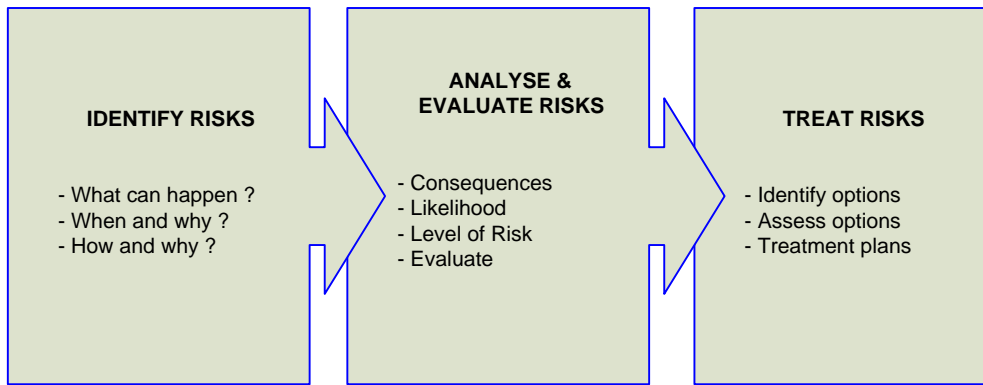
It is an analysis and problem solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

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

**Figure 6.2 Risk Management Process – Abridged**

<sup>10</sup> ISO 31000:2009, p 2

<sup>11</sup> Corporate Risk Management 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<sup>12</sup> associated with service delivery from infrastructure assets will identify 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 costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and Council.

**Table 6.2: Critical Risks and Treatment Plans**

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Wielangta Road Bridges	Bridge service reduction	H	Implement detour / reapply for grant / supplementary road works	L	\$10,000
Wielangta Road Bridges	Bridge Failure	M	Engage State Growth / Federal Government funding partners	M	\$500k - \$1.5M
Stormwater services	Private property flooding	M	Gradual upgrade of systems within budget constraints	M	\$2M over 10 years

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

### 6.3 Infrastructure Resilience Approach

The resilience of our critical infrastructure is vital to the ongoing provision of services to customers. To adapt to changing conditions we need to understand our capacity to “withstand and given level of stress or demand”<sup>i</sup> and to respond to possible disruptions to ensure continuity of service.

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

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

<sup>12</sup> Corporate Risk Management Plan

<sup>i</sup> IPWEA, 20015, IIMM, Sec 3, p9.

**Table 6.4: Resilience**

Threat/Hazard	Resilience Actions	Improvements/Interventions
Bridge loss	Proactive grant applications	Ministerial approach by Mayor
Bridge service downgrade	Proactive Grant applications / detour	State Growth engagement
Flooding – stormwater inundation	Pro-active clearing of known trouble spots – checking of network during storms during day	Progressive improvements through new capital allocations and subdivisions

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

- New projects without accompanying external funding resources
- Medium and large Bridge replacements without accompanying grant funds
- Upgrades to stormwater networks

### 6.4.2 Service trade-off

If there is forecast work (Operation, maintenance, capital renewal, upgrade / new) that cannot be undertaken due to available resources, then this will result in service consequences for users. These include:

- Adjusted mowing schedules – implemented – can't be reversed
- Detour for heavy vehicles Wielangta Road
- Stormwater services flood more frequently

### 6.4.3 Risk trade-off

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

- Elevated flood risks
- Increased transport costs in localised area
- Compromised secondary transport route

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

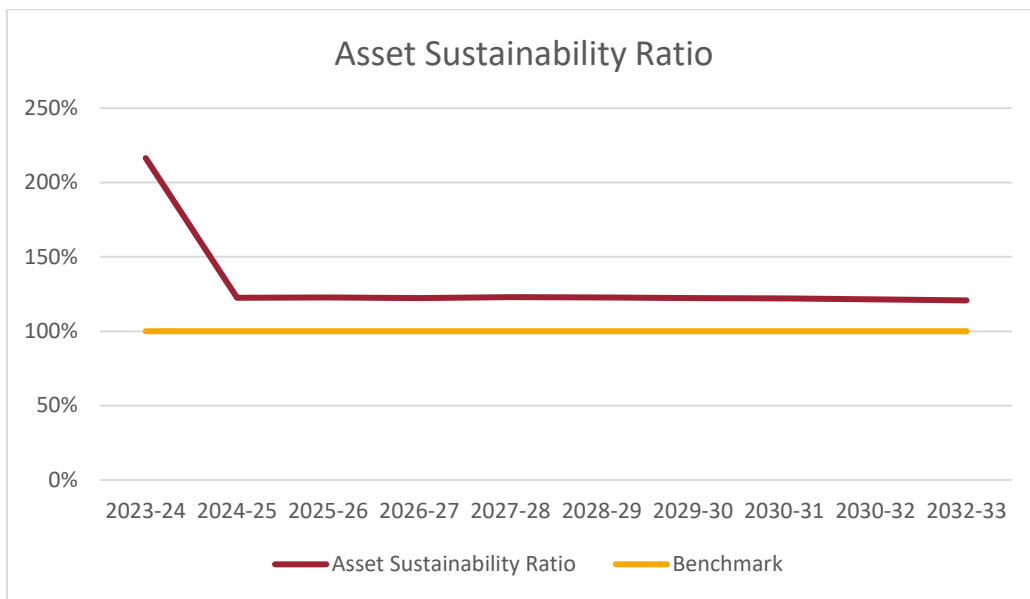
## 7. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this strategic 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 Indicators and Projections

#### Asset Renewal Funding Ratio Figure 10

The Asset Renewal Funding Ratio indicates whether projected capital renewal and replacement expenditure (which relies on grant funding in bridge, marine and stormwater asset classes, are able to be financed in the long-term financial plan. It is calculated by dividing the projected capital renewal expenditure shown in the AM Plans by the estimated capital renewal budget provided in the long-term financial plan. Over the next 10 years, we are forecasting that we will have 130% of the funds required for the depreciation based renewal. The rate at higher than 100% of depreciation reflects the level of asset renewal required given the depleted state of assets and general asset age.



### 7.2 Funding Strategy

The funding strategy to provide the services covered by this strategic asset management plan and supporting asset management plans is contained within the organisation's 10 year long term financial plan.

The funding strategy was developed in conjunction with the AM Plans and long-term financial plan. We recognise that we are unable to meet all service demand, have reviewed all service needs and demands and agreed on a trade-off of projects and initiatives to balance service performance, risk and costs. The funding strategy includes required grants in the order of \$5 – 8 million to finance critical and high priority capital renewal/replacement and upgrade/new projects and initiatives spread across all years of the plan.

### 7.3 Valuation Forecasts

Asset values are forecast to increase by \$0.61M per year (as additional assets are added to the asset stock from construction and acquisition by the organisation and from assets constructed by land developers and others and donated to the organisation).

### **Projected Depreciated Replacement Cost**

Increased capital renewal allowances are negating an increase in the projected depreciated replacement cost (carrying value) of infrastructure assets and indicates that the organisation is maintaining its infrastructure capital in aggregate. The renewal ratio indicates that we are maintaining our infrastructure capital over the 10 year period.

#### **7.4 Key Assumptions made in Financial Forecasts**

This section details the key assumptions made in presenting the information contained in this strategic asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. 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 and risks that these may change are shown in Table 6.4.

**Table 6.4: Key Assumptions made in Strategic Asset Management Plan and Risks of Change**

<b>Key Assumptions</b>	<b>Risks of Change to Assumptions</b>
Critical grant applications will be successful	There is a Moderate risk of delays in some asset classes e.g .bridges which may be offset by increased grant success in other asset classes.
Proposed Marina Development Plans can be negotiated through the partnerships and precincts program and incorporate private funding streams.	Moderate to low risk – unsuccessful private developer investment will stall the project.

#### **7.5 Forecast Reliability and Confidence**

The expenditure and valuations projections in this strategic asset management plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management.

The estimated confidence level for and reliability of data used in this strategic asset management plan is shown in Table 6.5.

**Table 6.5: Data Confidence Assessment for AM Plans summarised in Strategic AM Plan**

<b>AM Plan</b>	<b>Confidence Assessment</b>	<b>Comment</b>
Roads	Moderate	Condition assessments only partial (didn't include seal condition)
Bridges	High	Expert external consultant provided
Marine Infrastructure	Moderate	Condition assessment needs updating
Buildings	Moderate	Maintenance program not well supported by financial records or maintenance program
Hydraulic Infrastructure	Moderate	Minimal condition assessments and accessibility
Public Open Space	Moderate	Limited quality condition assessments

Over all data sources, the data confidence is assessed as Medium confidence level for data used in the preparation of this strategic asset management plan.

Actions to mitigate the adverse effects of data quality are included within Table 7.2 Improvement Plan.

## 8. PLAN IMPROVEMENT AND MONITORING

### 8.1 Status of Asset Management Practices

Major changes to asset management practices identified in this plan are:

- Upgrade of finance system to provide more precise recording of costs to asset categories and locations
- Change asset data management system to improve reporting and management capabilities

### 8.2 Improvement Plan

The asset management improvement tasks identified from an asset management maturity assessment and preparation of this strategic asset management plan are shown in Table 7.2.

**Table 7.2: Improvement Plan**

Task No	Task	Responsibility	Resources Required	Timeline
1	Complete service level documents for Roads	DWI	Works Team	2024-26
2	Complete service level documents for POS	DWI	Works Team	2024-26
3	Complete service level documents for Buildings	DWI	Infrastructure Team	2024-26
4	Complete service level documents for Stormwater Services	DWI	Works Team	2024-26
5	Complete service level documents for Marine Infrastructure	DWI	Infrastructure Team	2024-26
6	Reconfigure or replace finance system with purpose-built system to align with asset management requirements	GM/DCC/DWI	Financial Allocation / consultant services / staff resources	2025-2028
7	Asset data cleansing operations	DWI	TO/Consultant	ongoing
8	Training for core staff in the range of AM practices	DWI/DCC	AM Committee	ongoing
9	Develop and implement inspection programs across asset classes	WM	Tablets	2024-26
10	Develop tools for data capture in field for inspections to import to internal systems	WM	WM/TO/DCC	2024-26
11	Continually review data sets for completeness	TO	Operational budget	ongoing
12	Update all asset management plans by December 2026	DWI	Financial systems/ Asset Data sets	Dec 2026
13	Review AM Policy	DWI	Council	Dec 2028
14	Review Asset Management Strategy	DWI	LTFP updates / revised AMP's	Dec 2028

### 8.3 Monitoring and Review Procedures

The strategic asset management plan has a life of 4 years (not necessarily linked with Council election cycle) and is due for complete revision and updating within 6 months of each Long Term Financial Plan review.

### 8.4 Performance Measures

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

- The degree to which the required projected expenditures identified in this strategic asset management plan are incorporated into the organisation's long term financial plan

- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the summarised asset management plans
- 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 organisation's Strategic Plan and associated plans
- The Asset Renewal Funding Ratio achieving the target of at least 100%.



## 9. REFERENCES

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## 10. APPENDICES

### Appendix A Projected 10 year Operation and Maintenance Expenditures

Year	Operations	Maintenance	totals
<b>2024</b>	\$ 1,278,849.00	\$ 2,504,000.00	\$ 3,782,849.00
<b>2025</b>	\$ 1,345,307.00	\$ 2,618,000.00	\$ 3,963,307.00
<b>2026</b>	\$ 1,393,042.00	\$ 2,738,000.00	\$ 4,131,042.00
<b>2027</b>	\$ 1,454,772.00	\$ 2,862,000.00	\$ 4,316,772.00
<b>2028</b>	\$ 1,517,629.00	\$ 2,994,000.00	\$ 4,511,629.00
<b>2029</b>	\$ 1,584,414.00	\$ 3,130,000.00	\$ 4,714,414.00
<b>2030</b>	\$ 1,655,098.00	\$ 3,273,000.00	\$ 4,928,098.00
<b>2031</b>	\$ 1,728,153.00	\$ 3,423,000.00	\$ 5,151,153.00
<b>2032</b>	\$ 1,802,637.00	\$ 3,579,000.00	\$ 5,381,637.00
<b>2033</b>	\$ 1,882,610.00	\$ 3,744,000.00	\$ 5,626,610.00
<b>2034</b>	\$ 1,966,135.00	\$ 3,915,000.00	\$ 5,881,135.00

**Appendix B** Projected 10 year Capital New, Renewal and Replacement Works Program

<b>Forecast Capital Works Program Summary</b>											
Glamorgan Spring Bay Council											
10 Year Long Term Financial Plan (2025-2035)											
	Budget Y0	Estimate Y1	Estimate Y2	Estimate Y3	Estimate Y4	Estimate Y5	Estimate Y6	Estimate Y7	Estimate Y8	Estimate Y9	Estimate Y10
	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
<b>New Capital</b>											
Roads, Footpaths, Kerbs	460,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Parks, Reserves, Walking Tracks, Cemeteries	218,400	375,000	175,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Buildings & Facilities	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Flood mitigation											
Stormwater, Drainage	135,237	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Plant & Equipment											
<b>Total New Capital</b>	<b>813,637</b>	<b>825,000</b>	<b>625,000</b>	<b>525,000</b>	<b>525,000</b>	<b>525,000</b>	<b>525,000</b>	<b>525,000</b>	<b>525,000</b>	<b>525,000</b>	<b>525,000</b>
<b>Renewal of Assets</b>											
Roads, Footpaths, Kerbs	1,730,051	1,833,855	1,943,886	2,060,519	2,184,150	2,293,358	2,408,026	2,528,427	2,629,564	2,734,746	2,844,136
Parks, Reserves, Walking Tracks, Cemeteries	1,569,698	414,904	428,250	442,029	456,256	470,944	486,110	501,768	517,936	534,629	551,865
Stormwater, Drainage	352,117	245,850	260,601	276,237	292,811	307,452	322,824	338,966	352,524	366,625	381,290
Buildings & Facilities	2,027,377	814,037	847,646	856,381	893,319	931,296	971,898	1,014,467	1,058,350	1,105,148	1,154,217
Marine Assets	199,123	196,031	203,183	210,692	245,077	252,605	261,298	270,426	279,259	289,322	299,889
Sewerage	15,000	13,384	14,053	14,755	15,493	16,268	17,081	17,935	18,832	19,774	20,762
Bridges, Culverts	620,000	326,280	345,857	366,608	388,605	411,921	436,636	462,834	490,604	520,041	551,243
Plant & Equipment	1,163,000	574,804	577,084	579,433	581,856	584,354	586,929	589,585	592,322	595,144	598,054
IT & Office Equipment	273,000	294,320	316,493	339,553	363,535	388,476	414,415	441,392	469,447	498,625	528,970
<b>Total Renewal Capital</b>	<b>7,949,367</b>	<b>4,713,464</b>	<b>4,937,052</b>	<b>5,146,207</b>	<b>5,421,102</b>	<b>5,656,674</b>	<b>5,905,218</b>	<b>6,165,799</b>	<b>6,408,839</b>	<b>6,664,055</b>	<b>6,930,427</b>
<b>Total Capital Works</b>	<b>8,763,004</b>	<b>5,538,464</b>	<b>5,562,052</b>	<b>5,671,207</b>	<b>5,946,102</b>	<b>6,181,674</b>	<b>6,430,218</b>	<b>6,690,799</b>	<b>6,933,839</b>	<b>7,189,055</b>	<b>7,455,427</b>