3.4.2 ASSET MANAGEMENT STRATEGY

2014-2024

Adopted 18 February 2014 (2014.22)

TABLE OF CONTENTS

1. INTRODUCTION

1.1 Background

The NSW Government created the Local Government Amendment (Planning and Reporting) Bill 2009 which made the development of a Strategic Asset Management Plan a mandatory requirement for NSW local governments. Kempsey Shire Council (Council) is following the guidelines that accompany the legislation in the development of this Strategic Asset Management Plan.

Council controls a large portfolio of community assets with an estimated current replacement value of just over a billion dollars. These assets include infrastructure assets such as roads, bridges, stormwater drainage, flood mitigation, buildings, parks, recreation facilities and cemeteries, water and wastewater, together with non-infrastructure assets such as motor vehicles, plant and equipment. This strategy is focussed upon the following major infrastructure assets:

- Transportation Assets (i.e., roads, bridges, kerb & guttering, footpaths, guardrails, bus shelters, car parks, etc.);
- Stormwater Drainage & Flood Mitigation (i.e. stormwater pits, pipes and culverts, flood mitigation levies, gates & drains);
- Buildings;
- Parks & Recreation;
- Waste Management;
- Water Supply; and
- Wastewater Services.

These assets enable Council to provide Shire residents, businesses and visitors with the wide range of services that meet their social, economic, environmental and recreational needs, together with establishing the “lifestyle” that they desire. This is particularly important when the results of a 2012 survey of Kempsey Shire residents undertaken on behalf of Council by *Micromex Research*, showed that 72% of all respondents lived within the municipality due to the “lifestyle” that it offered.

Council as the custodian of these community assets has the responsibility of managing the assets in a cost effective manner. This involves the efficient management of these assets throughout their life (asset creation, acquisition, maintenance, operation, rehabilitation and disposal) in order to continue providing efficient, safe and reliable services, in a sustainable manner. Many of Council’s assets have been identified as requiring varying levels of appropriate maintenance or that they have reached a stage that requires significant renewal investment for continued provision of services.

As Council’s assets age there are increased maintenance, refurbishment and disposal costs which increase the cost of the services that they provide. The objectives of the Asset Management Strategy and the Asset Management Plan are to identify the balance between service delivery requirements to maximise the achievement of Council’s long term objectives and the life cycle costs of asset ownership within agreed risk tolerances.

The Local Government Amendment (Planning and Reporting) Act 2009, together with the Planning and Reporting Guidelines for Local Government in NSW, require Council to prepare an Asset Management Policy and Strategy as well as Asset Management Plans for all asset classes.

1.2 Purpose

This Asset Management Strategy has been developed in line with the legislation and as part of Council’s Resourcing Strategy to support Council’s Community Strategic Plan. It establishes a framework for the development and implementation of effective asset management practices and processes enabling the council to satisfactorily manage its assets and deliver its Community Strategic Plan and Delivery Program.

The information currently available for each asset group dictates the level of sophistication of the

strategy for that asset class and it generally consists of the following:

- A description of the current status of each class of Council's infrastructure assets in relation to processes, asset data and information systems;
- Analysis of the current situation of Council's infrastructure assets and the status of asset management level Council plans to achieve, to enable delivery of services effectively to the community within a set time frame;
- Identification of any gaps in capability to achieve the required status of asset management;
- Actions and resource requirement to bridge the gaps;
- Risk management assessment for improvement;
- Benefits and costs of addressing the gaps;
- Timeframes for actions to address the gaps;
- Prioritised actions to achieve strategic goals;
- Asset criticality;
- Budget implications; and
- Plans to improve our asset management practices over time.

It is important to acknowledge that this Strategy is a 'living document'. It will be reviewed and updated on a periodic basis in line with strategic planning and asset management development timeframes.

1.3 Asset Management Roles and Responsibilities

The responsibilities relating to infrastructure assets within Council are as follows:

Council – Owns all assets and acts as a steward for the assets. The Council sets the asset management policy and vision, and ensures that resources are available for asset management activities.

General Manager - Has overall responsibility for developing an Asset Management Strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

Manex (Council's Senior Executive) – Reviews the Strategic Asset Management Plan (including the four-year Asset Delivery Program) and asset business cases in line with the asset management policy, and advises Council on asset matters.

Director Corporate Services – Is responsible for maintaining corporate financial planning, costing and asset management systems that support the asset owners. He/she provides corporate leadership for the development and implementation of Asset Management Plans, strategies and service levels. Provide asset management for corporate infrastructure asset groups.

Director Community Engagement – Is responsible for consulting and engaging with the community regarding the infrastructure and levels of service provided. Is the main conduit between the community and the development of Management Plans, Strategies and levels of service.

Director Infrastructure Services – Is responsible for providing services in order to construct, operate & maintain infrastructure as an asset owner. Shall provide technical advice and input into the development of the Asset Strategy, Asset Management Plans and levels of service.

Director Sustainable Environment – Is responsible for providing assets constructed by developers and ensuring that they are of a high standard when handed over to Council. Provides census data and growth predictions to assist in the provision of assets.

Manager Technical & Civic Services – Responsible for technical advice for works on all assets. Responsible for the establishment and delivery of operations, maintenance and capital works programs to assets within field of operation. Will provide the regular input data necessary to input into the asset maintenance system for assets within this sphere of control.

Manager Engineering Works – Responsible for the establishment and delivery of operations, maintenance and capital works programs to assets within field of operation. Will provide the regular input data necessary to input into the asset maintenance system for assets within this sphere of control.

Manager Assets & Service Strategy - Responsible for all assets and for the establishment and maintenance of Asset Management Systems and processes by the Council, including establishing levels of service.

Manager Water Operations - Responsible for the establishment and delivery of operations, maintenance and capital works programs to assets within field of operation. Will provide the regular input data necessary to input into the asset maintenance system for assets within this sphere of control.

Manager Water Process - Responsible for the establishment and delivery of operations, maintenance and capital works programs to assets within field of operation. Will provide the regular input data necessary to input into the asset maintenance system for assets within this sphere of control.

NSW State Government - The NSW State Government's role is to provide primary services to our community. The State Government sets the legislative framework for the functioning of Local Government and also has a role to play through providing and/or administering funding to local government.

Australian Federal Government - The Australian Government's role is to provide funding both to state and local government in the support of community development.

Macleay Valley Businesses & Community Groups – The businesses and community groups also have a role to play in achieving Sustainable Asset Management. Through the elected representatives they set the broad strategy direction. Some groups may also be individually involved in the operation or maintenance of specific assets which they particularly use.

2. GOVERNMENT REQUIREMENTS

2.1 Asset Management in Local Government

In recent years there have been several studies focusing on local government infrastructure and financial sustainability at National, State and Territory Government levels. These studies identified asset management status across NSW local government having the following issues typically:

- Many infrastructure assets are in poor condition and many assets have reached or are approaching the end of their useful life;
- An historical approach of local government that focussed on building assets and not maintaining them;
- Large asset renewal funding backlogs;
- Deficiencies in service planning;
- Inadequate Asset Management Planning;
- Limited long term financial planning;
- Inconsistent and deficient financial reporting; and
- Need for community engagement in decision making regarding asset management and levels of service.

In response to the various infrastructure and sustainability studies, legislation was introduced that imposed certain requirements upon local government, integrated planning and reporting.

2.2 Financial Reporting Requirements

The Department of Local Government requires councils to comply with the accounting standard AASB116 for valuation and reporting on infrastructure assets. This requirement was implemented in a staged process with Buildings and Operational Land being included in the 2007/08 Financial Reports, Road and Stormwater assets in the 2009/10 Financial Reports and Parks and Open Spaces, Maritime and other land improvement assets in the 2010/11 Financial Reports.

The data required to provide this level of financial reporting is also essential for the planning of future infrastructure asset management and asset renewal requirements.

2.3 National Frameworks for Financial Sustainability and Asset Management in Local Government

In 2006 the Local Government and Planning Ministers' Council (LGPMC) agreed to a nationally consistent approach to asset planning and management, financial planning, and reporting and assessing financial sustainability. Later the LGPMC endorsed the draft National Frameworks for Financial Sustainability in Local Government for implementation in the context of their relationships with their local government sectors. In 2009 the LGPMC agreed to enhancement and acceleration of the frameworks.

The National Frameworks consists of three main frameworks:

- Framework 1 - Criteria For Assessing Financial Sustainability;
- Framework 2 - Asset Planning and Management; and
- Framework 3 - Financial Planning and Reporting.

The Asset Planning and Management Framework (May 2009) identifies the seven elements of a national framework. These are:

- Development of an asset management policy;

- Strategy and planning;
- Governance and management arrangements;
- Defining levels of service;
- Data and systems;
- Skills and processes; and
- Evaluation.

2.4 Local Government (Planning and Reporting) Act 2009

The Local Government Amendment (Planning and Reporting) Act 2009 was adopted in October 2009. This legislation introduced a new Strategic Planning framework for local government, illustrated in the figure below:

Integrated Planning & Reporting Framework Model

The legislation encompasses a range of reforms that require councils to produce a suite of corporate plans and policies. This is the Integrated Planning and Reporting (IP&R) Framework. It has been introduced to improve local government financial management, planning and reporting and to provide an opportunity for councils to streamline operations, better connect with their communities and to gain a more detailed understanding of the area they serve.

The reforms require Council to produce a:

- Community Strategic Plan;
- Delivery Program;
- Operational Plan;
- Annual Report; and
- The Resource Strategy;
    - Asset Management Strategy;
        - Asset Management Policy;
        - Asset Management Plans;
    - Work Force Strategy;
    - Long Term Financial Plan.

3. INTEGRATED PLANNING AND REPORTING FRAMEWORK

3.1 Community Strategic Plan

3.1.1 What is The Macleay Valley 2036 Community Strategic Plan

The Macleay Valley 2036 Community Strategic Plan was adopted by Council in June 2013 and establishes clear directions to shape our Valley's future. This Plan reflects our community's aspirations and needs. The success of this Plan relies on strong working partnerships at all levels of government and with our community.

This Plan generally has a minimum 10 year horizon and will be reviewed every 4 years. The Community Strategic Plan is the highest level strategic plan in the Council. The plan outlines the community's main priorities and expectations for the future and strategies for achieving these goals.

The integrated reporting framework acknowledges that Council has a custodial role in initiating, preparing and maintaining the CSP and that they must work in partnership with other levels of government, and the community itself, to maximise the capacity to make community aspirations a reality. Council's adopted 2013 CSP identifies the aspirations of the community and breaks those down into four key pillars, "*Healthy, Wealthy, Safe and Sociable*".

The 2013 Macleay Community Strategic Plan will inform all levels of government of what the people of the Macleay aspire to and the services wanted and needed into the future to achieve our goals. It nominates the measures used to evaluate the community's progress towards achieving the goals and outlines the strategic actions proposed by Council to aid in this achievement. It forms the basis for the actions/services that Council provides and therefore the infrastructure assets that are necessary.

3.1.2 Council's Commitment

As the custodian of the community's plan it is important that the community has a commitment from the Council. Council, in working with the community and other key stakeholders to develop, review and report back on this plan, commits to ensuring the following:

- Great Leadership;
  - This means having the courage to make difficult decisions when they are for the benefit of the whole community and having the skills to engage our teams in providing quality service;
- Informed and Engaged Community;
  - This means effective communication methods and technology are used to share information and provide services;
- Respect for all;
  - Respect is treating each other and all members of the community in a friendly, fair and equitable way;
- Working together;
  - Working together is about everyone working in partnership both within Council and the community to achieve common goals.

To achieve the CSP, the key strategies in relation to the management of infrastructure assets include increasing income through the application of user pays principles, reduce ongoing costs through asset rationalisation (allowing other assets to be improved to better meet the community's needs), deliver operational efficiencies to save ongoing costs and pursue partnerships with the community to deliver cost effective outcomes. These principles have been implemented to varying degrees through the 2013-2017 Delivery Program.

3.1.3 Community Consultation and Research

Council undertook extensive consultation with representatives from the community and associated stakeholders in the formulation of this plan. These representatives have an interest in our Valley's future and defined our future needs and aspirations.

A number of supporting studies / plans were undertaken to inform the Plan including:

- Heritage Study 2009;
- State of the Environment Reports;
- Community Facilities Study;
- Asset Management Plans;
- Cultural Plan;
- Bypass Strategic Plan;
- Economic Development Plan;
- Community priorities, 2008, 2012;
- A Demographic Profile;
- NSW Regional Plan – Mid North Coast 2012;
- Regional Development Australia Plan – Mid North Coast 2012; and
- NSW State Plan 2021 – (revised) 2012.

During the consultation and supporting studies Council identified key issues and defined directions as detailed in our four core values of 'Healthy', 'Wealthy', 'Safe' and 'Sociable'. All of the program areas related to these four (4) core values or a combination of them.

3.2 Delivery Program

Council has prepared a Delivery Program which is a four (4) year plan that is reviewed annually and details the strategies contained within the Community Strategic Plan.

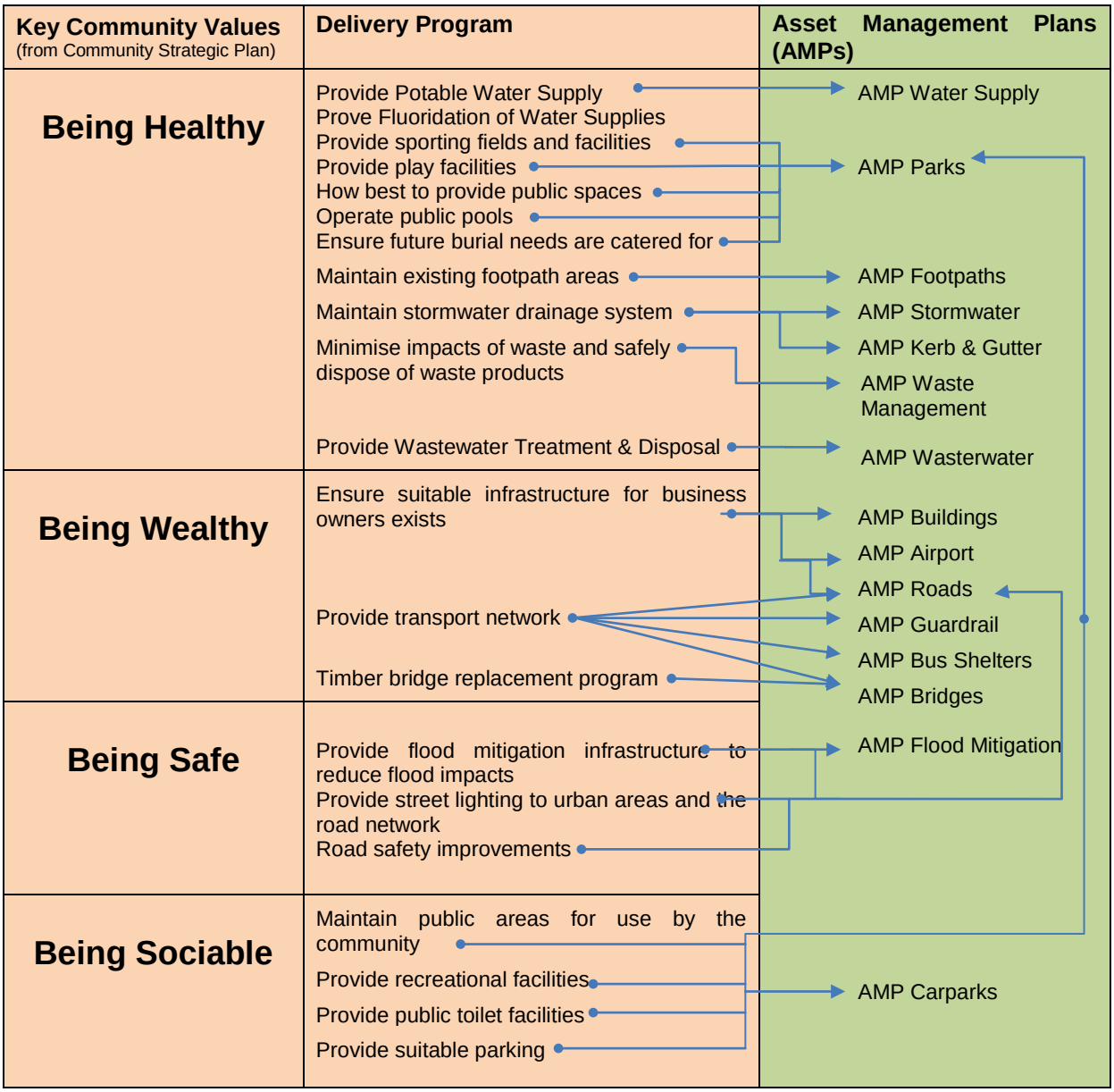
The Delivery Program links the 'planning' in the long term Strategic Plan with the 'implementing' in the annual Operational Plan. It is the strategic document that guides the organisation's work program over the four (4) year Council term.

The Delivery Program sets out clear priorities, ongoing activities and specific actions Council will undertake, within its responsibilities and capacity, towards achieving the community's outcomes.

The Delivery Program provides a greater level of detail for the actions/programs relating to infrastructure asset management of the next four (4) year term of the Council. Building upon the CSP the Delivery Program identifes the asset areas highlighted for increases in charges under the user pays principles to include the airport and sports fields. Asset rationalisation is identified in the provision of public open spaces, sporting facilities and buildings. Operational efficiencies through implementing improved technologies and remote monitoring are planned for the Water Supply & Wastewater areas.

Council is developing a '*Creative Communities*' initiative which realises that the community has a role to play in place making and delivering the outcomes the community desires. Under this program Council will be looking to harness the wealth of volunteer resources to achieve better outcomes. A recent example of the potential for this is the Historic Flagstaff Restoration at South West Rocks. For a modest budget Council was able to achieve a good outcome for the community with the help of volunteers from the Mid North Coast Maritime Museum.

The following graphic summarises the linkages between the goals in the Community Strategic Plan, the Primary Strategies in the Delivery Program and the provision of Infrastructure and Services by Council.



3.3 Operational Plan

Council has prepared an Operational Plan which is a one (1) year plan that is reviewed annually. This plan spells out the individual projects and activities that will be undertaken in the current year which sit behind the strategies of the Delivery Program and link to achievement of the aspirations in the Community Strategic Plan. It also contains Council's annual budget. The annual Operational Plan is the 'implementing' part of Council's key strategic documents, and outlines all of Council's activities and services. The Operational Plan also includes Council's Revenue Policy that lists proposed rates, fees and charges to be levied.

3.4 Annual Report

Council prepares an Annual Report. This is an accountability mechanism through which Council reports its achievements for the previous year and compares them against the Delivery Program and Operational Plan.

3.5 Resourcing Strategy

The Resourcing Strategy outlines Council's capacity to manage assets and deliver services over the next ten years. The Resourcing Strategy includes:

- Long term financial plan;
- Workforce management plan; and
- Asset Management Planning.

To prepare the Resourcing Strategy, Council determines its capacity and how to effectively manage its finances, the sustainability of its workforce, and the overall cost of its community assets and services.

The Resourcing Strategy outlines how Council intends to achieve the objectives established by the Community Strategic Plan.

3.6 Asset Management Planning

Council's Asset Management Planning includes the preparation of the following:

- Asset management policy;
- Asset management strategy (this document); and
- Asset Management Plans.

Together with the Long Term Financial Plan, these documents form Councils Resource Strategy

3.6.1 Resource Strategy - Asset Management Policy

Council's Asset Management Policy was adopted by Council in February 2014 and outlines Council's guiding principles regarding asset management and planning and confirms Council's commitment to asset management.

The objective of Council's policy is to actively and cost effectively manage the creation, development, ongoing maintenance and eventually the renewal/disposal of assets owned by Kempsey Shire Council for the benefit of residents, ratepayers and visitors.

To achieve this objective, Council will maintain and review a comprehensive Asset register and consult with the community regarding the management of assets. The policy identifies that underutilised assets will not be replaced at the end of their life and that opportunities to increase the funding for asset maintenance/rehabilitation will be pursued.

3.6.2 Resource Strategy - Asset Management Strategy

This Asset Management Strategy identifies a set of actions aimed at improving Council's asset management practices and aligning Council's asset profile and performance with the Community Strategic Plan.

The Strategy evaluates the current asset management situation of Council, determines where Council wants to be in terms of service delivery needs whilst taking into account the capacity of Council, together with legal and community needs. It then identifies the gaps between the current situation and future desired practice and objectives and develops improvement strategies that aim to bridge the asset management gap.

3.6.3 Resource Strategy - Asset Management Plans

Council's Asset Management Plans provide a long-term assessment of the asset activities and actions required to deliver services related to civil infrastructure. Council's objective is to outline the particular actions and resources required to provide a defined level of service in the most cost effective manner.

The preparation of Council's Asset Management Plans has been a staged process with the level of sophistication of the strategy for each asset group dictated by the information that is currently available for that group.

Council's Asset Management Plans provide clear direction and guidelines for the effective short, medium and long term management of assets under Council's control. Specifically they:

- Encompass all the infrastructure assets under Council's control;
- Identify asset service levels;
- Identify assets that are critical to the Council's operations and outline risk management strategies for these assets;
- Include long term financial forecasts;
- Include criteria to achieve sustainable environmental performance;
- Apply a "whole of life" methodology for managing infrastructure assets including planning, acquisition/creation, operation, maintenance, renewal and disposal;
- Balance financial, environmental and social aspects to achieve best value for the community;
- Include long term projections of asset maintenance, renewal activities and costs; and
- Include specific actions required to improve council's asset management capability

Council has also:

- Established service delivery needs and identified historical service levels. Formal service levels will need to be established in consultation with the community;
- Identified quality and cost standards for services delivered from assets, which will need to developed and formalised through consultation with the community in future reviews; and
- Committed to regularly reviewing their services in consultation with the community to determine the financial impact of a reduction, maintenance or increase in service.

Council's Asset Management Plans will continue to be updated on an on-going basis to ensure that they meet legislative, community and industry requirements, including compliance with the Integrated Planning and Reporting Framework requirements. Updating of the Plans will also be driven by the improvement in Council's data collections abilities and its staff's knowledge and experience allowing it to:

- Measure asset management performance over time;
- Identify infrastructure funding gaps; and
- Benchmark within the sector and other council groups within our region, state and across Australia.

3.7 Resource Strategy - Long Term Financial Plan

Council has prepared a Long Term Financial Plan (LTFP) as part of its Resource Strategy, which provides information on Council's plan for its financial sustainability over the next ten years. It is a high level decision making and problem-solving tool which outlines expenditure and funding projections for Council operations.

The Plan allows Council to look at future opportunities for income and growth, assess if Council can provide what the community wants and determines how Council can go about delivering the services sustainably in the long term. The 10 year model caters for a range of scenarios, with the level of income as a key variable.

It is the element of the Resource Strategy that brings together the costs associated with Council's assets and workforce, and tests the financial realities against the longer term community aspirations and outcomes. It also provides the information base from which Council and our communities can determine the implications of choosing different service priorities.

The current LTFP includes provisions for successful rates increases during the present Council term. The proposed increases align with the values expressed in Council's previous SRV and are intended to allow Council to commence moving towards long term financial sustainability. The last re-valuation of assets resulted in an increased annual depreciation charge.

Further assessment is required to compare these figures to the actual treatment costs for recent asset rehabilitation work allowing the new values to be proven against actual experience. It is possible that the depreciation costs do not reflect the true cost of maintaining infrastructure (particularly roads).

This review will provide information to inform future revisions of the plans and allow the next Council the opportunity to consider the actions necessary to achieve long term financial sustainability based upon the success of strategies/actions implemented by then and the revised asset information.

3.8 Governance and Management Arrangements

Council has endeavoured to apply and put into effect good governance and management arrangements which link its asset management to service delivery. It has done this by:

- Assigning roles and responsibilities for asset management between the General Manager, senior managers and asset managers;
- Having a mechanism in place to provide high level oversight of the delivery of Council's asset management strategy and plan;
- Maintaining accountability mechanisms to ensure that Council resources are appropriately utilised to address Councils' strategic plans and priorities; and
- Revising the organisation structure to provide a new management resource and pool key people into a new Asset Management & Service Levels team.

4. ASSET DATA AND INFORMATION

4.1 Asset Description and Valuation

Kempsey Shire Council manages a large portfolio of community infrastructure assets. Community infrastructure assets include roads (both sealed and unsealed), bridges (both concrete and timber), rural culverts, footpaths, kerb and gutter, guardrails, bus shelters, carparking facilities, stormwater drainage (including pits, pipes and head walls), flood mitigating structures, buildings, parks (sports fields, playgrounds and cemeteries), airport and waste management facilities.

Kempsey Shire Council also manages a large portfolio of public health utility assets, which consist of both water and wastewater treatment and distribution network assets. These assets are documented under their own Asset Management Plans and funded from separate Water & Wastewater Funds. Council's other infrastructure assets are funded from its General Fund.

It should be noted that in future revisions of the Asset Management Plans and Strategy it is intended to merge the separate plans together to form one comprehensive suite of documents which cover all of Council's assets.

The estimated current replacement value of Council's infrastructure and public health utility assets is $1,455,052,623. A valuation summary for Council's infrastructure and public health utility assets is as follows (as at 30 June 2013):

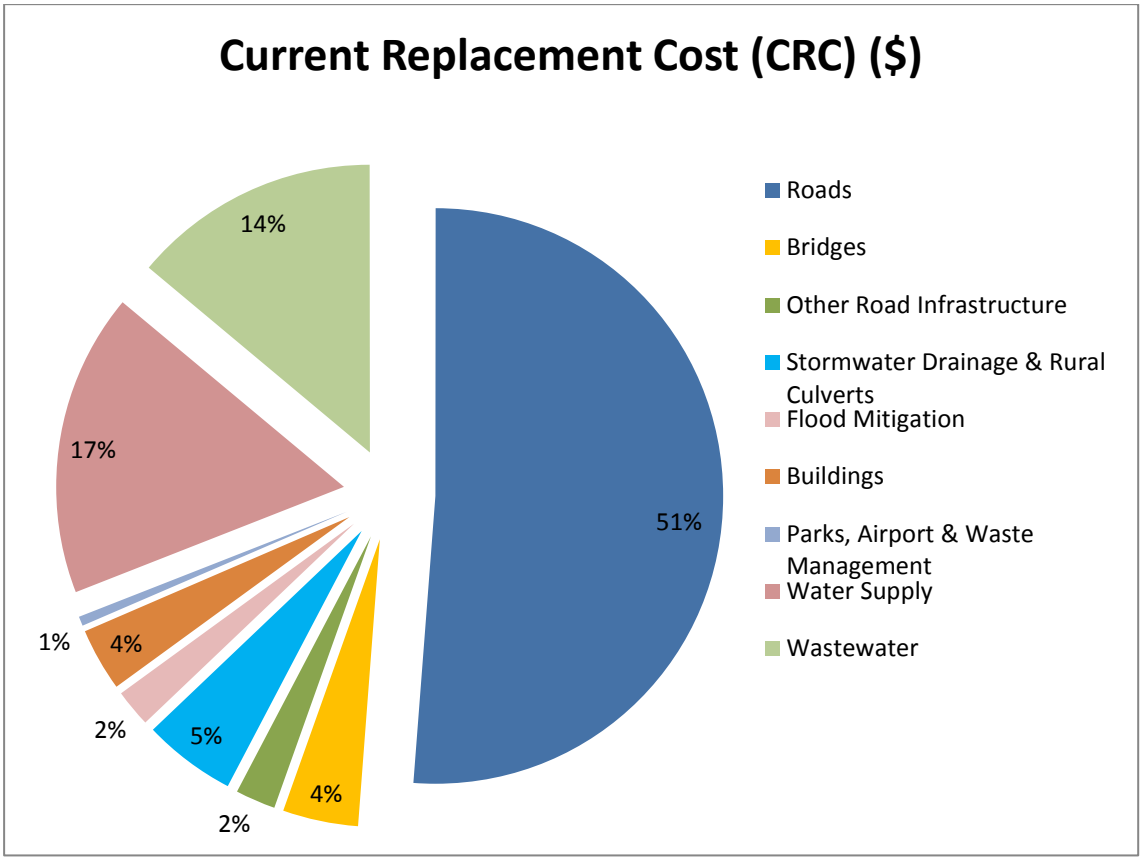
Asset Category	Quantity	Replacement Value (June 2013)
COMMUNITY INFRASTRUCTURE ASSETS		
Roads	**1,167 km**	**$745,141,256**
Sealed	589 km	$506,200,834
Unsealed	578 km	$238,940,422
Bridges	**168**	**$61,589,252**
Concrete	39	$33,804,031
Timber	129	$27,785,221
Rural Culverts	**184**	**$14,413,705**
Footpaths & Cycleways	**62 km**	**$6,793,105**
Kerb and Gutter	**156 km**	**$16,753,019**
Guardrails	**17km**	**$4,742,059**
Bus Shelters	**36**	**$236,327**
Carparking	**14** *(as at 2011)*	**$4,172,287**
Stormwater Drainage	**Various Items**	**$61,290,567**
Pits	3,657	$8,900,923
Pipes	98.4 km	$51,464,735
Head Walls	764	$924,909
Flood Mitigation	**326 Items**	**$30,312,145**
Gates	175	$10,055,395
Flood Drains	55	$2,220,997
Levees and Rock Walls	46	$15,373,735
Timber Bridges*	50	$2,662,018
Buildings	**129**	**$26,656,015**
Parks	**As shown below**	**$32,793,777**

Asset Category	Quantity	Replacement Value (June 2013)
Buildings (including	293	$24,343,988
Land Improvement - Parks & Recreation	various	$5,343,881
Land Improvement – Tourist Parks	various	$2,848,823
Land Improvement - Cemeteries	9	$257,085
Airports (excluding buildings)	**1**	**$507,720**
Waste Management	**1 Waste Management Centre, 3 Transfer Stations and other associated buildings**	**$2,544,494**
COMMUNITY INFRASTRUCTURE ASSETS TOTAL		**$1,007,945,728**
PUBLIC HEALTH UTILITY ASSETS		
Water Supply Assets		
Water Treatment plants	4	$10,673,619
Dosing stations	9	$5,044,734
Reclaimed Water System	1	$9,101,871
River Intakes	2	$3,809,172
Bores	33 Production 5 Emergency 73 Observation	$6,963,706
Reservoirs	17 potable, 1 recycled	$23,867,716
Dams	2	$28,123,579
Water Pump Stations	21	$1,314,180
Water pipes	605 km	$136,439,549
Bulk flowmeters	14	$229,560
Water service connection pipes	11,491	$15,603,189
Water meters	11,491	$4,438,462
Water Filling Stations	4	$39,360
Structures	18	$1,876,667
Studies/Reports	Various	$81,400
WATER SUPPLY ASSETS TOTAL		**$247,606,764**
Wastewater Assets		
Treatment plants	8	$72,554,314
Structures	27	$2,692,699

Asset Category	Quantity	Replacement Value (June 2013)
Pump stations	78	$23,107,456
Observation bores	98	$939,208
Wastewater reticulation & trunk mains	4,926 km	$59,671,560
Wastewater rising mains	158 km	$16,867,184
Effluent mains	27 km	$7,969,232
Manholes	4,053	$18,764,372
Study/Reports	4	$134,858
WASTEWATER ASSETS TOTAL		**$202,700,883**
GRAND TOTAL OF ALL ASSETS		**$1,455,052,623 ($1.45B)**

Source: Quantities from draft Annual Report (7 November 2013) and asset valuation (June 2013)

*Note that flood mitigation timber bridges are no longer considered as Council assets and will be written off.



4.2 Life Cycle Costing

Council has not yet determined the full extent of expenditure required to sustainably maintain the community infrastructure assets, so at this stage is unable to accurately determine the life cycle cost required to maintain the assets sustainably. This will be established and incorporated into the future revision of the plans and strategy once ideal levels of service have been identified.

For the purpose of the AMP the Asset Sustainability Ratio will be calculated by the following definition.
Asset Sustainability Ratio = Capital Renewal and Replacement Expenditure/Depreciation x 100%

The depreciation gives a relative indication of asset consumption. Therefore the difference between annual planned expenditure on renewals and depreciation gives a fair indication as to whether the consumers are paying a fair share of the assets that they are consuming each year. One of the main purposes of asset management is to identify levels of service that the community need and can afford. This enables Council to develop necessary long term financial plans to provide infrastructure asset services in a sustainable manner.

An Asset Sustainability Ratio of 100% indicates that current renewal funding meets the projected funding required to maintain the asset and prevent it from deteriorating or replacing it. A ratio below 100% is indicative that current investment is not keeping up with the rate of expenditure required and the backlog of works will be increasing.

The following financial figures are related to the renewal expenditure for community infrastructure assets and exclude public health utility assets. They show that Council is not funding the renewal of a large portion of the assets that are being consumed.

The NPV of renewal expenditure for the first year of the plan = $4,755,031
The annual depreciation in the first year of the plan = $22,428,154
Therefore the Asset Sustainability Ratio for the first year of the plan is 21.20%

Similarly, NPV of the 10 year renewal expenditure = $72,480,654
The total depreciation (or total asset consumption) in the 10 year period = $224,469,781
Therefore the 10 year Asset Sustainability Ratio is 32.29%

Over the course of the LTFP, Council will therefore achieve and improvement in the sustainability index (in the tenth year) of approximately 100% when comparing to the first year. This excludes any impacts from further assessment of Council's asset conditions and values within this period and could under represent the real position. Council will continually gather and analyse asset data and information to predict more accurately the funding required to maintain its assets sustainably, however this initial analysis provides an indication of the sustainability of Council's assets in the context of current asset renewal funding.

One of the main purposes of Asset Management Planning is to identify levels of service that the community needs and can afford and for Council to develop the necessary long term financial plans to provide the asset related services in a sustainable manner. By taking action to address the gap over the longer term, Council will be able to achieve intergenerational equity.

The current LTFP and AMPs have included a Special Rate Variation (SRV) over the coming years to address the level of funding available to sustainably manage Council infrastructure. The SRV is based on the original asset values used in the 2011 SRV application in order to provide some level of consistency to the community in the information that is being put forward regarding their infrastructure assets. The 2011 asset valuation information also requires further analysis to ensure that it is relevant before it can be used to develop revised life cycle costs. The next revision of this strategy and the AMPs will provide the opportunity for Council to incorporate updated asset value information.

In addition to the SRV, Council's LTFP also details increased income through a reduction in borrowing expenses over time. Since 2009 Council has avoided taking out new loans (except to meet previous community commitments) and over time this is projected to increase the level of funding available to invest in asset renewal.

The Community Strategic Plan considers Council's financial position relative to it's infrastructure obligations and several key strategies have been included to reduce Council's asset liabilities. Some

of these actions include implementing user fees and charges for sportfields and rationalising the parks available to the community. Without a successful SRV Council will need to adjust the LTFP, AMS, AMPs and levels of service to align with the level of funding available.

4.3 Asset Sustainability

Initial Asset Management Planning and analysis had been carried out to comprehend the order of lifecycle costs necessary to sustain Council's infrastructure asset services into the future. This assessment formed the basis for initial consultation with the community. Council has since developed and embarked upon an action program to address its long term asset management and financial sustainability.

4.3.1 Putting the Pieces Together – Community Engagement Initiative for Council's Financial Sustainability 2010/2011

Analysis of the organisations performance in 2009/2010 identified concerns regarding the long term viability of the organisation to deliver the current levels of service. In response, the intial action was to cease drawing down any uncommitted loan funds and identify the existing information held by the organisation regarding it's asset position. Whilst much of the information was old or out of date, good quality information was available for road infrastructure, which represents a considerable proportion of Council's asset portfolio. It was considered that this could be used in conjunction with industry accepted figures for other asset types to allow a more detailed analysis of Council's position.

This led to the development of a community engagement program in 2010 "*Meet the Boss*" where senior Council staff were able to show the community the problems facing Council and identify the potential actions available to address the problems. The community had the opportunity to provide feedback on the prefered course of action to be taken and many participants remarked "*Why haven't we been told this before?*".

In 2011 the consultation programe was extended with "*Putting the Pieces Together*", which culminated in Council applying for a special rate variation over multiple years in order to address the problem being faced. The application was only partly successful with approval for a once off increase being granted.

4.3.2 TCorp Assessment 2013

The subsequent assessment of Council's financial sustainability undertaken in 2013 by TCorp identified Council's Financial Sustainability Rating (FSR) as "**Weak**" with an Outlook of "**Negative**"[1]. Considering the consultation previously undertaken by Council in 2010 & 2011, Council was aware of this position and had already been developing actions necessary to address the long term sustainable management of it's infrastructure assets including the preparation of a SRV application. This has placed Council in a good position, being already well on the way towards addressing the outcomes of the TCorp assessment over the longer term

The following table summarised the key finaincial management and sustainability indcators relatve to the benckmark values identifed in the TCorp Report.

[1] NSW Treasury Corporation – 2013 Financial Assessment Of NSW Councils – Kempsey Shire Council Results

Table 4-1 - Financial Management & Sustainability Indicators (Source: TCorp 2013 Assessment)

Performance Indicators	Benchmark Values	Year ended 30 June			
		2012	2011	2010	2009
EBITDA ($'000s)	-	13,283	12,178	9,234	11,699
Operating Ratio	>(4%)	(38.2%)	(10.8%)	(16.0%)	(11.3%)
Interest Cover Ratio	>4.00x	4.27x	3.80x	2.99x	4.56x
Debt Service Cover Ratio	>2.00x	1.74x	1.57x	1.30x	1.90x
Unrestricted Current Ratio	>1.50x	2.49x	2.46x	2.18x	2.03x
Own Source Operating Revenue Ratio	>60.0%	64.7%	62.5%	61.9%	63.7%
Cash Expense Ratio	>3 Months	9.8 months	10.4 months	10.7 months	14.8 months
Bring to satisfactory standard ($'000s)		113,823	142,174	115,648	109,199
Required annual maintenance ($'000s)		27,577	18,737	18,834	18,341
Actual annual maintenance ($'000s)		17,947	10,060	11,238	8,173
Building and Infrastructure Backlog Ratio	<0.02x	0.14x	0.16x	0.22x	0.21x
Asset Maintenance Ratio	>1.00x	0.65x	0.54x	0.60x	0.45x
Building and Infrastructure Renewals Ratio	>1.10x	0.31x	0.67x	1.16x	0.43x
Capital Expenditure Ratio	>1.10x	0.41x	0.81x	1.57x	1.06x

4.4 Infrastructure Backlog Assessment

Kempsey Shire Council was a participant Council in the Division of Local Government (DLG) 2012 audit of asset management in New South Wales. Asset management is an area where DLG is expecting improvements in the next few years.

The independent audit considered each council's infrastructure backlog as set out in Special Schedule 7. For comparative purposes the 2010/11 year was used. As at the start of the audit all councils had reported Special Schedule 7 as of 30 June 2011 in their 2010/11 Annual Reports.

The auditors provided the following qualifications:

"*We have a low confidence in the infrastructure backlog number reported by Council across all asset classes, except for roads. We also note that the size of the backlog in all asset classes except roads is high in comparison to the total asset value.*

Council has a repeatable method for calculating the renewal backlog which is based on a condition grade of 2 as satisfactory. The Council is entitled to take such an approach as Special Schedule 7 allows for the Council to make a decision about what is satisfactory. When considered against the standard approach used in the audit where 3 is satisfactory, it will in our view overstate the backlog".

Council's summary table of its audited infrastructure backlog is shown below:

Infrastructure Backlog Assessment Summary Table (source: DLG 2012 based on data as at 30/6/2011)

Assets	Replacement cost	SS7 Cost to satisfactory	Asset Rating	Confidence in data
Airports	$0	$0		
Roads assets	$724,375,557	$32,071,000		
Bridges	$56,911,305	$17,948,000		
Footpaths	$6,196,445	$1,609,000		
Water supply network	$236,802,947	$20,067,000		
Sewerage network	$193,033,171	$34,385,000		
Stormwater drainage	$86,617,149	$21,617,000		
Buildings	$73,764,023	$14,477,000		
Parks	$0	$0		
Recreational assets	$0	$0		
Foreshore assets	$0	$0		
Any other assets	$0	$0		
Total	$1,377,700,597	$142,174,000		

To improve the accuracy of the Infrastructure backlog information, Council has or is planning to undertake the following improvements:

- Obtain updated condition information for roads (completed) and analyse the data to consider the real rate of deterioration relative to the calculated depreciation values;
- Compile and analyse recent bridge inspections and continue to implement a program of structural inspections and assessments for at risk structures (part complete);
- Undertake a condition survey of footpath assets (complete) and analyse identified defects;
- Update Water Supply & Wastewater condition information as data becomes available;
- Complete physical condition inspection of stormwater assets using CCTV; and
- Complete building condition assessment (complete) and analyse identified defects.

5. RISK TO COUNCIL'S ASSETS

5.1 General

Council realises that risk analysis is a key part of its Asset Management Strategy, as it enables common and high impact risks to be assessed and, where possible, strategies employed to reduce either the likelihood of the risk occurring or the impact of the risk, should it occur. Key steps in Council's risk management process are:

1. Establish the context;
2. Identify the risks;
3. Analyse the risks;
4. Evaluate the risks; and
5. Treat the risks.

The significance of a risk is dependent on two elements – the likelihood that it will occur and the impact should it occur. For example, a risk may be very likely (e.g. graffiti on a building) but have comparatively minor impact. These will generally be seen as less significant risks. Other risks may be less likely to happen but will have a greater impact (e.g. a building fire). Generally, the most significant risks are those that have the potential to cause injury or death.

Initial risk assessments have been carried out for all of Council's infrastructure assets. Risk Management Plans have been developed and consideration is being given to progressive implementation of priority risk management strategies and actions.

Most key risk areas are common to all Council's assets and are described below. Additional risks, that are specific to particular types of assets, are discussed in individual asset sections within this Strategy document.

5.2 Vandalism

Vandalism is a threat to all Council assets, though buildings, parks and street furniture are the most vulnerable. Some vandalism, such as graffiti, is comparatively minor as it has an aesthetic impact but does not affect the useability of an asset. Graffiti removal does, however, represent a significant drain on Council resources however Council has been successful in engaging local volunteers to operate a "Graffiti Busters" campaign.

The Graffiti Blasters have been able to remove graffiti from public areas as quickly as it can be generated and have substantially improved the appearance of the shire. The use of volunteers to provide this service, together with some financial support from local businesses, has been integral to the success of the program.

Other forms of vandalism can render an asset unusable, such as building fires, damage to playgrounds, street lights, bins and/or seats. In some cases vandalism can pose a threat to personal safety.

A current problem facing Council has been the trend for vandals to remove the more valuable metal objects from Council's infrastructure, such as the copper pipe/meters from water services to properties and brass plaque's. Council is continuing to work with the local scrap metal agents to identify these offenders and reduce the appeal of this sort of activity.

Council cannot prevent vandalism, but discourages it through a range of initiatives such as quick graffiti removal, use of damage resistant fittings, and encouraging safer public spaces through improved design techniques. Vandalism is however an ongoing risk to Council assets.

5.3 Climate Change

Climate change is a risk for each infrastructure asset class and needs to be considered in risk assessments. Climate change risks include:

- More hot days and fewer cold nights may result in the faster deterioration of buildings, roads and other assets;
- Reduction in available water, coupled with increased demand, is likely to result in the prohibition of the use of potable water for maintaining playing fields;
- All Council assets, particularly structures, will be more at risk due to an increase in days of 'extreme danger' from fires;
- Drainage assets are likely to be under more stress due to increased intensity of short duration rainfall events leading to the need for possible overland flow paths;
- Flood mitigation assets are likely to be under more stress due to an increase in frequency and intensity of major flood events;
- Council buildings and other assets will be more subject to storm damage if storm severity increases; and
- Sea level rises impacting on Council's foreshore assets and the possibility of retreat options being required.

Council has commissioned a study to address the issue of climate change taking into consideration various future scenarios on the effect of climate change. On completion of the study, it is proposed that more detailed climate change specific risks will be addressed and a comprehensive Climate Change Risk Management Strategy will be developed, which will outline the specific actions to be taken to both mitigate and adapt to the predicted climate change impacts.

As climate change risks are not unique to our Council, cooperation with other key players across the region will be critical for success. The completed Climate Change Risk Management Strategy will be incorporated in future Strategic and Asset Management Planning.

5.4 Fire

Fire risk comes from both bush fires and town fires, accidentally and deliberately lit. Both bush and town fires predominantly present a risk to above ground structures such as buildings, fences and play equipment. Bush fires present a significant risk to Council's timber bridge network as the majority of the bridges are located in rural and predominately timbered areas. Fire risk to roads and drainage networks are not as significant. However there is a risk that the many items of road furniture located within the road reserve may be burnt, and roads may be closed if other infrastructure (in particular power lines) are unsafe as a result of a fire.

As these risks already exist, Council generally has management strategies in place, particularly with public buildings, where they range from the installation of smoke detectors and emergency lighting, to emergency management and evacuation procedures. New assets comply with all relevant standards and existing assets are upgraded on a rolling program to ensure compliance. Council also has insurance to cover damage or loss of assets from fire and contributes funds and facilities to the Rural Fire Service to assist in their response to both bush and town fires.

Over time it is expected that future AMPs will incorporate actions intended to reduce the bushfire risk for Council's infrastructure. These actions could include the establishment and maintenance of cleared asset protection zones, undergrounding of service infrastructure as well as alterations to the structures to improve their resistance to fire.

5.5 Flood

Flood is a risk which is straightforward to quantify, but difficult to predict and it affects all categories of Council's assets. Many of Council's assets are located in flood prone areas in the upper valley as well as upon the lower floodplain.

Damage to buildings and other structures will vary depending upon the level of submergence and the velocity of water flow. Although there are few built structures associated with parks and ovals, they can be at significant risk from floods as many are located in natural low spots, artificial detention basins or flow paths. If ovals are submerged for extended periods they cannot be used, and will sometimes require re-turfing or seeding due to the length of the flooding or flow velocities. Despite this, it is a common approach to locate recreational assets within flood prone areas as the land tends to be flat and is closer to the naturally appealing riverside. Recreational facilities are considerably lower risk than other uses such as residential or commercial. The use of flood prone land for recreational facilities provides a greater area above flood height for the other higher value uses.

Generally Council's experience is that these assets are at a low risk of structural damage from floodwaters, however there is some inconvenience/cost associated with restrictions upon use until clean up and safety checks can be completed. Amongst the most vulnerable structures are the heritage listed community halls in Gladstone and Smithtown Halls, the swimming pool in Gladstone and the Central Kempsey/Kemp Street Sporting Facilities. In the example of the netball clubhouse, the structure has been installed so that it can be relocated to higher ground during the preparations for major floods.

Roads can generally accommodate limited submergence, but the surface of roads can be affected by fast flowing flood water across them. Pavements can be damaged when saturated road pavements and subgrades are subjected to traffic without having time to dry out. Extended periods of wet weather also frequently results in additional unplanned maintenance demands (e.g. potholes in roads) which must be addressed if additional damage to the pavement of the road is to be avoided.

Drainage systems can be affected by both storms and floods which go beyond their design capabilities. This is particularly relevant, as it is difficult to modify existing drainage infrastructure to reflect changes in potential flood levels. The most significant risk for the drainage system is that the one way flaps (which prevent surcharging of floodwaters from the drainage system) can entrap debris as the river levels rise and not seal. In these cases, high capacity diesel pumps are used to dewater the area if possible. In some cases there is no action that can be taken and nuisance flooding results.

Council has insurance to cover damage or loss of assets from flooding and from past experience with floods, Council receives significant Government funding to repair flood damaged critical infrastructure from the National Disaster Relief and Recovery Arrangements (NDRRA). This effectively reduces the risk to Council of damage to key assets from flooding.

The main area of concern in relation to NDRRA funding is sealed roads. The condition of the roads prior to the flood generally results in most claims being refused on the basis that the lack of maintenance and resealing has allowed the road pavement to become compromised. Council has not been successful in the majority of flood damage claims upon sealed roads. Claims for unsealed roads, bridges and drainage however have generally been successful. With a well maintained sealed road network the risk of flooding damage would be reduced as claims for the cost of restoration would be more likely to be successful.

5.6 Financial

Funding constraints pose a significant risk. In some cases Council finds it difficult to provide the necessary funding to fully implement required asset renewal programs and address asset renewal "backlog" works. Competing financial priorities pose a risk to asset maintenance and renewal, through the potential for maintenance and renewal funds to be diverted to other higher priorities.

Council's Resourcing Strategy including the Asset Management Strategy, Asset Management Plans and Long Term Financial Plan will in part provide necessary information about a sustainable funding level and potential revenue sources and will provide a response to this risk.

The implementation of the Council's Asset Management Strategy into the future, together with the gathering of additional asset data, will highlight the most efficient maintenance and renewal spending schedule for all categories of Council's assets. This process will also provide the necessary information to enable Council to continue to engage with our communities about Council's capacity to develop and maintain new assets, as well as maintaining existing assets and provide desired levels of service.

5.7 Commercial Business infrastructure

Whilst most public infrastructure is either insured or eligible for repairs funding through the NDRRA, the infrastructure through which Council derives a commercial (fee for service) income is not covered. For water supply and sewerage assets in particular this exposure can be high in risk and expense. This risk needs to be factored into the long term financial plan for these asset classes and be reflected in the charges levied. An example of the level of exposure faced by Council is the $3.4M watermain replacement at Belgrave Falls which was necessary when the pipeline running across the Macleay River to South Kempsey was washed away in the May 2009 flood event.

6. ASSET CRITICALITY AND LEVELS OF SERVICE

6.1 Asset Criticality

Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood of failure. By identifying critical assets and critical failure modes, organisations can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time.

Operations and maintenances activities may be targeted to mitigate critical asset failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels and other actions appropriate to manage the increased risk.

Council has developed a simple format to enable it to assess the criticality of its assets and this format will be refined over time, taking into consideration the risks and level of service, including loss of service, cost of failure and impact on environment, quality and functionality. Council has used this format to assess each asset class.

The criticality of Council's assets will be used to guide its asset management and maintenance management practices and priorities, including renewal and maintenance intervention levels, the condition and defect inspection regime and funding priorities.

Critical assets for each asset class will be identified within the Life Cycle Management Plan for the asset class based upon the operation knowledge specific to that asset. The identification of each asset's criticality will be further developed when the Asset Management Plans are reviewed and updated.

6.2 Levels of Service

6.2.1 Overview

Council undertook extensive consultation with representatives from the community and associated stakeholders in the formulation of its Community Strategic Plan. This community engagement process and previous community consultation provided Council with a detailed understanding of community perceptions about Council's service delivery and allowed Council to establish what the community value as their core values.

The following four core values have been determined by the community as being important in their endeavour to enjoy the lifestyle that the Kempsey Shire provides. Council has identified strategies that have been adopted in its Delivery and Operating Plans so that it can assist the community in achieving the desired value:

- Healthy;
- Wealthy;
- Safe; and
- Sociable.

6.2.2 Healthy

The strategies Council has adopted to retain or improve health are:

- Providing access to healthy diet (related Infrastructure – Water Supply);
- Plan for and provide infrastructure that encourages and allows for active lifestyles (related Infrastructure – Footpaths, Parks, Sporting Facilities, Maritime);
- Provide education around healthy lifestyle activities;
- Restore damaged environments and removal of environmental threats;

- Use planning controls to ensure that environmental impacts do not negatively affect lifestyle;
- Minimise risk to the community's health (related Infrastructure – Wastewater, Stormwater); and
- Increased formal education levels within the community

6.2.3 Wealthy

The strategies Council has adopted to retain or improve wealth are:

- Build a positive and strong community culture;
- Encouraging cultural development within the community;
- Improve employment opportunities (related Infrastructure – Transport, Water Supply & Wastewater);
- Increased formal education levels within the community; and
- Increasing value of production (related Infrastructure – Transport, Water Supply & Wastewater).

6.2.4 Safe

The strategies Council has adopted to retain or improve safety are:

- Build community resilience for, during and after emergencies;
- Implement systems to minimise and mitigate the impact of disasters (related Infrastructure – Flood Mitigation);
- Increase education levels within the community in Crime Prevention through Environmental Design (CPTED);
- Promote a sense of community and no tolerance for crime and anti-social behaviour;
- Provide education on accident minimisation;
- Provide vibrant public spaces owned by the community (related Infrastructure – Parks, Sporting Facilities, Buildings);
- Work with various agencies to reduce the incidence of crime; and
- Through infrastructure and public services reduce the chance of accidents occurring (related Infrastructure – Transport, Parks, Sporting Facilities, Buildings).

6.2.5 Sociable

The strategies Council has adopted to retain or improve sociability are:

- Creating a range of meeting places for the community (related Infrastructure – Parks, Sporting Facilities, Buildings);
- Creating a shared social view;
- Include social behaviour as a part of education; and
- Providing opportunities for people to be involved in the community (related Infrastructure – Parks, Sporting Facilities, Buildings).

6.2.6 Establishment of Levels of Service

Whilst the community engagement process undertaken to date has identified the four key values for the Community Strategic Plan, the process also provided detailed feedback upon the priority service areas to be improved, retained or reduced. In general the community was observed to:

- **Desire** increases in some services areas;
- **Require** at least the same level of most services; and
- Be **Receptive** to some reduced services.

A priority action within Council's operating plan for some asset classes (such as recreational assets) is to detail the specific levels of service or standard of assets expected by our communities. In other areas such as roads the Asset Management Plan has drawn upon industry information to derive ranges for acceptable service levels based on asset condition.

For the purpose of preparing the current LTFP, Strategy and Plans, Council has continued with the current levels of service being provided historically. The previous community consultation undertaken between 2010 and 2012 identified the priorities for services and this will become and input into, the review of service levels across all areas of Council's operation.

Establishing and addressing levels of service, together with infrastructure provision is a key outcome of Council's Delivery Program in all of its asset and infrastructure service areas. The importance of this was recognised by Council in October 2013 where a recommendation for a restructure of the organisation was adopted. The intention of the restructure is to allocate new resources to the area of asset management and the development of services standards.

Over the next four (4) years, implementing the actions identified in the Asset Management Strategy via the Delivery Plan, will allow Council to further develop detailed information of current maintenance and renewal costs, based on the existing levels of service in each asset class. This will enable Council to accurately determine the cost of changing the current service levels.

When this information is available, Council will be able to engage with the community in determining if the existing levels of service are satisfactory, and where improvements or reductions are required. With accurate costing, Council and our community can decide if improvements to specific services are required, and how this will be funded.

7. ASSET MANAGEMENT STRATEGY

7.1 Background

An Asset Management Strategy focuses on the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved to optimum cost for the lifecycle of the asset.

Lifecycle Management aims to develop decision support information, to model future asset maintenance and rehabilitation requirements and compare these predictions with historical expenditure trends.

The Lifecycle Management Strategies for each asset category contained in the Asset Management Plan will outline:

- Supporting data for each asset category;
  - Asset items owned;
  - Available data; and
  - Condition data.
- Main findings; and
- Budget implications.

As the cost of all the asset strategies exceeds the available budget Council will need to allocate funds to those assets that are of the highest priority. The current information supports the prioritisation on renewal funding for roads and bridges as the highest priority and the LTFP demonstrates this.

7.2 Audit of Asset Management

Council is committed to continuous asset management improvement and was a participant Council in the Division of Local Government (DLG) 2012 audit of asset management in New South Wales. Asset management is an area where DLG is expecting improvements in the next few years.

An asset management gap analysis process was undertaken for the overall asset management function within Council. This indicated that there are clear roles and responsibilities defined for the assets classes. The gap analysis process included an:

- Assessment of current asset management practice against various desired asset management criteria and elements;
- Assessment of desired/target asset management practice to be achieved within the target timeframe against various best practice asset management criteria and elements; and
- Identification of the gap between current asset management practice and desired/target asset management practice.

Council achieved an overall score of “D” which indicated that Council was at a Basic level (or D) of competence in asset management at the time of the audit. The assessment results, by asset management category, are summarised below in both tabulated and radar graph form to show Council’s current strengths and weaknesses with the radar chart enabling a greater visual understanding of Council’s situation.

Category	Assessment
Asset Knowledge / Data	D
Asset Knowledge Processes	C
Strategic Asset Planning Processes	D
Operations and Maintenance Work Practices	D
Information Systems	D
Organisational Context	F

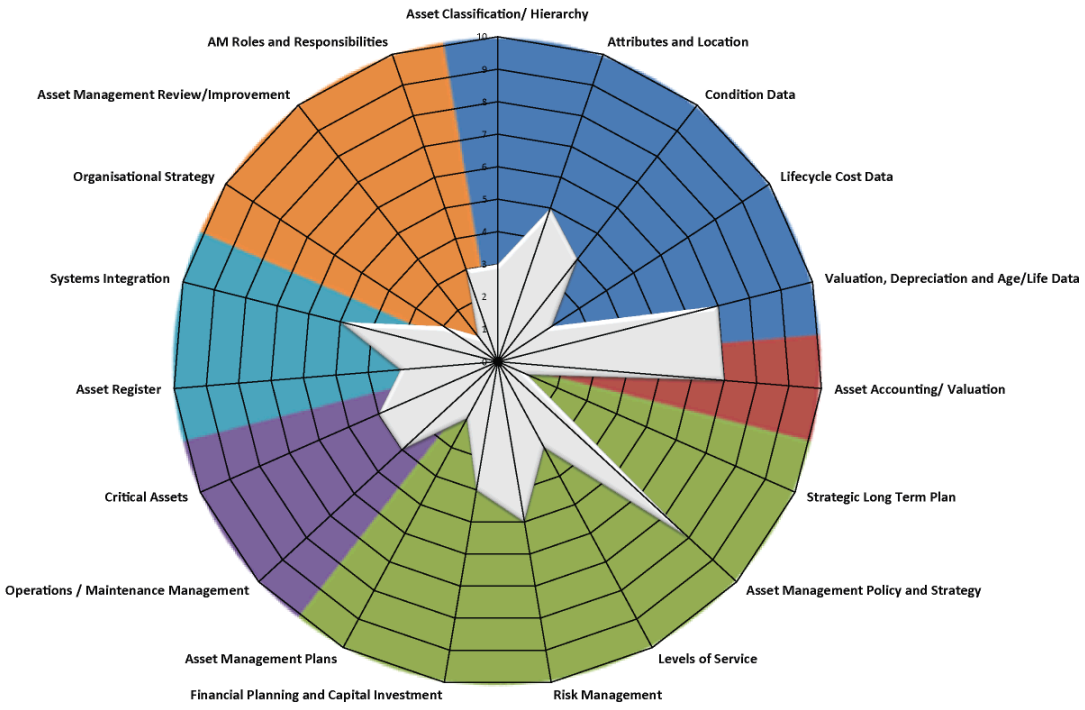
Overall Asset Management Assessment	D

Source: 2012 – Onsite Infrastructure Audit of Kempsey Shire Council – Morrison Low

Auditors' statement:

"*The overall score of **D** would indicate that the Council is at a **Basic** level of competence in asset management. To improve competence in asset management more work is required in asset register, strategic asset processes, and organisational context*".

Gap Analysis Assessment Chart - Kempsey Shire Council



Source: 2012 – Onsite Infrastructure Audit of Kempsey Shire Council – Morrison Low

Gap Analysis Assessment Chart - Kempsey Shire Council

Kempsey Shire Council	Current Score	Desired score 3yrs	Priority (1-3)	1	2	3	4	5	6	7	8	9	10
Asset Knowledge / Data	**4.0**	**8.0**											
Asset Classification/ Hierarchy	3												
Attributes and Location	5												
Condition Data	4												
Lifecycle Cost Data	2												
Valuation, Depreciation and Age/Life Data	7												
Asset Knowledge Processes	**7.0**	**8.0**											
Asset Accounting/ Valuation	7												
Strategic Asset Planning Processes	**4.0**	**8.0**											
Strategic Long Term Plan	1												
Asset Management Policy and Strategy	8												
Levels of Service	3												
Risk Management	5												
Financial Planning and Capital Investment	4												
Asset Management Plans	2												
Operations and Maintenance Work Practices	**4.0**	**8.0**											
Operations / Maintenance Management	4												
Critical Assets	4												
Information Systems	**4.0**	**8.0**											
Asset Register	3												
Systems Integration	5												
Organisation Context	**2.0**	**8.0**											
Organisational Strategy	2												
Asset Management Review/Improvement	1												
AM Roles and Responsibilities	3												

Source: 2012 – Onsite Infrastructure Audit of Kempsey Shire Council – Morrison Low

Council is committed to continuous asset management improvement and following this audit, Council embarked on a substantial program of asset data collection and review, which is reflected in this Asset Management Strategy. Council has also committed to making a significant change in its asset management practices and improve from the current Basic (or D) to at least Core (or C) level of competency in asset management. Core asset management level is considered appropriate for Council's size and infrastructure.

The audit indentified significant variation in the level of asset management being implemented in different areas. To address this disparity, Council committed to a restructure of the organisation in 2013 which seeks to bring the responsibility for asset management within the organisation into one new management area. This new area will lead and develop asset management capability throughout the organisation.

7.3 Asset Strategy

Council's overall strategy is to maintain and improve current asset condition by increasing the level of funding available for maintenance and renewal (through the SRV), increasing the efficiency of current operations through improved work processes and productivity and rationalising the current portfolio of assets held by Council. Council aims to achieve this by ongoing service level reviews and the adoption of improved management and work practices.

Council recognises that it manages an extensive and complex range of assets and that the management of these assets must be undertaken in a responsible manner taking into account service delivery and Council's ability to manage the assets in a long term financially sustainable manner.

Council will ensure that all assets are managed in a long term sustainable manner which maximises productivity and utilisation of assets to meet the community and Council's objectives.

In order for Council's overall strategy to be achieved, a core level in asset management skills and practices across all asset classes needs to be established. The gap analysis identifies the areas where significant improvement can be made and strategies to achieve this are detailed in the table below:

No	Strategy	Desired Outcome
1	Continue with and improve Council's Long Term Financial Planning	The long term implications of Council services are continually considered in annual budget deliberations.
2	Review Asset Management Plans covering at least 10 years for all major asset classes.	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Incorporate Asset Management Plan expenditure projections into Council's Long Term Financial Plan with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Review and update Asset Management Plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
5	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.
6	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
7	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
8	Implement an Improvement Plan to realise 'Core' maturity for the financial and asset management competencies.	Improved financial and asset management capacity within Council.
9	Report six (6) monthly to Manex (Council's Senior Management Team) on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

7.4 Asset Management Improvement Plan

As part of our ongoing commitment to asset management within the organisation each asset class has a number of improvement tasks which have been prioritised and as each task is actioned Council's capability and capacity for improved management of assets will be enhanced. These actions have been tabulated within Section 7 of Council's respective Asset Management Plans.

7.5 Performance Measures

Performance in relation to asset management will be measured using the Key Performance Indicators shown in the table below. A definition of the terms is contained in Appendix F of the Asset Management Plan. The overall objective is to reach the target performance levels in accordance with the Councils policy, strategy and management plans.

KPI	**Current Performance 2012/2013**	**Target Performance**	***Time frame To Achieve Target Performance Level***
Asset Sustainability Ratio	*32.29%*	100%	*Ratio of 43% achieved by 2023*
Asset renewal Ratio	*31.11%*	95% – 105%	*Ratio of 47% achieved by 2023*
Value of Infrastructure Backlog (cost to bring to assets to a satisfactory standard or the value of infrastructure below satisfactory standard $'000s)	*113,823*	Annual Rate of Increase lower than previous result	*by 2023*
Actual Annual Maintenance Funding Available ($'000s)	*17,947*	27,577	*2023*

Data Source- Current Perfomance: TCorp 2013 Assessment

7.6 Monitoring and Reviewing Procedures

This Asset Management Strategy will be reviewed in conjunction with the review of the Infrastructure Asset Management Policy and Infrastructure Asset Management Plans every four years.

8. LIFE CYCLE MANAGEMENT

8.1 Lifecycle Management Strategy

Council has collected asset condition data for most of its assets. Based on the condition assessment, each asset has been given a condition rating. The condition rating systems for each asset group are shown in the tables below.

8.1.1 Road Condition Rating System

Council's road network has been rated using Surface Condition Index (SCI), which has been developed by the Australian Road Research Board (ARRB).

Road Condition Rating	Relative Condition Factor	Asset Condition	Description
1	1	New	No work required (normal maintenance)
2		Near New	No work required (normal maintenance)
3		Excellent	No work required (normal maintenance)
4	2	Very Good	Minor maintenance work required
5		Good	Minor maintenance work required
6	3	Fair	Maintenance work required
7		Fair to poor	Maintenance work required
8	4	Poor	Renewal required
9		Very Poor	Renewal required
10	5	Extremely Poor	Urgent renewal/upgrading required
11		Failed	Urgent renewal/upgrading required

8.1.2 Timber Bridge Condition Rating System

Council's timber bridge network has been rated using a Bridge Condition Number (BCN). The BCN has been developed by Council staff and takes into account an assessment of each bridge component, providing an overall assessment of the bridge condition.

Bridge Condition Number (BCN)	Relative Condition Factor	Asset Condition	Description
<10	1	New	New no work required (normal maintenance)
<30	2	Good	No work required (normal maintenance)
30<60	3	Fair	Maintenance work required
>60	4	Poor	Renewal required
Closed or Temporary Load Limit	5	Failed	Load limit in place or bridge closed – urgent repair or replacement required

8.1.4 Water Supply & Wastewater Infrastructure Condition Rating System

Council's water supply and wastewater infrastructure has been assessed and rated for condition and value using a system developed by Council staff and Council's specialist consultant, Asia Pacific Valuers (APV). The method used is detailed in section 4.4 of each respective asset management plan.

8.1.5 Other Assets Condition Rating System

Council's other asset groups are rated on a 1 to 5 scale based on an overall assessment of the asset's condition in accordance with the requirements of the DLG Planning & Reporting Manual 2010 (page 76).

Condition Rating	Asset Condition	Description
1	Excellent	No work required (normal maintenance)
2	Good	Minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

8.2 Asset Category – Roads (Sealed & Unsealed)

<table>
<tr><th colspan="7">Roads (Sealed & Unsealed) Assets Summary</th></tr>
<tr><td>Assets</td><td colspan="6">589 km of sealed roads
578 km of unsealed roads
250km of unmaintained roads (estimated)</td></tr>
<tr><td>Available Data</td><td colspan="6">2008 condition audit of all roads undertaken by ARRB.
2013 condition audit of all roads undertaken by IMG.
Various spreadsheets of data collected over many years by Council staff.</td></tr>
<tr><td rowspan="7">Condition Data</td><td colspan="6">Based on Surface Condition Index (SCI) developed by ARRB</td></tr>
<tr><td colspan="2" rowspan="2">Condition Rating</td><td colspan="2">Sealed Roads</td><td colspan="2">Unsealed Roads</td></tr>
<tr><td>2008</td><td>2013</td><td>2008</td><td>2013</td></tr>
<tr><td>1-3</td><td>Excellent</td><td>16.3%</td><td>4.5%</td><td>5.6%</td><td>0.2%</td></tr>
<tr><td>4-5</td><td>Good</td><td>56.7%</td><td>28.3%</td><td>48.7%</td><td>92.0%</td></tr>
<tr><td>6-7</td><td>Fair</td><td>18.2%</td><td>27.3%</td><td>29.5%</td><td>7.5%</td></tr>
<tr><td>8-9</td><td>Poor</td><td>5.9%</td><td>16.1%</td><td>11.9%</td><td>0.3%</td></tr>
<tr><td>10-11</td><td>Failed</td><td>2.9%</td><td>23.8%</td><td>4.3%</td><td>0.0%</td></tr>
<tr><td>Main Findings</td><td colspan="6">Council's sealed road assets have degraded significantly in the past five (5) years when the results of each audit are compared. In 2008, 8.8% of the sealed road network was in poor condition or worse. By 2013 the network condition had degraded to such a degree that 39.9% of roads were in poor condition or worse. This could be a result of the increased damage caused by multiple flood events and heavy vehicles from major construction contractor. Council did not receive any significant repair funding under NDRRA for sealed roads.

With unsealed roads, only 0.3% of the network is now in poor or worse condition, compared to 16.2% of the network in 2008. Most of the road network is now in good condition with a contraction in the percentage of the unsealed network in excellent condition since 2008.</td></tr>
<tr><td>Budget Implications</td><td colspan="6">Without a successful SRV, the only increase in funding available for asset renewal will come from the reducing costs of servicing loan borrowings. Under this scenario the additional income will be completely phased in by 2023. As the net total income is still well below what is needed to maintain/replace the existing assets, it is expected that the asset renewal and funding ratios would remain below an acceptable level. Council would need to significantly reduce the current asset inventory or services in order to become sustainable. This scenario will be implemented over a period of time and will gradually improve the asset ratios. Whilst rationalising some infrastructure and services is possible, it may be impractical to cease maintaining significant lengths of road. Council will still have an obligation as the default road authority for all local roads. Hence this scenario may not be realistic or achievable.

A successful SRV will allow Council to continue to increase funding for programmed road renewals. This will assist in addressing the significant deficiencies in the road network, together with reducing the overall rate of deterioration of the road network.</td></tr>
<tr><td rowspan="2">Asset Reporting</td><td colspan="2">Asset Group / Class</td><td>Asset Consumption Ratio</td><td>Asset Renewal Ratio</td><td colspan="2">Asset Funding ratio</td></tr>
<tr><td colspan="2">Roads</td><td>4.5%</td><td>1.51%</td><td colspan="2">32.58%</td></tr>
</table>

8.3 Asset Category – Bridges (Concrete & Timber)

<table>
<tr><th colspan="7">Bridges (Concrete & Timber) Assets Summary</th></tr>
<tr><td>Assets</td><td colspan="6">39 concrete bridges
129 timber bridges</td></tr>
<tr><td>Available Data</td><td colspan="6">Bridges are inspected regularly by Council's bridge gang. Condition information is recorded in the Bridge Manager database. Detailed inspections, testing and structural capacity analysis is undertaken on a selection of the highest risk bridges each year using a consultant. The resulting reports are used to develop a major maintenance strategy for the bridge aimed at optimising the useful life of the overall asset.</td></tr>
<tr><td>Condition Data</td><td colspan="6">Visual condition data is collated and recorded in the Bridge Manager Database which calculates a Bridge Condition Number (BCN)
<table>
<tr><th colspan="2">Condition Rating</th><th>Timber bridges</th><th>Concrete bridges</th><th></th><th></th></tr>
<tr><td>1</td><td>Excellent</td><td>Nil</td><td>15%</td><td></td><td></td></tr>
<tr><td>2</td><td>Good</td><td>1%</td><td>82.5%</td><td></td><td></td></tr>
<tr><td>3</td><td>Satisfactory</td><td>24%</td><td>2.5%</td><td></td><td></td></tr>
<tr><td>4</td><td>Worn</td><td>47%</td><td>Nil</td><td></td><td></td></tr>
<tr><td>5</td><td>Poor</td><td>28%</td><td>Nil</td><td></td><td></td></tr>
</table></td></tr>
<tr><td>Main Findings</td><td colspan="6">Timber bridges constitute 77% of total bridges and are generally nearing the ends of their useful lives with 28% being in poor condition. Concrete bridges constitute the remaining 23% and are primarily (97.5%) in good or better condition.

Individual condition and load assessments of timber bridges, has identified opportunities to replace components of the bridge in a way that extends the effective life of the structure. Further consideration should be given to this observation when determining the replacement program and projecting future renewal requirements. There is an opportunity to obtain greater utilisation from the existing assets allowing replacement over an extended timeframe.</td></tr>
<tr><td>Budget Implications</td><td colspan="6">The Timber Bridge Replacement Program enables the replacement of 2 to 3 timber bridges each year. At this rate it will take between thirty to forty years to replace all existing timber bridges. Priority will be given to bridges on bus routes or where alternative access is not available. Load limits will be utilised to extend the effective life of higher priority bridge structures until they can be replaced. Low priority bridges may be closed.</td></tr>
<tr><td>Asset Reporting</td><td colspan="6">
<table>
<tr><th>Asset Group / Class</th><th>Asset Consumption Ratio</th><th>Asset Renewal Ratio</th><th>Asset Funding ratio</th></tr>
<tr><td>Bridges</td><td>1.3%</td><td>0.32%</td><td>22.56%</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
</table></td></tr>
</table>

8.4 Asset Category – Footpaths & Cycleways

<table>
<tr><th colspan="6">Footpath & Cycleways Assets Summary</th></tr>
<tr><td>Assets</td><td colspan="5">62km of footpaths/cycleways.</td></tr>
<tr><td>Available Data</td><td colspan="5">Footpath condition information system including GIS from 2013 Survey Data. At this stage the asset data has not been separated for footpaths and cycleways and all asset information is currently shown in the footpath classification.</td></tr>
<tr><td rowspan="7">Condition Data</td><td colspan="5"></td></tr>
<tr><td colspan="2">Condition Rating</td><td>Footpaths</td><td>Cycleways</td><td></td><td></td></tr>
<tr><td>1</td><td>Excellent</td><td>2%</td><td></td><td></td><td></td></tr>
<tr><td>2</td><td>Good</td><td>9%</td><td></td><td></td><td></td></tr>
<tr><td>3</td><td>Satisfactory</td><td>62%</td><td></td><td></td><td></td></tr>
<tr><td>4</td><td>Poor</td><td>25%</td><td></td><td></td><td></td></tr>
<tr><td>5</td><td>Very poor</td><td>2%</td><td></td><td></td><td></td></tr>
<tr><td>Main Findings</td><td colspan="5">73% of the footpath network is in satisfactory condition or better. Footpaths have a relatively low rate of depreciation and low rates of maintenance funding for the majority of their effective lives. Towards the end of their life, regular maintenance costs significantly increase, due to the need to manage trip hazards.

Current known high risks include the slipperiness of the older paved footpaths which are 15-20 years old.</td></tr>
<tr><td>Budget Implications</td><td colspan="5">Minimal funding is allocated to maintenance and replacement of footpaths. Works are prioritised according to condition, risk and known defects.</td></tr>
<tr><td rowspan="3">Asset Reporting</td><td colspan="2">Asset Group / Class</td><td>Asset Consumption Ratio</td><td>Asset Renewal Ratio</td><td>Asset Funding ratio</td></tr>
<tr><td colspan="2">Footpaths</td><td>2.02%</td><td>0.31%</td><td>9.01%</td></tr>
<tr><td colspan="2"></td><td></td><td></td><td></td></tr>
</table>

8.5 Asset Category – Kerb & Gutter

<table>
<tr><th colspan="7">Kerb & Gutter Assets Summary</th></tr>
<tr><td>Assets</td><td colspan="6">157 kilometres of kerb and gutter assets.</td></tr>
<tr><td>Available Data</td><td colspan="6">Numerous tables of data collected over many years by Council staff mainly from physical condition inspection. More recent data for road condition and footpath condition does not tend to include kerb and guttering and a comprehensive condition assessment specifically for kerb and gutter assets is required</td></tr>
<tr><td rowspan="7">Condition Data</td><td colspan="6"></td></tr>
<tr><td colspan="2">Condition Rating</td><td>Kerb & Gutter</td><td></td><td></td><td></td></tr>
<tr><td>1</td><td>Excellent</td><td>0.5%</td><td>(approx.)</td><td></td><td></td></tr>
<tr><td>2</td><td>Good</td><td>4.5%</td><td>(approx.)</td><td></td><td></td></tr>
<tr><td>3</td><td>Satisfactory</td><td>25%</td><td>(approx.)</td><td></td><td></td></tr>
<tr><td>4</td><td>Worn</td><td>30%</td><td>(approx.)</td><td></td><td></td></tr>
<tr><td>5</td><td>Poor</td><td>40%</td><td>(approx.)</td><td></td><td></td></tr>
<tr><td>Main Findings</td><td colspan="6">Planned maintenance currently constitutes 30% of total maintenance expenditure. A large proportion of the network is estimated to be in poor condition primarily due to the poor construction practices. The kerb and gutter is not supported upon a gravel pavement and subsequently lifts or rolls on the natural clay subgrades.</td></tr>
<tr><td>Budget Implications</td><td colspan="6">There is no allowance in the LTFP to address this asset condition except where the road is included on the 10 Year Program for Road Maintenance.</td></tr>
<tr><td rowspan="3">Asset Reporting</td><td colspan="2">Asset Group / Class</td><td>Asset Consumption Ratio</td><td>Asset Renewal Ratio</td><td colspan="2">Asset Funding ratio</td></tr>
<tr><td colspan="2">Kerb & Gutter</td><td>1.86%</td><td>0%</td><td colspan="2">0%</td></tr>
<tr><td colspan="2"></td><td></td><td></td><td colspan="2"></td></tr>
</table>

8.6 Asset Category – Guardrails

Guardrail Assets Summary						
Assets	17 km of Guardrail					
Available Data	Knowledge collected over many years by Council staff.					
Condition Data						
	Condition Rating		**Guardrail**			
	1	Excellent	10%	(approx.)		
	2	Good	20%	(approx.)		
	3	Satisfactory	40%	(approx.)		
	4	Worn	20%	(approx.)		
	5	Poor	10%	(approx.)		
Main Findings	70% of guardrail is in satisfactory condition or better.					
Budget Implications	There is no allowance in the LTFP to address this asset condition except where the road is included on the 10 Year Program for Road Maintenance. Council may be successful for grant funding to install further lengths of guardrail under road safety improvement programs.					
Asset Reporting	**Asset Group / Class**		**Asset Consumption Ratio**	**Asset Renewal Ratio**	**Asset Funding ratio**	
	Guardrail		3.72%	0%	0%	

8.7 Asset Category – Bus Shelters

Bus Shelter Assets Summary						
Assets	36 bus shelters of total value $236,000					
Available Data	Numerous tables of data collected over many years by Council staff.					
Condition Data						
	Condition Rating		**Bus Shelters**			
	1	Excellent	71%			
	2	Good	0%			
	3	Satisfactory	18%			
	4	Worn	11%			
	5	Poor	0%			
Main Findings	71% of bus shelters are in excellent condition, while 89% of bus shelters are in a satisfactory or better condition.					
Budget Implications						

Asset Reporting	**Asset Group / Class**	**Asset Consumption Ratio**	**Asset Renewal Ratio**	**Asset Funding ratio**
	Bus shelters	6.21%	0%	0%

8.8 Asset Category – Carparking

Carparking Assets Summary						
Assets						
Available Data	Numerous tables of data collected over many years by Council staff.					
Condition Data						
	Condition Rating		**Carparks**			
	1	Excellent	43%			
	2	Good	57%			
	3	Satisfactory	0%			
	4	Worn	0%			
	5	Poor	0%			
Main Findings	Carparks are generally in good to excellent condition					
Budget Implications	There is no allowance in the LTFP to address the condition of this group of assets. However the operating budget does make an allowance for carpark maintenance of $20K per year. This is used to address the worst condition carparks.					

	Asset Group / Class	**Asset Consumption Ratio**	**Asset Renewal Ratio**	**Asset Funding ratio**
Asset Reporting	Carparks	2.24%	0%	0%

8.9 Asset Category – Storm Water Drainage

<table>
<tr><th colspan="7">Storm Water Drainage Assets Summary</th></tr>
<tr><td>Assets</td><td colspan="6">98.4 km stormwater pipe
3,657 stormwater pits
764 headwalls
184 rural road culverts
24 Gross Pollution Traps (GPTs)</td></tr>
<tr><td>Available Data</td><td colspan="6">Numerous tables of data collected over many years by Council staff. The rural road culverts have been considered as worn as there is no recent data on the pipe conditions and many of the pipes are not readily accessible to inspect. This approach will be conservative as there would be expected to be some variation in the asset condition over the entire class.</td></tr>
<tr><td rowspan="6">Condition Data</td><td colspan="6"></td></tr>
<tr><td colspan="2">Condition Rating</td><td>Pipes</td><td>Pits</td><td>Headwalls</td><td>Rural culverts</td></tr>
<tr><td>1</td><td>Excellent</td><td>0.4%</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td>2</td><td>Good</td><td>37.3%</td><td>36.1%</td><td>15.3%</td><td>Nil</td></tr>
<tr><td>3</td><td>Satisfactory</td><td>28.8%</td><td>30.1%</td><td>29.9%</td><td>Nil</td></tr>
<tr><td>4</td><td>Worn</td><td>21.6%</td><td>25.2%</td><td>31.6%</td><td>100%</td></tr>
<tr><td>5</td><td>Poor</td><td>11.9%</td><td>8.6%</td><td>23.2%</td><td>Nil</td></tr>
<tr><td>Main Findings</td><td colspan="6">In satisfactory or better condition are 66.5% of pipes, 66.2% of pits, 45.2% of headwalls and nil of rural culverts.</td></tr>
<tr><td>Budget Implications</td><td colspan="6">There is no allowance in the LTFP to address this asset condition. Renewed condition information from CCTV inspection of this asset class is required.</td></tr>
<tr><td rowspan="3">Asset Reporting</td><td colspan="2">Asset Group / Class</td><td>Asset Consumption Ratio</td><td>Asset Renewal Ratio</td><td>Asset Funding ratio</td></tr>
<tr><td colspan="2">Stormwater drainage structures</td><td>0.98%</td><td>0%</td><td>0%</td></tr>
<tr><td colspan="2"></td><td></td><td></td><td></td></tr>
</table>

8.10 Asset Category – Flood Mitigation

Flood Mitigation Assets Summary						
Assets	46 levee banks and rock walls 175 flood gates 55 flood drains					
Available Data	Numerous tables of data collected over many years by Council staff.					
Condition Data						
	Condition Rating		**Levee banks**	**Flood gates**	**Flood drains**	
	1	Excellent	0%	0%	0%	
	2	Good	100%	79.6%	0%	
	3	Satisfactory	0%	0%	0%	
	4	Poor	0%	19.9%	100%	
	5	Very poor	0%	0.5%	0%	
Main Findings	Levee banks are generally in good condition. 79.6% of flood gates are in good condition. Flood drains are generally in poor condition due to siltation and vegetation regrowth.					
Budget Implications	Current renewal expenditure is keeping up with asset consumption. This area will be reviewed as practical experience indicates this not to be the case. This is also heavily dependant upon 2:1 and 1:1 grant funding from the state government.					
	Asset Group / Class		**Asset Consumption Ratio**	**Asset Renewal Ratio**	**Asset Funding ratio**	
Asset Reporting	Flood mitigation		1.51%	1.61%	98.73%	

8.11 Asset Category – Buildings

Buildings Assets Summary						
	Aerodrome		1		8	
	Community		various		27	
	Operational Assets (includes administration offices, depot offices, information centres, depot residence and other miscellaneous assets)		various		37	
	Fire & emergency		20		30	
	Rental property		3		16	
	Saleyard		1		11	
Available Data	Numerous tables of data collected over many years by Council staff.					
Condition Data						
	Condition Rating		**Buildings**			
	1	Excellent	1.6%			
	2	Good	19.5%			
	3	Satisfactory	51.2%			
	4	Worn	22.8%			
	5	Poor	4.8%			
Main Findings	73.7% of buildings are in a condition that is considered satisfactory or better.					
Budget Implications	The LTFP has minor budget allocations for this asset class. Reporting and funding of building assets requires review. It suspected that some minor component renewals are occurring from maintenance funding. This area is often benefitted by successful grant applications, which are not included in the projected LTFP.					
Asset Reporting	**Asset Group / Class**		**Asset Consumption Ratio**	**Asset Renewal Ratio**	**Asset Funding ratio**	
	Buildings		2.06%	0.03%	0.91%	

8.12 Asset Category – Parks (Sports Fields, Playgrounds & Cemeteries)

Parks (Sports Fields, Playgrounds & Cemeteries) Assets Summary						
Assets	**Open Space Asset Type**				**No. of sites**	**No of sub assets**
	Bathing Facilities				4	25
	Sporting Facilities				12	44
	Parks & Reserve Amenities				various	29
	Tourist Park Assets				5	104
	Cemeteries (including reservations)				14	6
	Land Improvement Assets – such as tanks, fences, furniture, playgrounds, and other miscellaneous items				various	293
Available Data	Numerous tables of data collected over many years by Council staff.					
Condition Data						
	Condition Rating		**Playgrounds**	**Buildings**		
	1	Excellent	10%	2.0%		
	2	Good	50%	11.0%		
	3	Satisfactory	25%	63.6%		
	4	Worn	10%	23.3%		
	5	Poor	5%	0.1%		
Main Findings	Most playground assets are in satisfactory condition or better. The current renewal priority is the playground within Horseshoe Bay at South West Rocks, where the key components and fastenings have been corroded due to the coastal location and poor site drainage. All sports fields require top dressing and capital improvement. Most fields would greatly benefit through improved subsoil drainage					
Budget Implications						
Asset Reporting	**Asset Group / Class**		**Asset Consumption Ratio**	**Asset Renewal Ratio**	**Asset Funding ratio**	
	Parks		2.65%	2.63%	57.05%	

8.13 Asset Category – Water Supply & Wastewater Assets

A Detailed snap shot of water supply and wastewater assets is provided in a separate A3 format.

APPENDIX A – Self Assessment Checklist

	Requirement	Reference	Yes	Partial	No	N/A	Link to evidence/examples
	Asset Management Planning (AM)						
2.16	Council has accounted for and planned for all existing assets and any new asset solutions proposed in CSP and Delivery Program.	EE - 2.9	✓				All assets are accounted for in Schedule 7 of Council's Annual Statements of Accounts.
2.17	AM exists to support the CSP and Delivery Program.	EE - 2.10	✓				
2.18	AM plan/s exist to support the CSP and Delivery Program.	EE - 2.10	✓				Asset Management Plans have been developed for all major infrastructure assets and take into account the objectives and strategies defined in the Community Strategic plan and Council's Delivery Plan.
2.19	Asset management strategy and plan/s have a minimum 10 year timeframe.	EE - 2.11	✓				The AM strategy, AMPs and LTFP cover a period of 10yrs.
2.20	AM strategy includes a council endorsed AM policy.	EE - 2.12	✓				The AM strategy includes the AM Policy which was originally adopted by Council in October 2011 and revised in December 2013.
2.21	AM strategy identifies assets critical to Council's operations, and outlines risk management strategies for these assets.	EE – 2.13	✓				Critical assets have been identified in the asset management strategy.
2.22	AM strategy includes specific actions required to improve AM capability and projected resource requirements and timeframes.	EE - 2.14	✓				Asset management improvement plan is included as part of the Asset Management Plan. To avoid duplication it has not been included in the strategy.
2.23	AM plan/s encompass all assets under council's control.	EE - 2.15	✓				Asset management plans have been completed for all major infrastructure assets. Asset Management Plans for minor assets or operational assets will be completed as part of the improvement plan.

	Requirement	Reference	Yes	Partial	No	N/A	Link to evidence/examples
	Asset Management Planning (AM)						
2.24	AM plan/s identify asset service standards	EE - 2.16	✓				Levels of service for all assets have been included in the Asset Management Plans and the asset management strategy also includes the service level outcomes for all infrastructure assets
2.25	AM plan/s contain long-term projections of asset maintenance, rehabilitation and replacement costs.	EE - 2.17	✓				Long term asset expenditure requirements are included as part of the asset management strategy and outstanding maintenance requirements included as part of Schedule 7 of the Statements of Accounts
2.26	Condition of assets is reported in annual financial statements	EE - 2.18	✓				Schedule 7 of the Statements of Accounts also shows the condition of assets. Where condition is unknown a plan exists to fill the gaps in knowledge as part of the asset management improvement plan.