

Asset Management Strategy 2022/23 - 2025/26

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Executive Summary

Context

This Asset Management Strategy has been prepared to assist Council improve the way it delivers services from infrastructure including roads, bridges, footpaths, water and sewerage services, buildings, caravan Parks, saleyards, waste management centres, aerodrome and recreational assets. Council also has land, street and park trees, turf, plant and equipment, Information, communication and business technology assets. These are not included in this Strategy due to the unique nature of these assets.

At 30th June 2020 these assets had a gross carrying value of these assets is: **\$532,109,000**

The replacement cost of these assets is: **\$775,722,000**

The Asset Management Strategy enables Council to:

- achieve Council's asset management policies and
- ensure the integration of Council's asset management with its Long-Term financial Plan and Community Strategic Plan.

Adopting this Asset Management Strategy will assist council to provide services needed by the community in a financially sustainable manner and meet the requirements of national sustainability frameworks and NSW Integrated Planning and Reporting Framework.

The Asset Management Strategy is prepared following a review of the council's service delivery practices, financial sustainability indicators, asset management maturity and fit with council's vision for the future outlined in the Federation Council *Community Strategic Plan 2022 – 2032*. The strategy outlines an Asset Management Improvement Plan detailing a program of tasks to be completed and resources required to bring council to a minimum 'core' level of asset maturity and competence.

Strategic Outlook

1. Council will be able to maintain current service levels for the next 10 year. This is dependent on the following assumptions:
 - No real decrease in the grant funding
 - Increased community contribution to the maintenance and renewal of assets (through general rates and fees and charges)
 - Rationalisation of all assets
 - Contributions from Developers to provide community assets.
 - Reduction of service levels for assets
2. Asset and service reviews to determine redundant assets, changes in service levels to meet financial sustainability.
3. Council is not able to fund improvements to assets to meet community expectations.

Council's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

Asset Management Strategies.

Ref	Strategy	Desired Outcome
1	Develop an across department Asset Management Steering Committee.	Provide ongoing advice and direction to inform asset management planning.
2	Review, correct and update all asset registers. Ensure information is correct.	Asset information can be used to make reliable informed management decisions.
3	Review detail in Asset registers to ensure information is suitable for maintaining an appropriate level of accuracy for assessment	Asset information can be used to make reliable informed management decisions.
4	Review assets requirements for integration into service delivery programs. Dispose or modify assets to meet needs of agreed service delivery	Retained assets are assessed as integral to the delivery of services.
5	Develop an overarching Asset Management Plan for Council's Asset.	Plan provides guidance to individual Asset Plans
6	Revise and complete Asset Management Plans for the 6 strategic asset areas, Transport, Water Supply, Sewerage Services, Buildings, Urban stormwater, and Community / Recreational assets.	Asset Management plans that protect the asset long term, provide an agreed level of service.
7	Incorporate Asset Management Plans and, expenditure projections into Long Term Financial Plan as adopted.	Sustainable funding model for the provision of community services.
8	Incorporate yearly, Long Term Financial Plan revenue and expenditure projections into operational plan	Long term financial planning drives budget deliberations
9	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability, and performance against strategic objectives in Annual Reports	Financial sustainability information is available for Council and the community
10	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions	Responsibility for asset management is defined
11	Develop and Implement an Improvement Plan to achieve 'core' maturity for the financial and asset management within 4 years	Improved financial and asset management capability within Council

Asset Management Improvement Plan

The program of tasks and resources required to achieve a minimum 'core' asset management maturity was developed in the asset management strategy. This is estimated for the 4-year period of this strategy. The improvement plan is based on the employment of a dedicated staff member to coordinate the required tasks to bring council up to Core asset management maturity. The tasks and program are shown below.

Ref	Task	Approval	Department with lead responsibility	Target Date	Budget Over 4 Years
1	Establish an effective across department Asset Management Steering Committee	GM/ Manex	Engineering Services	1/10/2022	\$20,000
2	Review assumptions, asset hierarchies, technical and community strategic Plan for Asset Management Plans	Manex	Engineering Services Development and Environmental Services	30/12/2022	\$60,000
3	Prepare over-arching integrated Asset Management Plan for council assets	Council	Engineering Services	30/3/2023	\$40,000
4	Finalise draft Asset Management plans for Transport, Water Supply, Sewerage Services and Urban Stormwater Drainage.	Council	Engineering Services	30/6/2023	\$60,000
5	Complete Asset Management plan for Buildings and Recreation and Community Assets.	Council	Engineering Services Development and Environmental Services	30/6/2024	\$50,000
6	Audit and update asset registers	DES	Engineering Services	30/6/2023	\$300,000
7	Review Levels of service in relation to expected future budgets and community expectations	Manex	Engineering Services Development and Environmental Services	30/6/2023	\$20,000
8	Develop strategies to accommodate service gaps	Manex	Engineering Services Development and Environmental Services	30/12/2023	\$20,000

Ref	Task	Approval	Department with lead responsibility	Target Date	Budget Over 4 Years
9	Develop long term strategic facilities needs analysis	Manex/ Council	Manex	30/6/2024	\$20,000
10	Carry out Revaluations in accordance with the Office of local Government recommendations	Manex	Corp Services	30/6/2022 Annually thereafter	\$40,000
11	Incorporate asset management renewal data into LTFPs	Manex/ Council	Corporate and Community Services Engineering Services Development and Environmental Services	30/6/2022	\$0
12	Review Asset Management Plan policy and Strategy	Council	Manex	30/6/2026	\$10,000
	TOTAL over 4 Years				\$640,000

1 Section One – Introduction

1.1 Background

Assets help deliver important services to communities. A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement.

Infrastructure assets such as roads, drains, bridges, water and sewerage treatment plants and networks, public buildings and swimming pools present particular challenges. Their condition and longevity can be difficult to determine. Financing needs for some assets require planning for large peaks and troughs in expenditure for renewing and replacing such assets.

The demand for new and improved services adds to the planning and financing complexity. These not only add further maintenance and operational cost, but also increase renewal costs.

Ongoing operating/ maintenance and renewal costs require servicing consideration across the full life cycle of the asset.

The national frameworks on asset planning and management, financial planning and reporting endorsed by the Local Government and Planning Ministers' Council require councils to adopt a longer-term approach to service delivery and funding comprising:

- A strategic longer-term plan covering, as a minimum, the term of office of the councillors and:
 - bringing together asset management and long-term financial plans,
 - demonstrating how council intends to resource the plan, and
 - consulting with communities on the plan
- Annual budget showing the connection to the strategic objectives, and
- Annual report with:
 - explanation to the community on variations between the budget and actual results ,
 - any impact of such variances on the strategic longer-term plan,
 - review of the performance of the council against strategic objectives.

Asset Planning and Management has seven (7) elements to assist in highlighting key management issues, promote prudent, transparent and accountable management of local government assets and introduce a strategic approach to meet current and emerging challenges.

- Asset management policy,
- Strategy and planning,
 - asset management strategy,
 - asset management plan,
- Governance and management arrangements,
- Defining levels of service,
- Data and systems,
- Skills and processes, and

- Evaluation.

The Asset Management Strategy aims to:

- show how Council’s asset portfolio can meet the service delivery needs of its community into the future,
- enable Council’s asset management policies to be achieved, and
- ensure the integration of Council’s asset management with its Long-Term Financial Plans and Community 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, renewal 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.

1.2 Legislative Environment

The Asset Management Strategy has been developed in context with the requirements of Commonwealth and State Legislation. The following table provides a summary of the identified relevant legislation and requirements that may affect Councils operations.

Legislation	Requirement
NSW Local Government Act 1993 Local Government (General) Regulation 2021	<ul style="list-style-type: none"> ▪ Sets out the purpose, objectives, functions and powers of local Councils including the preparation of a Community Strategic Plan and resourcing strategy informing the development of Council’s Long Term Financial Plan and Asset Management Strategy relation to the management of a municipal sewage network.
Environmental Planning and Assessment Act 1979	<ul style="list-style-type: none"> ▪ Requirement for Local Environmental Plans and Development Control Plans.
Environmental Planning and Assessment Regulations 2021	<ul style="list-style-type: none"> ▪ Provides controls for Local Environment Plans and Development Control Plans
Local Land Services Act. 2013	<ul style="list-style-type: none"> ▪ Defines the delivery of Local Land services in the social ,economic and environmental framework within the state
Roads Act 1993	<ul style="list-style-type: none"> ▪ Defines access arrangements and control of roads.
Road Transport Act 2013	<ul style="list-style-type: none"> ▪ Defines requirements for vehicles and operators using roads.

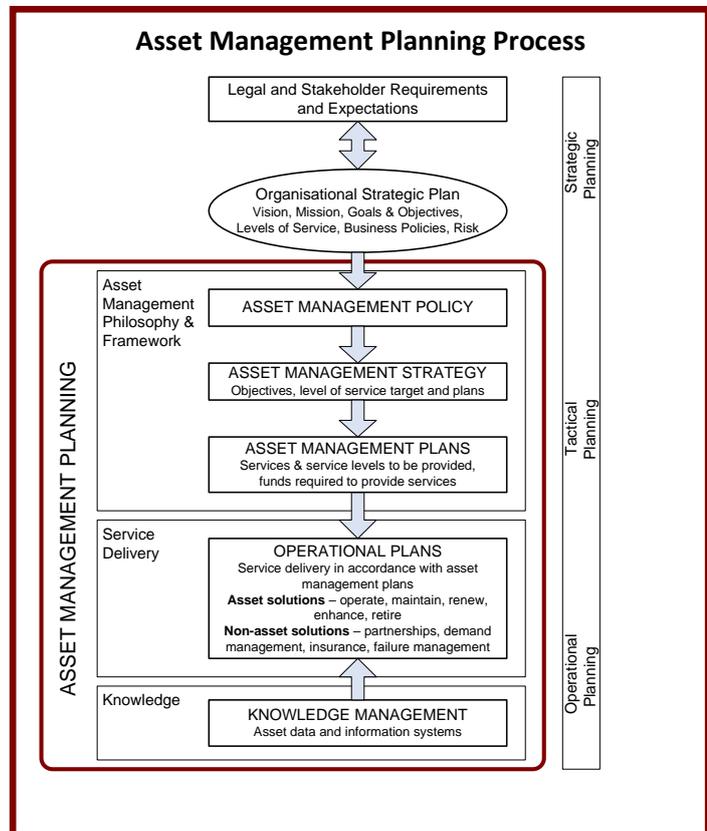
Legislation	Requirement
Transport Administration Act 1988	<ul style="list-style-type: none"> Provides authority to Traffic for NSW Authority for management of roads.
Road Rules 2008	<ul style="list-style-type: none"> Sets requirements for vehicles and operators using roads.
Work Health and Safety Act 2011	<ul style="list-style-type: none"> Impacts all operations in relation to safety of workers and the public. Council's responsibility to ensure health, safety and welfare of employees and others at places of work.
Crown Land Management Act 2016	<ul style="list-style-type: none"> Assets on Crown land
Soil Conservation Act 1938	<ul style="list-style-type: none"> Preservation of water course environment.
Local Government Code of Accounting Practice and Financial Reporting 2021-22	<ul style="list-style-type: none"> Compliance with Australian Accounting Standard 116 for assets.
Civil Liability Act 2002	<ul style="list-style-type: none"> Liability of Council and staff in relation to Assets.
Food Safety Act 2003	<ul style="list-style-type: none"> Standard of Food Preparation Areas
Building Code of Australia Volume 1 and Volume 2	<ul style="list-style-type: none"> Building construction requirements
Disability Discrimination Act 1992.	<ul style="list-style-type: none"> Provision of access to council assets
Disability (Access to Premises – Buildings) Standards 2010	<ul style="list-style-type: none"> Provision of access to Buildings
Public Health Act 2010	<ul style="list-style-type: none"> Standards of Air Conditioning Public swimming pool standards Effluent and waste disposal
Public Works and Procurement Act 1912	<ul style="list-style-type: none"> Planning and construction of major community assets
Water Management Act 2000	<ul style="list-style-type: none"> Water licensing
Water Act 2012	<ul style="list-style-type: none"> Water licensing
Natural Resources Access Regulator Act 2017	<ul style="list-style-type: none"> Water licensing

Legislation	Requirement
Protection of the Environment Operations Act 1997	<ul style="list-style-type: none"> Contaminants entering water courses Regulating pollution activities
National Parks and Wildlife Act 1974	<ul style="list-style-type: none"> Conservation of Natural and cultural heritage.
Biodiversity Conservation Act 2016	<ul style="list-style-type: none"> Improve environmental outcomes
Environmental Protection and Biodiversity Conservation Act 1999	<ul style="list-style-type: none"> Protection of flora, Fauna, ecological communities and heritage places
Native Title Act 1993	<ul style="list-style-type: none"> Recognition of rights and interests of Aboriginal and Torres Strait Islander people
Native Title (NSW) Act 1994	<ul style="list-style-type: none"> Recognition of rights and interests of Aboriginal and Torres Strait Islander people
Aboriginal Land Rights Act 1993.	<ul style="list-style-type: none"> Process to return certain crown lands to Aboriginal people.

1.3 Asset Management Planning Process

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council’s financial sustainability under scenarios with different proposed service levels.

Asset management planning commences with defining stakeholder and legal requirements and needs. Stakeholder needs are incorporated into Council’s strategic. An asset management policy, strategy, asset management plans and operational plans, are developed and linked to a long-term financial plan.



2 Section Two – Current Assets

2.1 Assets

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided from the assets is shown below.

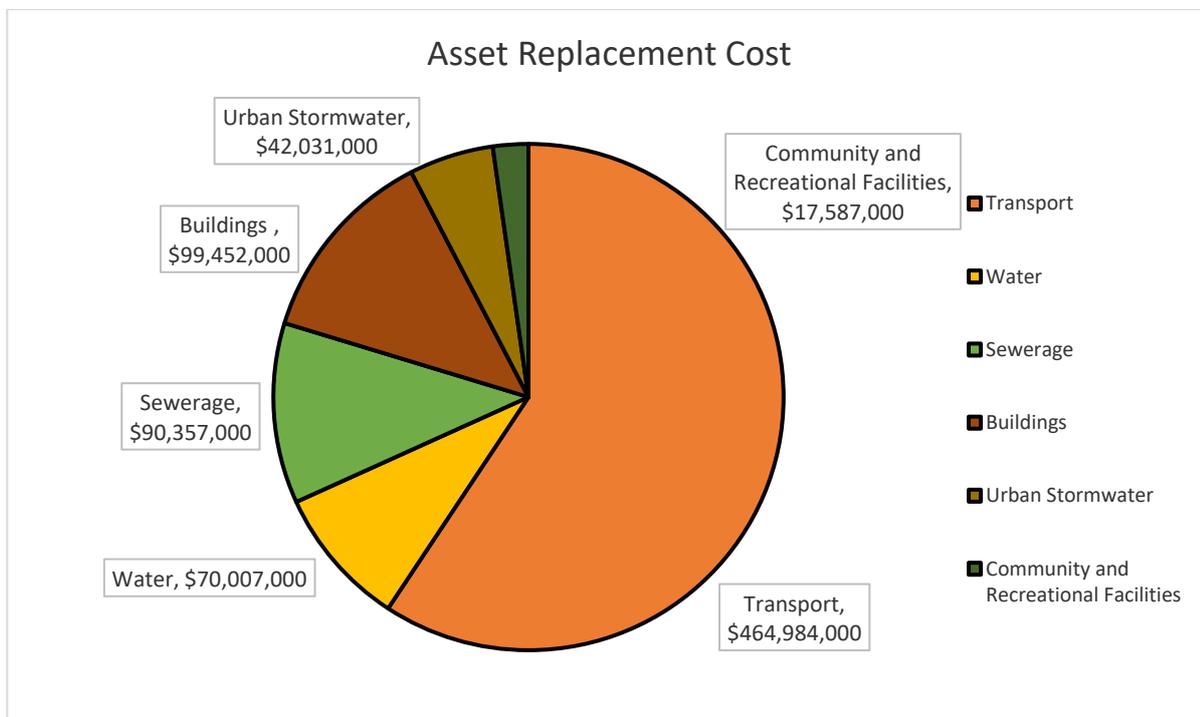
Asset Class	Description	Services Provided
Transport	Roads, bridges, footpaths, bicycle paths shared paths, kerb and gutter and rural drainage,	Provide safe access and transport across the shire
Water supply	Inlets, treatment plants, rising mains, pumps, reservoirs, reticulation mains, valves and scours	Provide safe water to urban towns to Corowa, Howlong and Mulwala. Non-potable water available in Balldale and Daysdale.
Sewerage Services	Sewer, mains, pump stations, and treatment plants, discharge facilities	Sewerage services provided to Corowa, Howlong, Mulwala, Oaklands and Urana.
Buildings	Council administration building, works depots, houses, aged units, flats, halls, Changes rooms and sports pavilions	Venues for community events and council operations.
Urban Stormwater	Inlet structures, mains, pumps, outlets structures, wetlands,	Limited stormwater disposal infrastructure in some towns.
Community and Recreation Assets	Playgrounds, street and park furniture, public art and monuments, shelters and shade sails, sports facilities, street and recreation lighting, swimming pools and caravan parks.	Venues for cultural, recreational and tourist facilities.

3 Section Three – Council Assets and their Management

3.1 Financial Status the Recorded Assets

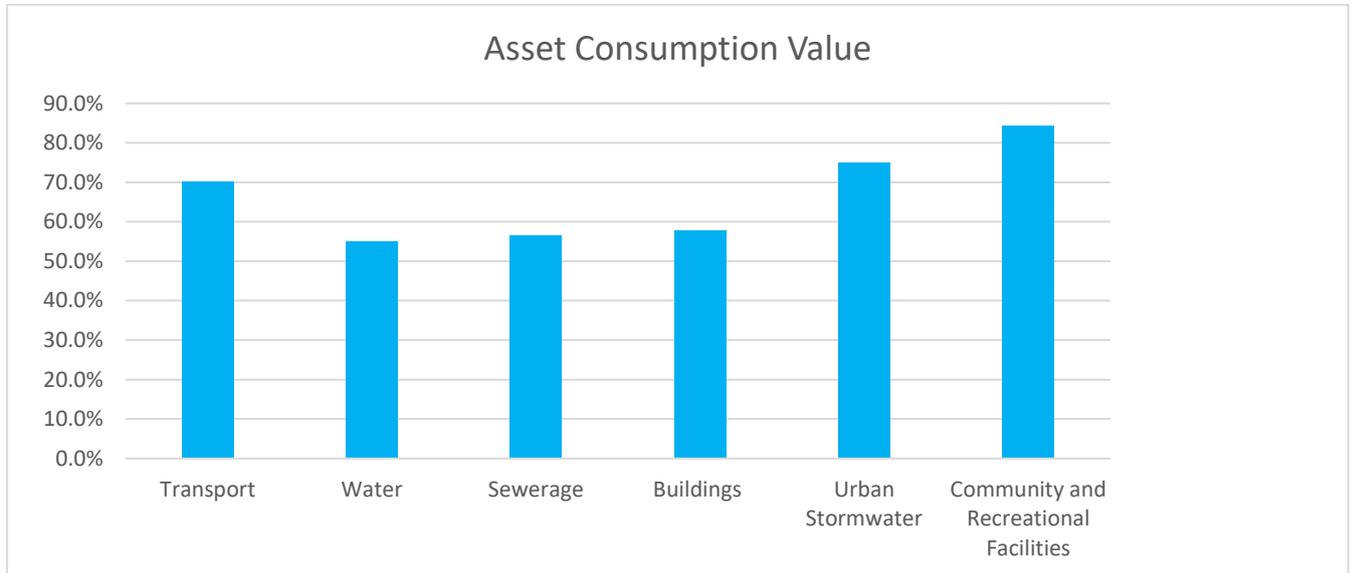
The current financial value of Council assets as of 30 June 2021 is as below.

Asset Class	Replacement Cost	Depreciated Replacement Cost	Depreciation Expense for current year
Transport	\$464,984,000	\$326,412,000	\$4,649,840
Water	\$70,007,000	\$38,454,000	\$700,070
Sewerage	\$80,357,000	\$50,985,000	\$903,570
Buildings	\$99,452,000	\$57,471,000	\$994,452
Urban Stormwater	\$42,031,000	\$31,466,000	\$420,031
Community and Recreational Facilities	\$17,587,000	\$14,811,000	\$175,870
Total	\$775,722,000	\$532,109,000	\$7,757,220



3.2 Asset Replacement Values

The asset consumption value is the percentage of the asset remaining as a percentage of the Asset Replacement cost. Those assets with a high percentage have considerable remaining life. Those with a low percentage are nearing the end of their useful life and it is appropriate for Council to plan for any required renewal.



3.3 State of the Assets.

3.3.1 Transport

Transport assets include roads, bridges, footpaths, bicycle paths, shared paths, kerb and gutter and rural drainage.

Most asset categories within this asset class vary in standard from good to very poor.

The consumption of the roads component of the asset is largely dependent on loads on the road and number of vehicles. The correlation of road damage and loads on the road is not a straight line. The higher the load the damage to a road increases exponentially.

Governments have progressively increased axle load limits on roads, creating an adverse impact on the longevity of the road.

The increasing use of roads to transport heavy loads such as grain is having a detrimental effect on the technical level of service. There is an increasing risk of asset failure due to the heavier loads on roads. Changes in farming practices has increased the use of roads during wetter weather when the roads pavements are saturated (weaker), causing higher levels of deterioration.

Standard of gravel roads across the council area vary. In general gravel roads in the northern part of the Council area are of a higher standard than those in the southern parts. Many roads classified as gravels roads in the southern part of the Council area only have thin skims of gravel, generally in the areas where roads have a history of failure.

All roads are inspected regularly and council carries out regular maintenance on both sealed and gravel roads. The level of maintenance overall is low which in turn adversely impacts on the longevity and level of service for the road.

Only parts of the urban road system is kerb and guttered. New developments in towns are required to provided kerb and gutter. However the majority of the existing towns and villages have limited. Asset management plans only concentrate on existing infrastructure

Sections of some towns have footpaths, shared ways and bicycle paths, however Council does not have a coordinated funded strategy to link and improve usefulness of these assets.

The Consumption of the assets vary between sealed and unsealed roads. This reflects the different life cycles of the assets. 34% of the sealed rural road assets and 54% of the unsealed rural road network has been consumed. 37.6% of the bridge asset and 28.2% of the kerb and gutter asset have been consumed.

3.3.2 Water Supply

Water supply assets includes inlets, treatment plants, rising mains, pumps, reservoirs, reticulation mains, valves and scours.

Most asset sub categories vary in standard from good to poor.

The larger treatment plants are nearing the end of their useful life. The plants operate effectively but are limited in capacity. Council will need to commit major expenditures in the next 10 years to renew, upgrade and bring treatment plants up to modern standards. New plants will also need to be sized to accommodate increases in connections as towns grow.

The asset consumption of the water supply is consistent between 42% and 51%.This reflects that two (2) of the three treatment plants are nearing the end of their economic life.

A renewal program to replace and upgrade mains is budgeted for annually. This currently allows for mains to be replaced about every 75 years as opposed to the design life of 50 years. The delay in replacement increases risks, resulting in higher levels of main breaks and associated repair costs.

Some older mains use AC pipes. Whilst pipes contain embedded asbestos fibres, they do not pose a threat to the water supply. However repair and replacement costs are increased due to the associated safety requirements.

3.3.3 Sewerage System

Sewerage system assets includes the sewer, mains, pump stations, treatment plants and discharge facilities.

Asset sub categories vary in standard from good to poor.

The larger treatment plants are nearing the end of their useful life. The plants operate effectively but the risk of environment contamination increases annually. Council will need to commit major expenditures in the next 10 years to renew and bring treatment plants up to modern standards. New plants will also need to accommodate increases in connections as towns grow.

Council has five (5) Sewerage treatment plants; three (3) are large enough to require EPA licencing systems and must comply with environmental requirements of the licences. Town sewerage treatment plants are designed for treatment of domestic waste. Some industrial processes can overwhelm the biological treatment processes and their caustic effluent significantly reducing asset longevity.

Sewerage main condition varies from good to poor. Some mains are over 100 years in age. The introduction of relining programs in the 1990s has allowed for main life to be extended. Council has a regular maintenance program to clean pump wells and maintain pumps. Access to some mains is difficult as historical decisions allowed construction over the mains.

The asset consumption of the Sewerage system is 44%. This reflects the aging infrastructure of 2 of the three treatment plants. Listed consumption of the assets only reflects replacement with like for like. In reality the modern equivalent requires much higher standards and renewal cost will be significantly greater.

3.3.4 Buildings

Council building asset vary from good to very poor. Changing standards have seen building maintenance transfer from local volunteers to professional tradespeople. This results in higher maintenance costs which are not able to be funded. The reduction in maintenance has increased the rate of consumption for the buildings.

Council has very limited regular maintenance programs for its building. Some of these are legislative requirements. However most maintenance is reactive or urgent repairs. There is a need for regular inspections and scheduled maintenance to assist optimise long term costs.

The renewal and provision of buildings and recreation facilities will be driven by the community. There will be a revision of the community need for the assets as the community changes and adapts over time. The practicality and usefulness of large halls needs to be reviewed in line with changing community needs.

In recent years The NSW Government has transferred the ownership of the fire sheds to Council although council has very little control of these facilities.

Whilst the external fabric of buildings of buildings may have a long useful life. The facilities, amenities and fittings often have useful lives which may be less than 20% of the expected useful life of the external fabric.

Council has over 190 buildings which vary from small sheds to a large administration complex. Consumption of the building asset is approximately 42%. Many of the older large facilities are grossly underutilised and do not provide the service the community expects. Community interaction has changed and the use of these building has significantly declined in recent decades. However many these buildings are seen as part of the fabric of the community, even though underutilised.

3.3.5 Urban Stormwater

Urban stormwater system originally were not provided in the towns and villages and only installed on generally adhoc basis to resolve a particular issue. This adhoc approach has resulted in a system that has a wide range of performance and consumption of the asset. Newer subdivision requires a constructed to meet the standard of the day. Climate variability has impacted on the effectiveness of the systems in recent years.

Maintenance of the asset has been a low priority and generally only occurs to remove blockages as they occur. There is no regular maintenance program.

Consumption of the Stormwater assets is 26%. This reflects only the condition of the existing assets and does not recognise that stormwater systems are not comprehensive across the towns or that they are sized to accommodate large storm events.

3.3.6 Recreation and Community Facilities

There have been significant grants programs in recent years which has seen the removal of assets in very poor condition and replacement and upgrade to a much higher standard. Most of the Recreation and community facilities are rated at good. Some of these facilities have very high operating costs resulting in large subsidies from the community. The rate of consumption of these facilities can also be very high. This is mostly due to the internal fixtures, equipment and equipment.

The Consumption of these assets is only 16%. The low consumption rating reflects the major upgrading projects completed in recent years. These include the Corowa Aquatic Centre and the Purtle Park Adventure Playground. Some of these asset have estimated useful lives of only 20 years or less.

The standard of playing fields has progressively improved in the last 10 years. This due to improved soil profiles, grasses, equipment, techniques and operational management. Sporting club expectation continue to exceed the current standard. In reality it is unlikely that sporting ground performance will ever match user expectations.

Council is currently redeveloping the Corowa sale yards. The renewal project will increase the standard of the facility to a modern equivalent. The required standard of animal husbandry continues to increase as does the required treatment of the effluent. The standards required for the replacement of the facility will most likely be higher and more costly than the current facility.

Council has traditionally considered that community swimming pools provide an important community service. Whilst the tank structure have a long useful life, the plant and equipment needed to provide the service, has a much shorter useful life.

The Council's Caravan Parks are standalone facilities. The assessment of asset performance and asset consumption forms part of the business plan for the facilities.

The street/ park trees and gardens have not been registered as assets or comprehensively assessed. They have considerable community amenity value, but this is difficult to measure in dollar terms.

These assets do not conform to the normal asset consumption model and whilst important are not considered part of the asset system,

Asset Class	Replacement Cost	Depreciated Replacement Cost	% Asset Consumed	Asset Condition Rating %				
				1	2	3	4	5
Transport	\$464,984,000	\$326,412,000	30%	46.1	22.1	21.1	4.3	6.4
Water	\$70,007,000	\$38,454,000	45%	18.6	28.8	24.2	18.9	9.5
Sewerage	\$90,357,000	\$50,985,000	44%	16.5	45.2	29.6	2.5	6.1
Buildings	\$99,452,000	\$57,471,000	42%	24.2	25.3	20.1	24.4	6
Urban Stormwater	\$42,031,000	\$31,466,000	25%	42.2	40.4	13	3.8	0.6
Open space/ recreational Assets	\$17,587,000	\$14,811,000	16%	72.6	5.2	15.7	5.9	0.7
Total	\$775,722,000	\$532,109,000	31%	38.1	26.1	21.6	8	6.2

3.4 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 COST FOR COUNCIL SERVICES ASSOCIATED WITH ASSETS.				
Service	Previous Year Cost		Previous Year Depreciation Exp	Life Cycle Cost (\$/yr)
	Operations	Maintenance		
Transport	0	\$3,604,000	\$6,356,000	\$9,960,000
Water	\$621,000	\$553,000	\$1,023,000	\$2,197,000
Sewerage	\$490,000	\$359,000	\$1,106,000	\$1,955,000
Buildings	\$1,468,000	\$445,000	\$2,507,000	\$4,420,000
Urban Stormwater	0	\$168,000	\$654,000	\$822,000
Recreation and community Facilities	\$946,000	\$127,000	\$178,000	\$1,251,000

3.5 Life Cycle Expenditure

Life cycle Expenditure (or whole of life expenditure) is the average expenditure to renew or replace existing assets. Life cycle expenditure include operating and maintenance expenditure and asset expenditure.

Service	Previous Year Expenditure		Previous Year Renewal / Cap Improve Exp	Life Cycle Expenditure (\$/yr)
	Operations	Maintenance		
Transport	0	\$2,553,000	\$6,603,000	\$9,156,000
Water	\$621,000	\$503,000	\$254,000	\$1,378,000
Sewerage	\$490,000	\$321,000	\$50,000	\$861,000
Buildings	\$1,468,000	\$282,000	\$2,389,000	\$4,139,000
Urban Stormwater	0	\$200,000	\$508,000	\$708,000
Recreation and community Facilities	\$946,000	\$190,000	\$7,030,000	\$8,166,000

Life cycle costs can be compared to life cycle expenditure to give an indicator of current sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year.

The financial information is based on the Financial Statement for the year 2020/21. Most of the renewal and capital improvement expenditure is due to one off government grants which have been made available in the last few years. These have been particularly prevalent in the transport, building and recreation and community facilities areas. These grants are unlikely to continue at the same level of funding and therefore skew the annual expenditure figures in a positive light.

3.6 Life Cycle Sustainability Index

The life cycle costs and life cycle expenditure comparison highlights 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 organisations in providing service to their communities 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.

Service	Life Cycle Cost (\$/yr)	Life Cycle Expenditure (\$/yr)	Life Cycle Gap * (\$/yr)	LC Sustainability Index
Transport	\$9,960,000	\$9,156,000	(\$804,000)	1.088
Water	\$2,197,000	\$1,378,000	\$819,000	0.636
Sewerage	\$1,955,000	\$861,000	\$1,094,000	0.440
Buildings	\$4,420,000	\$4,139,000	\$281,000	0.936
Stormwater	\$822,000	\$708,000	\$114,000	0.861
Open space/ recreational Assets	\$1,251,000	\$8,166,000	(\$6,915,000)	6.527

4 Section Four – Assets Management Maturity Goal

4.1 Vision, Mission, Goals and Objectives

Federation Council has adopted a Vision for the future in the Council Community Strategic Plan.

Federation will be home to a community rich in spirit, thriving through the opportunities of our unique history, rural landscapes and waterways.

Federation Council has set the following strategic outcomes to achieve.

Strategic Area	Strategic Outcome
Built Federation	Maintained and improved infrastructure that meets the needs of residents and industry
Economic Federation	Growing, progressive and prosperous communities that build on sustainable manufacturing, agriculture and tourism, close proximity to other centres on both sides of the Murray river and affordability.
Natural Federation	Sustainable rural landscapes and waterways offering tranquillity and attractive recreational spaces.
Social Federation	Close knit and welcoming communities where people come together and support each other.
Well-Governed Federation	Strong civic leadership and governance supporting equity across communities and effective communication with residents.

The Community Strategic Plan sets objectives to be achieved the strategic Outcomes in the planning period. The objectives relating to the Built Federation strategic area are:

- 1.1 Maintain and improve roads, bridges and footpaths to meet the needs of residents and industry.
- 1.2 Maintain and improve aquatic, recreational and other community facilities to meet the needs of residents.
- 1.3 Maintain and improve water supply, sewerage, and flood protection services and systems to meet the needs of residents and industry.
- 1.4 Work towards utilities that meet the needs of residents and industry
- 1.5 Work towards telecommunications that meets the needs of residents and industry

4.2 Asset Management Policy

Council's Asset Management Policy 2017 defines the Council's aims and service delivery objectives for asset management in accordance with the Community Strategic Plan and applicable legislation.

The asset management strategy is developed to support the asset management policy and is to enable council to show:

- how its asset portfolio will meet the affordable service delivery needs of the community into the future,
- enable Council's asset management policies to be achieved, and
- ensure the integration of Council's asset management with its long term strategic plans

4.3 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 reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

4.4 Technical Levels of Service

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

Technical service measures determine the planned operational activities and asset treatments, and are used for the long term financial planning and annual budgets. These are characteristically broken into Maintenance, Operation, Asset renewal and upgrades.

4.5 Community Levels of Service

Community Levels of Service are the assets users assessment of performance of the asset. This generally means that the asset is providing the expected performance. Examples include road roughness or water pressure. These are a measures of community expectations of the performance of the service and do not always relate to the consumption of the asset.

5 Section Five – Assets Management Process Plan

5.1 Asset Management Strategies

To achieve the goals set out in the Asset Management Policy and Vision

Ref	Strategy
1	Develop an across department Asset Management Steering Committee.
2	Review, correct and update all asset registers. Ensure information is correct.
3	Review detail in Asset registers to ensure information is suitable for maintaining an appropriate level of accuracy for assessment
4	Review assets requirements for integration into service delivery programs. Dispose or modify assets to meet needs of agreed service delivery
5	Develop an overarching Asset Management Plan for Council's Asset.
6	Revise and complete Asset Management Plans for the 6 strategic asset areas, Transport, Water Supply, Sewerage Services, Buildings, Urban stormwater and Community / Recreational assets.
7	Incorporate Asset Management Plans and, expenditure projections into Long Term Financial Plan as adopted.
8	Incorporate yearly, Long Term Financial Plan revenue and expenditure projections into operational plan
9	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports
10	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions
11	Develop and Implement an Improvement Plan to achieve 'core' maturity for the financial and asset management within 4 years

6 Section Six – Assets Management Implementation

6.1 Asset Management Improvement Plan

To achieve core financial and asset management maturity within 4 years, Federation Council needs to implement the following Plan. To achieve the Asset Management goals and vision Federation Council will commit to the time frames and provide the resources outlined over the next 4 years.

Ref	Task	Approval	Department Responsibility	Target Date
1	Establish an effective across department Asset Management Steering Committee	GM/ Manex	Engineering Services	1/10/2022
2	Review assumptions, asset hierarchies, technical and community strategic Plan for Asset Management Plans	Manex	Engineering Services Development and Environmental Services	30/12/2022
3	Prepare over-arching integrated Asset Management Plan for council assets	Council	Development and Environmental Services	30/3/2023
4	Finalise draft Asset Management plans for Transport, Water Supply, Sewerage Services and Urban Stormwater Drainage.	Council	Engineering Services	30/6/2023
5	Complete Asset Management plan for Buildings and Recreation and Community Assets.	Council	Engineering Services Development and Environmental Services	30/6/2024
6	Audit and update asset registers	DES	Engineering Services	30/6/2023
7	Review Levels of service in relation to expected future budgets and community expectations	Manex	Engineering Services Development and Environmental Services	30/6/2023

Ref	Task	Approval	Department Responsibility	Target Date
8	Develop strategies to accommodate service gaps	Manex	Engineering Services Development and Environmental Services	30/12/2023
9	Develop long term strategic facilities needs analysis	Manex/ Council	Manex	30/6/2024
10	Carry out Revaluations in accordance with the Office of local Government recommendations	Manex	Corporate and Community Services	30/6/2022 Annually thereafter
11	incorporate asset management renewal data into LTFPs	Manex/ Council	Corporate and Community Services Engineering Services Development and Environmental Services	30/6/2022
12	Review Asset Management Plan policy and Strategy	Council	Manex	30/6/2026
	TOTAL over 4 Years			

6.2 Asset Management Strategy Resourcing

The resourcing outlined in the Asset Management Improvement Plan to be provided over the four year period of the strategy includes the engagement of an Asset management specialist to coordinate and implement the strategy, finalise Asset Management Plans and audit and update the existing asset registers. This resource should ideally be based in house as it allows Council to increase its library of intellectual knowledge.

Council will also require additional external specialists to provide expert advice and assistance particularly in the area of revaluations and justifying unit rates. Consultants may be required to provide technical data and assessment to inform strategic facility asset reviews.

Record Management

Document Type	PLANNING DOCUMENT
Reference Number	Asset Management Strategy 2022/23 - 2025/26
Adopted by Council	28 June 2022
Resolution Number	177/2022FC
Version Number	1.0
Responsible Director	Director Engineering Services
Review schedule	Within 12 months of new council
Next Review Date	April 2025

Version Control

Version	Date	Changes / Amendments
Draft	11/02/2022	Initial Draft Workforce Management Strategy
Draft	16/05/2022	Adopted by Council in principle1
1.0	26/06/2022	Adopted by Council

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