

2014

ENHANCE FINANCIAL SUSTAINABILITY

Targeted Outcomes

- Continuous general fund budget surpluses (equal to a minimum 2% of operating revenues).
- Development and implementation of sustainable asset management program.
- Managed asset backlog.

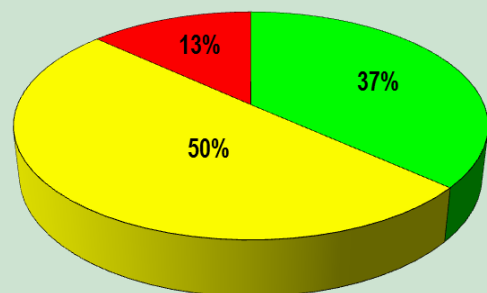
Key Issues

- Current asset backlog.
- No integrated long term Asset Management Plan.
- Balancing competing needs and objectives in operations.
- Insufficient revenue to maintain the existing levels of services.

Strategic Goal

- Development of a long term asset management plan that is integrated with the Long Term
- Financial Plan.
- Develop and adopt a strategy to address the asset backlog.
- Continuous improvement to address inefficiencies through process improvement.

STATE OF THE ASSETS



■ Good/Very Good ■ Fair ■ Poor/Very Poor

With the current funding in scenario 1 the annual renewal shortfall for the next 10 years across the infrastructure networks is:

- Transport \$1.1 M
- Buildings \$0.4 M
- Recreation and open spaces \$0.2 M and
- Stormwater drainage \$0.3M

Under this scenario Council will not be able to maintain the current levels of service and the condition of Council's infrastructure assets will deteriorate over the next 10 years.

Armidale Dumaresq Council: Strategy Dashboard

“To provide community leadership and excellent local government services in a sustainable and efficient manner, to enhance our area's social, economic, and environmental qualities.”

Armidale

Dumaresq Council

“EXCELLENT LIFESTYLE, SUSTAINABLE GROWTH”

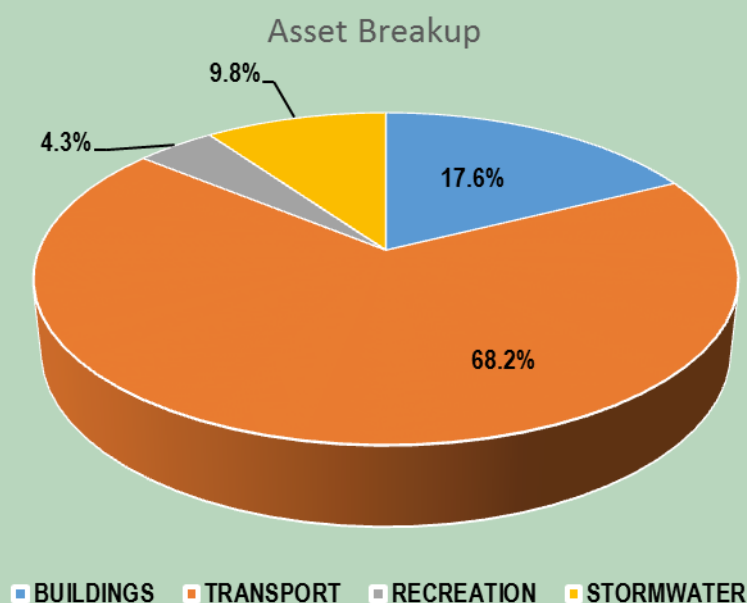
Our Strategy

Council has decided to apply to IPART for a 10% special rate variation above the rate peg. This followed consultation of a range of options over the past 2 years including increases of up to 20%. This 10% increase alone is likely to result in reduction in service levels in some areas over the next 10 years, particularly for roads. On-going engagement with the community will be needed on a range of options to balance long term revenues and service levels. This is likely to involve some combination of service reduction, increased revenues and improved efficiency. This asset management strategy sets out the range of measures that can achieve financial sustainability over the next 10 years.



Armidale Dumaresq Assets

Current Asset Value \$413.76M



Jeff Roorda and Associates: DRAFT ADC V14 140221



KEY STRATEGIC RISKS

- **Age and condition of infrastructure.** Over \$54 Million of Armidale Dumaresq Council's assets are in poor / very poor condition. This represents 13% of asset value and this is estimated to be over 22% over the next 10 years if current funding levels and mix of services are not changed. This risk can be managed by implementing this asset management strategy.
- **Organisational Capacity and Loss of skilled people.** Despite the age and condition of Armidale Dumaresq Council infrastructure, Armidale Dumaresq Council performs at a very high level because of the skills and experience of Armidale Dumaresq Council's people. These people are very effective at managing increasing risks as assets reach end of useful operating life. The demographic profile of Armidale Dumaresq Council corresponds to the national workforce and many skilled and experienced people could leave Armidale Dumaresq Council over the next 10 years. When combined with the rapidly ageing infrastructure, this represents a critical risk. This risk can be managed by effective governance and communication. The current asset management project has established a risk register that has enabled Armidale Dumaresq Council to tap into the experience and knowledge of Armidale Dumaresq Council staff so that this knowledge can inform the budget process.

ASSET MANAGEMENT STRATEGIES

Plan, Consult, Inform and Engage.

Continue to improve asset knowledge and communicate affordable service level targets during 2014/15 to provide an input to Councils determination on the service levels and level of rates that will allow Council to move to a financially sustainable position over a 10 year period.

Decide on the best balance of services that will move Council to a sustainable position within the current long term financial plan

Invest in asset management improvement

Invest in better asset and risk management capacity to plan and deliver an efficient and effective works program. Communicate value for money of this investment to the community.

Review and Report

Implement ongoing communication and engagement on affordable service levels.

- Implement the AM strategy solutions outlined in the Community Strategic Plan

- Communicate measurable improvements to the community



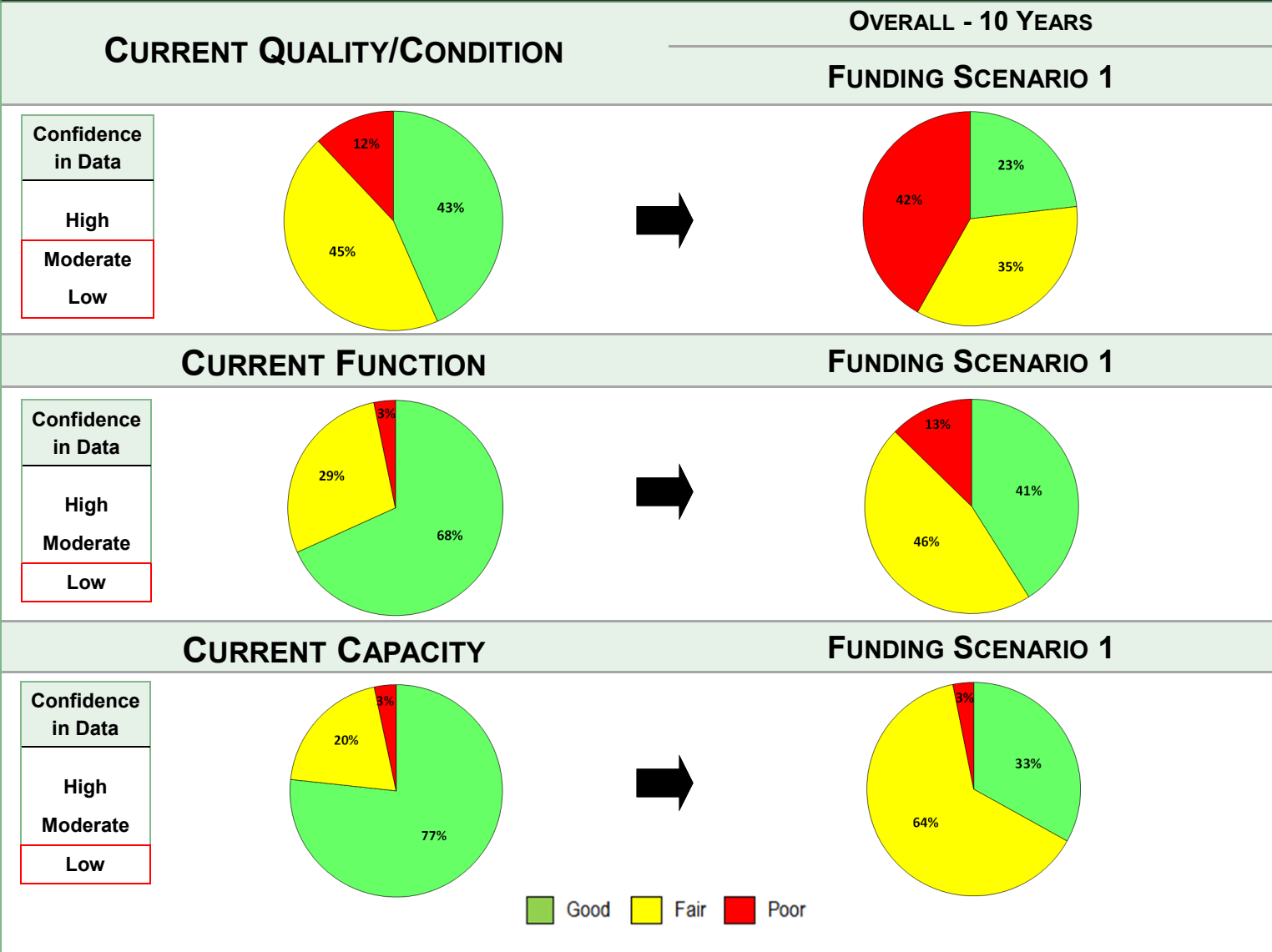
Armidale Dumaresq Council: Strategy Dashboard



FUNDING SCENARIO 1— NO SRV

This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

OVERALL ASSET PROVISION—FUNDING SCENARIO 1 (No SRV)



DESCRIPTION

(NoSRV) is based on the current rates with no special rate variations. Council has been engaging the community since the 2009 review of infrastructure sustainability which indicated that Armidale Dumaresq's service levels with the current financial settings are not sustainable. Council's previous asset management strategy reported a \$8.7M backlog and an annual ongoing maintenance and renewal gap. This estimate has been improved with additional analysis to determine the expenditure needed to sustain current service levels into the future.

With the current funding in scenario 1 the annual renewal shortfall for the next 10 years across the infrastructure networks is:

- Transport \$1.1 M
- Buildings \$0.4 M
- Recreation and open spaces \$0.2 M and
- Stormwater drainage \$0.3M

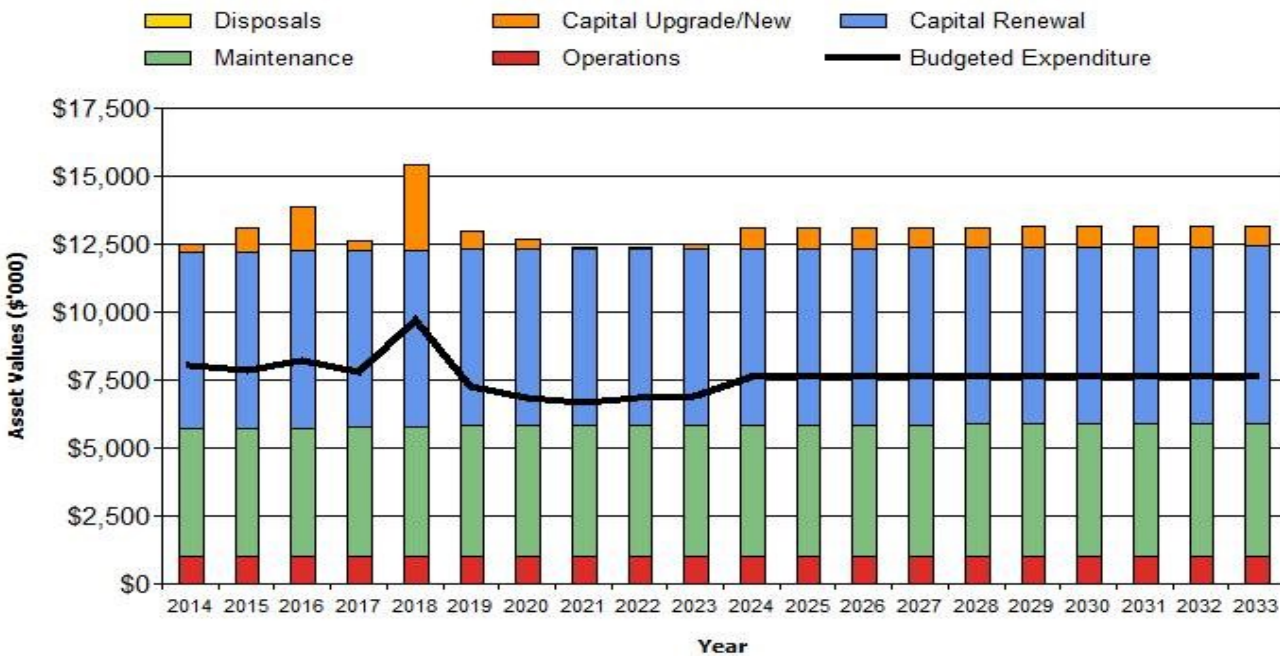
Under this scenario Council will not be able to maintain the current levels of service and the condition of Council's infrastructure assets will deteriorate over the next 10 years.

Council has not adopted this scenario.

10 Year Projected Operating & Capital Expenditure

Funding Scenario 1—No SRV See Asset Management Plan for Details

Armidale Dumaresq - Projected Operating and Capital Expenditure (Summary_2014_No SRV_S2_V1)



Armidale Dumaresq Council: Strategy Dashboard



FUNDING SCENARIO 2— 10% RATE INCREASE

This Funding Scenario Summary shows the current and projected service levels, budget and expenditure profiles for the current Long Term Financial Plan balanced to the Asset Management Plan.

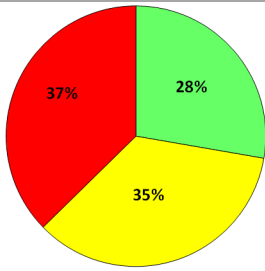
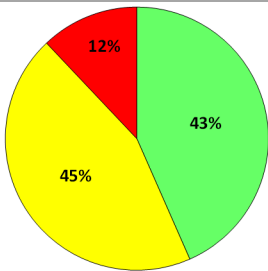
OVERALL ASSET PROVISION—FUNDING SCENARIO 2 (10% RATE INCREASE)

CURRENT QUALITY/CONDITION

OVERALL - 10 YEARS

FUNDING SCENARIO 2

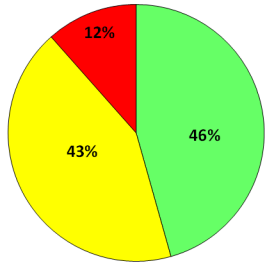
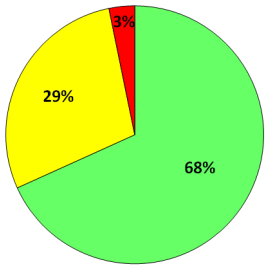
Confidence in Data
High
Moderate
Low



CURRENT FUNCTION

FUNDING SCENARIO 2

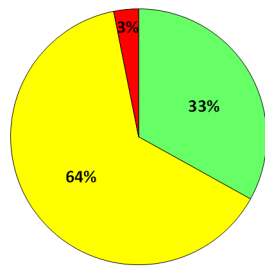
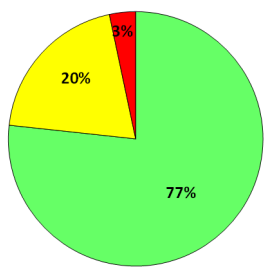
Confidence in Data
High
Moderate
Low



CURRENT CAPACITY

FUNDING SCENARIO 2

Confidence in Data
High
Moderate
Low



Good Fair Poor



DESCRIPTION

Council's first rate variation option is the introduction of a 10% Council's first rate variation increase maintained for 7 years before returning to the rate peg. This variation is not inclusive of the normal annual rate pegging variations.

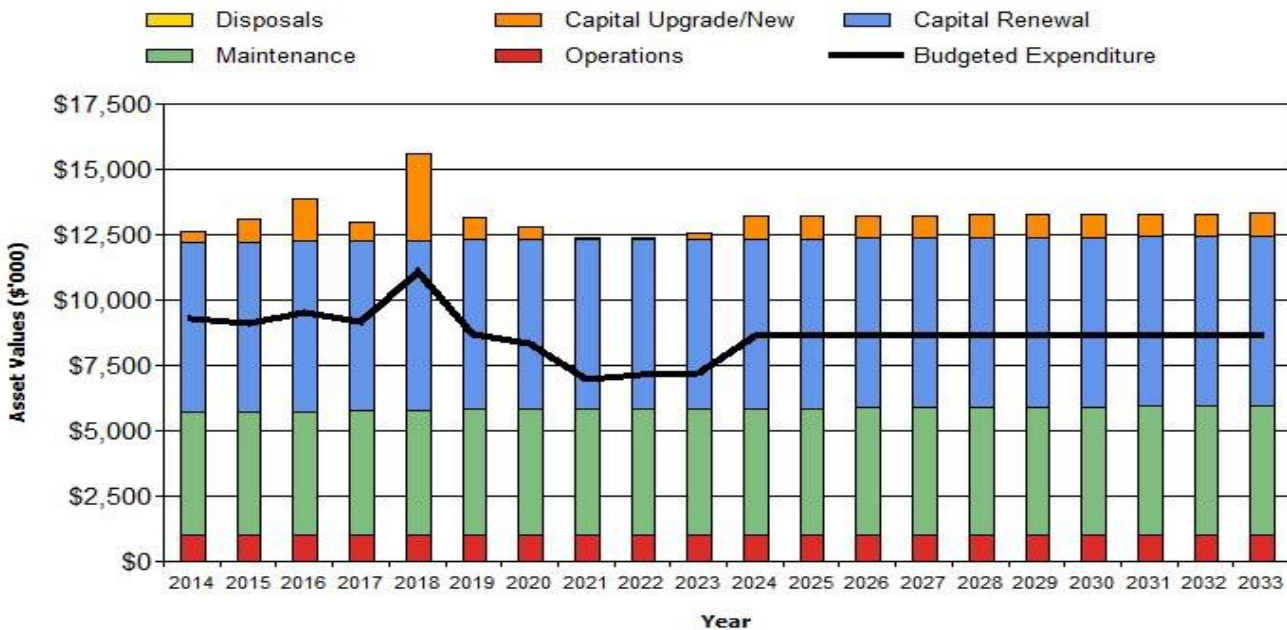
Despite this additional level funding Council anticipates that it will not be able to maintain current levels of service over the next 10 years. This proposed rate increase will provide valuable funding for priority works and will limit the deterioration of service levels across infrastructure categories. Future improvements to infrastructure will be subject to separate Special Variations and additional community consultation. The details of the renewal gap for assets is shown in each asset management plans for each asset category.

Council has adopted this scenario.

10 Year Projected Operating & Capital Expenditure

Funding Scenario 2—10 % Rate Increase - See AM Plan for Details

Armidale Dumaresq - Projected Operating and Capital Expenditure (Summary_2014_SRV 1_S2_V1)



Document ID: BART—Strategy Dashboard					
Version No.	Creation Date	Revision Details	Author	Reviewer	Approver
V1.01 140224	24 Feb 2014	Creation of strategy dashboard using data from CSP 2013-2028 and Asset Management Strategy and Asset Management Plan Summary V1.01 23 Feb 2014	CL	JR	JR

Intellectual Property Statement

Jeff Roorda & Associates (JRA) is the owner of all intellectual property rights in the dashboard material created. These works are protected by copyright laws and treaties around the world. All such rights are reserved.

You may print off copies of your Dashboards provided in PDF format only. You must not modify the paper or digital copies of any materials you have printed off or downloaded in any way, and you must not use any illustrations or photographs of any graphics separately from any accompanying text.

Our status (and that of any identified contributors) as the authors of material must always be acknowledged. You must not use any part of the materials without obtaining a licence to do so from us or our licensors. If you print off, copy or download any part of the Dashboards in breach of these terms of use, you must, at our option, return or destroy any copies of the materials you have made.