Coffs Harbour City Council Asset Management Strategy 2010

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1 INTRODUCTION

Coffs Harbour City Council is the custodian of a range of infrastructure assets with an estimated replacement value of well over $1 billion. It is Council's responsibility to manage these assets in a way that ensures they provide the required services to the community in the most cost effective and sustainable manner for present and future generations.

Council's asset base includes assets which are typical to local government authorities such as roads, bridges, drains, recreational services and buildings as well as assets which are typical to water authorities such as treatment plants and water supply and sewerage networks. These assets are used to provide a range of services to the Coffs Harbour community. The level of service delivered by these assets is largely determined by the manner in which they are maintained and managed.

There are a number of factors which influence the way Council manages its assets. These include:

- Council's limited financial resources and limited ability to raise funds;
- Increased pressure from the community for improved service delivery at reduced cost;
- Changes in legislation which impact on the way assets are managed.

2 PURPOSE

In order to deliver services in a cost effective manner, and to be able to demonstrate that this is being achieved, Council needs to take a strategic approach to the way it manages its assets. In addition, asset management practices must adopt a lifecycle approach and be applied across all areas of Council.

The purpose of this asset management strategy is to:

- Develop a set of actions aimed at improving asset management practices across the organisation through:
- Improved stewardship and accountability for assets;
- Improved communication and relationships with service users;
- Improved risk management;
- More effective utilisation of assets;
- Improved financial effectiveness.
- Ensure that management practices are applied consistently across the organisation and supported by a continuous improvement plan so that Council may more effectively manage community assets now and into the future
- Enable Council to more effectively plan and fund its works programs
- Enable Council to competently deliver services to the community
- Enable Council to maintain its assets to acceptable standards

3 STRUCTURE OF THIS STRATEGY

The Asset Management Strategy is comprised of a number of sections. A brief description of each of these is provided below:

- Introduction, Purpose and Structure – Introductory information regarding the Strategy
- Asset Management - General information about Asset Management and Asset Management Planning
- Infrastructure Assets – Details of Council's Infrastructure Assets portfolio
- Asset Management Performance – An examination of Council's current and desired capability in regard to Asset Management
- Improvement Strategy – Details of the tasks aimed at improving Asset Management performance
- Strategy Review - Details of the strategy review process.

4 ASSET MANAGEMENT

4.1 Purpose of Asset Management

According to the International Infrastructure Management Manual[1], Asset Management is "the combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner".

Asset Management is a set of processes that must consider the whole lifecycle of assets. It is a practical and financially responsible means of managing assets through creation, acquisition, maintenance, operation, rehabilitation and disposal of assets to provide for present and future community needs.

The key elements of successful infrastructure asset management include:

- Taking a lifecycle approach
- Developing cost-effective management strategies for the long-term
- Providing a defined level of service and monitoring performance
- Understanding and meeting the impact of growth through demand management and infrastructure investment
- Managing risks associated with asset failures
- Sustainable use of physical resources
- Continuous improvement in asset management practices.

A formal approach to the management of infrastructure assets is essential in order to provide services in the most cost-effective manner, and to demonstrate this to customers and other stakeholders.

[1] IPWEA, 2006, International Infrastructure Management Manual, Institute of Public Works Engineering Australia, Sydney

4.2 Role of Local Government

In accordance with the Local Government Act 1993 (New South Wales) and Local Government (General) Regulations 2005 (New South Wales) Council has a wide range of objectives and functions which relate to the provision and management of infrastructure. The Act provides the legal framework to assist Councils in providing an efficient and effective infrastructure system.

The provision of infrastructure is considered to be one of the most important roles of Council as it strives to provide a safe and functional environment for its community. Ensuring that this infrastructure is managed in an effective and efficient manner, and continues to meet the needs of our community in both the short and long term, is a key issue for Council.

4.3 Strategic Planning Process

The scope of asset management activities extends from the establishment of an asset management policy and the identification of service level targets which match stakeholder expectations and legal requirements, to the daily operation of facilities required to meet the defined level of service.

The process of linking legal and stakeholder requirements and expectations to implementing the optimum operational activities for Council is achieved through the strategic asset management planning process illustrated in Figure 1.

Figure 1

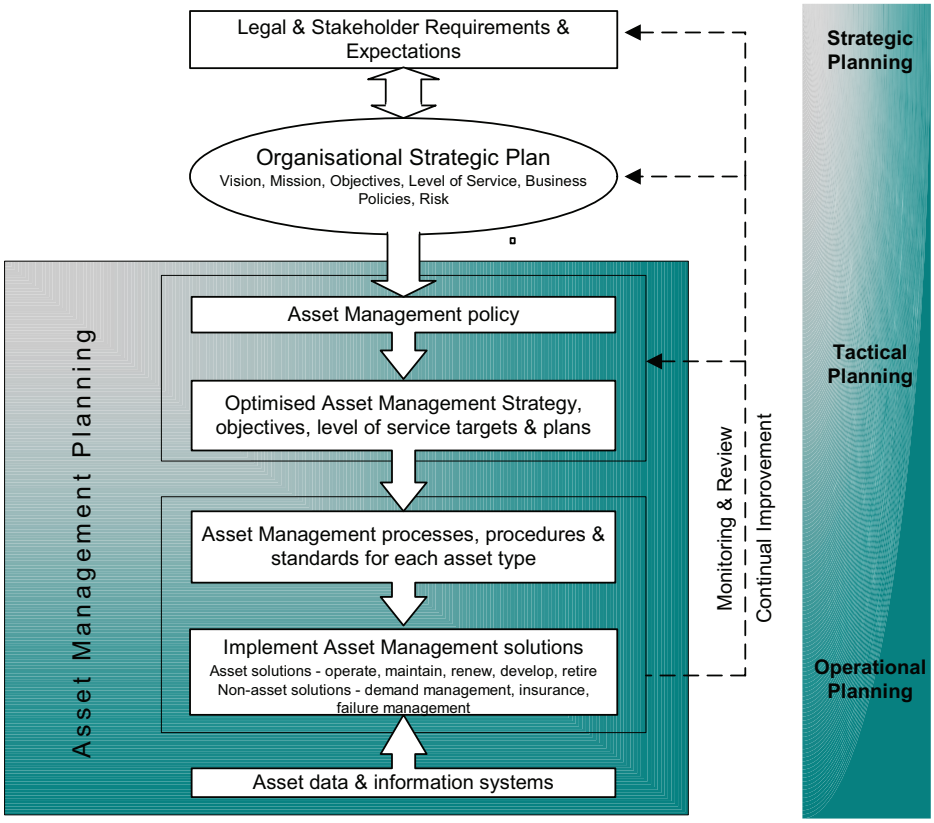

Figure 1 : Strategic Asset Management Process (from International Infrastructure Management Manual, 2006)

Underpinning asset management decision-making and the monitoring and review process is asset data and asset information systems.

The identification, assessment and control of risk is a key focus at all levels of planning, with the results from this process providing inputs into the asset management strategy, policies, objectives, processes, plans, controls and resourcing.

4.4 Asset Management Policy and Strategy

Asset management policy and strategy development translates Council's broad strategic outcomes and plans into specific objectives, targets and plans relevant to a particular portion of the organisation.

An adopted asset management policy provides the framework which, together with Council's strategic plan, enables the asset management strategy and specific asset management objectives, targets and plans to be produced.

Council has an adopted Asset Management Policy, which includes the following key commitments relating to Asset management planning and decision making:

- Implementing a systematic approach to the management of its assets and ensuring that appropriate asset management practices are applied across all areas of the organisation
- Planning, creating, operating, maintaining, renewing and disposing of assets in a manner that ensures cost effective service delivery
- Developing and regularly reviewing an Asset Management Strategy and Asset Management Plans which will detail the approach taken in managing assets and which facilitate the continuous improvement of asset management practices
- Implementing a lifecycle approach to asset management whereby the costs and benefits of assets are considered over the asset's life
- Providing the necessary resources and operational capabilities to adequately manage assets and to comply with legislative requirements
- Undertaking long-term planning for assets which takes into consideration the benefits and costs to present and future generations and their ability to pay
- Integrating Asset Management planning with Council's Community Strategic Plan and Long Term Financial Plan

For further details refer to Council's Asset Management Policy.

The Asset Management Strategy complements the policy by detailing a set of strategic actions aimed at improving asset management performance over time. In turn, it is supplemented by detailed Asset Management Plans.

4.5 Asset Management Plans

Asset management planning may be undertaken initially to meet minimum legislative and Council requirements for financial planning and reporting. This is referred to as the 'core' approach to asset management, and provides basic technical management outputs such as statements on current levels of service, forward replacement programmes and associated cash flow projections.

Asset Management practices undertaken at a core level might include:

- Risk; identification of critical assets
- Asset registers; low (less detailed) level of component breakdown
- Asset condition and performance; hard data for critical assets, but for non-critical assets a desk-top assessment by staff and operators with a good knowledge of the assets
- Optimised decision making; simple cost/benefit analysis for capital options
- Level of service based on historical performance.
- Asset management will evolve in a continuous cycle of review and improvement so that the quality of outputs matches the changing business needs of an organisation.

Council is developing core Asset Management Plans for each class of asset under its control. In general, these core Asset Management Plans will:

- Describe the asset (physical, financial);
- Describe the objective/purpose of the asset;
- Define the current levels of service;
- Describe future demand requirements for service delivery;
- Describe the risks associated with the assets;
- Define the intended time frame (lifecycle) of the asset or key components;
- Include financial information;
- Recognise the decline in service potential;
- State assumptions and confidence levels;
- Outline an improvement program;
- Identify key performance measures;
- Have the firm commitment of the organisation;
- Be reviewed regularly.

Asset Management Plans are dynamic documents and therefore must be updated periodically to be effective as a management tool and reference document. The plans should reflect changes in objectives/policies, customer expectations, improvements in asset management systems and/or data.

The level of detail within each plan will depend on the complexity and size of the asset portfolios under consideration. It is important that all Asset Management Plans match the complexity required and are practical, readily understood and useable documents.

Figure 2 sets out the preferred method of preparation for Asset Management Plans to conform to the International Infrastructure Management Manual 2006.

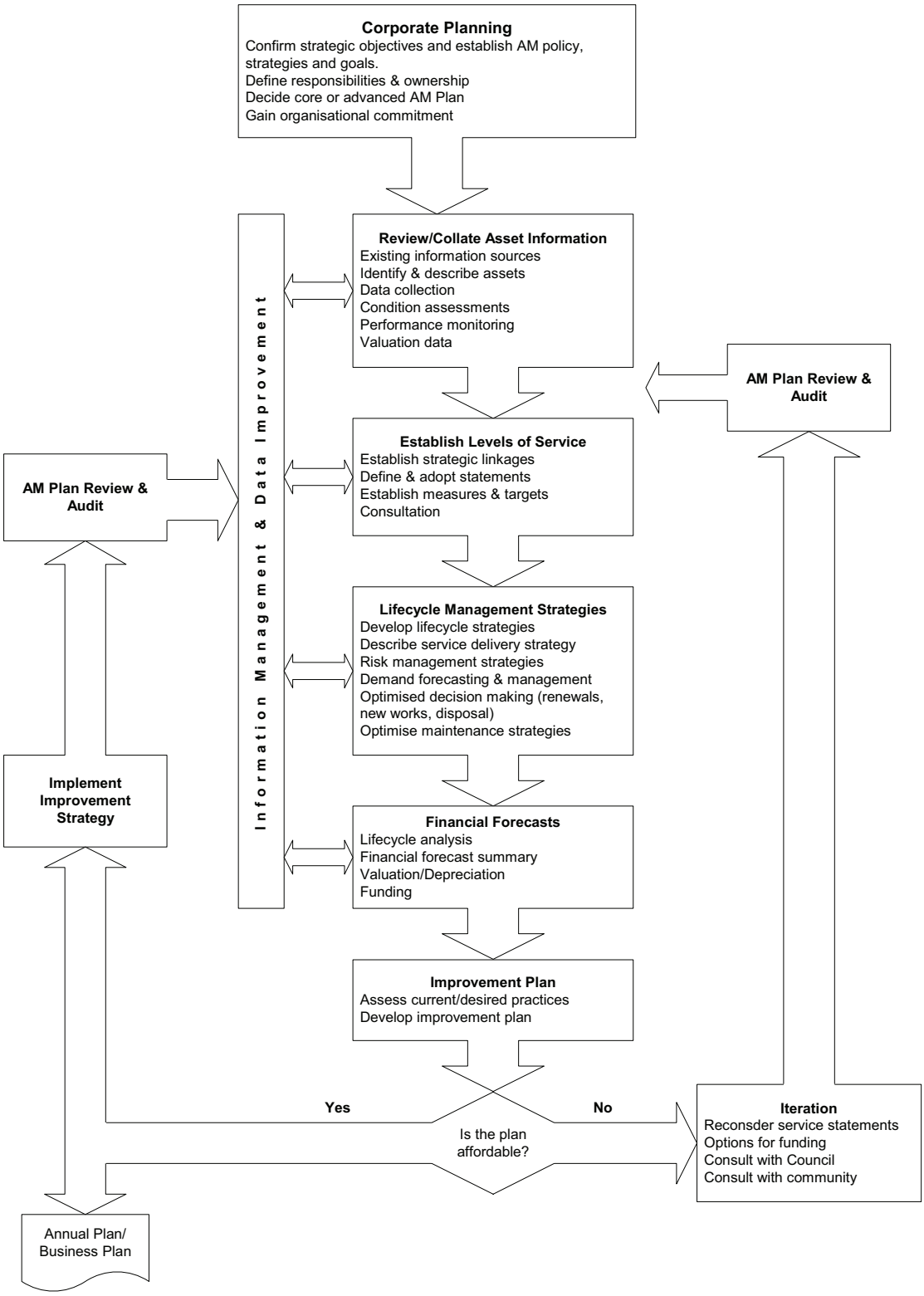

Figure 2 Asset Management Planning (from International Infrastructure Management Manual, 2006)

4.6 Asset Management Systems

Computer based asset management systems are used to store and analyse the significant quantities of asset data collected for asset management purposes. Such systems can also provide connectivity with other corporate information systems and databases. The power of current computing technology enables a comprehensive and cost-effective approach to asset identification, analysis and management. This ability, coupled with the availability of powerful, flexible software, enables complex analysis and reporting functions to be performed.

Council's AssetMaster system from InfoMaster acts as the organisation's asset management system. Council is currently in the process of implementing this system which is a significant project and, once completed, will be a major driver when the annual Operational Plan is determined.

Council's objectives in selecting and implementing this asset management system are as follows:

- To have a central repository for all asset data
- To undertake lifecycle management of all Council asset categories
- To facilitate an asset management culture
- To reduce the overall costs and risks associated with Council assets
- To implement a system that is flexible enough to accommodate the variations in the management of the various asset categories
- To provide the ability to add advanced asset management functionality as the Council matures with respect to asset management
- To implement an integrated system that will support the concept of once only data entry and be easily interfaced with other corporate applications.

Once implemented, the asset system will be supplemented with other integrated systems and stand alone modelling tools. Integration with corporate systems such as GIS and Finance Systems is a key component of the implementation project.

4.7 NAMS.PLUS

Across Australia over recent years there have been a number of reports analysing the performance of Local Government in terms of asset management. While these reports have noted that progress was being made, there is clear evidence that sustainable asset management is a significant challenge for many councils.

The Institute of Public Works Engineering Australia (IPWEA) has developed an initiative know as NAMS.PLUS to assist councils in developing asset management plans and implement sustainable asset management practices. A suite of templates, guidelines and other tools has been developed based upon the IPWEA International Infrastructure Management Manual 2006.

Council embraced asset management and joined the NAMS.PLUS program in order to be better prepared in asset management for the future. The outcomes of this program and the supporting asset management documentation will assist Council in improving its ability to meet its goals and objectives in a way that best serves its customers.

5 COUNCIL'S INFRASTRUCTURE ASSETS

As part of Council's ongoing commitment to sustainable asset management, information on asset inventory, renewal costs, useful lives life, intervention criteria and asset condition is being documented and consolidated into Council's asset management system. This will enable further analysis to be performed to determine the current and future infrastructure funding gap levels.

The identification of the renewal gap will allow Council to predict how much money needs to be spent for the long term on maintenance of Council's assets. This information will assist in developing and reviewing Council's long-term financial plan.

Table 1 summarises Council's portfolio of major infrastructure assets along with an estimate of current levels of renewal expenditure and long term renewal requirements. The total replacement cost of Council's major infrastructure assets is estimated to be in excess of $1.2 billion with an estimated long term average renewal requirement of $23 million. The current level of renewal funding is approximately $6.5 million per annum.

The figures presented are based on the best available information. It is proposed that the data will be reviewed and updated on an ongoing basis to improve the integrity and robustness of the information presented. These figures will be used in developing Council's asset management and long-term financial plans.

Asset Category	Estimated Replacement Cost	Current Renewal Expenditure	Estimated Long Term Renewal Requirement
Roads	$377,445,211	$2,750,000	$10,148,872
Footpaths and Cycleways	$26,364,689	$94,000	$595,523
Bridges	$37,229,561	$500,000	$407,633
Stormwater Drainage	$55,665,541	$0	$556,655
Recreational Services	$27,051,710	$20,500	$1,352,586
Water Supply	$302,454,000	$607,000	$3,780,675
Wastewater and Reuse	$349,611,000	$2,500,000	$4,994,442
Buildings	$71,194,856	$0	$1,561,915
Total	**$1,247,016,568**	**$6,471,500**	**$23,398,301**

Table 1 Council's Infrastructure Assets

6 ASSET MANAGEMENT PERFORMANCE

Asset management practice can be broadly broken into three practice areas:

- Stewardship
- Asset Management Planning
- Financial Planning

Each of these areas can be examined to determine the present capability in regard to asset management and to compare this capability with a desired capability. The results of this type of analysis can be used to set priorities for improvement in asset management practice.

The NAMS.PLUS program provides a tool for undertaking this analysis and this tool has been used to examine the present position of CHCC in regard to asset management practice. The results of the analysis are presented in Table 2.

	Assessment Score	Stewardship					Asset Management Planning							Financial Planning			
		Asset Management Policy	Asset Management Strategy	Risk Management Process	AM Accountability and Responsibility	Sustainability Reporting	Asset Identification and Recording	Asset Data Maintenance	Asset Condition Data	Risk Management	Service Levels and Delivery Costs	Future Demand Impacts	Asset Management Plans	Life Cycle Costs in Investment Decisions	Revaluation Process	Reporting Asset Consumption	Long Term Financial Plan
Excellence	**5**																
Competence	**4**																
Systematic Approach	**3**																
Awareness	**2**																
Needs Improvement	**1**																
		Current Capability Score									**Gap to achieve Desired Capability**						
Present Capability		5	3	1.8	3.2	4	4.5	2.7	2.6	1.8	1.6	2	2.2	2	2.5	4	3.3
Desired Capability		5	5	5	5	5	5	5	4	5	5	5	5	5	3.5	5	5
Gap		0	2	3.2	1.8	1	0.5	2.3	1.4	3.2	3.4	3	2.8	3	1	1	1.7
Importance Weighting		5	5	5	5	5	5	5	5	5	5	5	5	4	4.5	5	4.8
Weighted Gap		0	10	16	9	5	2.5	11.5	7	16	17	15	14	12	4.5	5	8.2
Priority For Improvement		16	8	=2	9	=12	15	7	11	=2	1	4	5	6	14	=12	10

Table 2 Asset Management Capability Gap Analysis

The analysis presented indicates that Councils priorities in relation to Asset management should focus on the areas of Service Levels and Risk Management.

There are a number of factors which are not taken into account by the gap analysis tool. For example, the tool does not take into account issues relating to Integrated Planning and Reporting (IPR) requirements or Council's preferred approach to developing asset management practices. Under IPR, it will be necessary for Council to develop rescoring strategies which include Asset Management Strategy and Plans and Long-Term Financial Plans. It is therefore necessary to adjust the priorities listed to take these factors into account.

In this regard, a number of the practice area priorities identified in table 2 have been adjusted to reflect these other considerations. The preparation of an Asset Management Strategy and Plans and Long-term Financial Plan are proposed to be prepared in the first half of 2010 and hence these items have been placed at the top of the priority list. Other items have then been included on a priority basis in line with the results of the gap analysis. The revised priorities are listed in Table 3.

Priority	Practice Area
1	Asset Management Strategy
2	Asset Management Plans
3	Long Term Financial Plan
4	Service Levels and Delivery Costs
5	Risk Management
6	Risk Management Process
7	Future Demand Impacts
8	Life Cycle Costs and Investment Decisions
9	Asset Data Maintenance
10	Asset Management Accountability and Responsibility
11	Asset Condition Data
12	Reporting Asset Consumption
13	Sustainability Reporting
14	Revaluation Process
15	Asset Identification and Recording
16	AM Policy

Table 3 Revised Priorities for Asset Management Improvement Activities

As well as undertaking activities in line with the priorities presented in table 3, Council will continue to work on lower priority areas as part of its day-to-day operations. For example, work will continue on the collection and maintenance of asset data and condition assessment. Such works will improve the quality of asset information available to decision makers in areas such as asset maintenance and renewal activities.

7 ASSET MANAGEMENT IMPROVEMENT ACTIVITIES

The analysis undertaken above has identified 16 areas of practice associated with Asset Management. Potential improvements in each of these practice areas are discussed below and these will form the basis of Council's Asset Management Improvement Strategy.

This strategy focuses on five major classes of Infrastructure assets as follows:

- Transport (Roads, Bridges, Paths etc)
- Stormwater Drainage
- Recreational Services
- Water, Wastewater and Reuse
- Buildings

It is likely that future versions of this document will incorporate additional assets classes.

7.1 Asset Management Strategy

This document represents Council first Asset Management Strategy. Once adopted, Council will be compliant in this practice area and no immediate improvement will be required. In order to maintain compliance, the strategy must remain current and therefore it is proposed that this strategy be reviewed on an annual basis. Supporting documentation such as Asset Management Plans will be developed in line with this strategy and these too will be regularly reviewed.

Action Item: *Asset Management Strategy to be reviewed annually.*

7.2 Asset Management Plans

Council is currently developing its first set of Asset Management Plans. In particular an Asset Management Plan for Transport assets is nearing completion. Once this is completed, Asset Management Plans will be developed for the remaining asset classes listed above. The plans will be developed to cover a minimum forecast period of 10 years

A priority for Council will be the development of an Asset Management Plan for its Stormwater assets. Significant flood events in 2009 exposed a range of issues associated with Council's stormwater network. The Asset Management plan for Stormwater will examine the current network and consider aspects such as its condition and expenditure requirements for maintenance and renewal activities

As part of developing its Integrated Planning and Reporting framework, Council is proposing to have Asset Management Plans completed in the first half of 2010 for its major infrastructure asset classes. The first set of Plans will be based on core asset management practices and the best available asset data. Subsequent plans will build on the core approach and over time be based on more complete and more accurate asset data.

In order to keep Asset Management Plans current and relevant, it is proposed that they will be adjusted annually to reflect changes in service levels and funding availability as a result of Council's budgeting process. A full review of the plans will be undertaken every 4 years.

Action Item: *Asset Management Plans to be prepared for Transport, Stormwater Drainage, Recreational Services, Water, Wastewater and Reuse and Building assets.*

Action Item: *Asset Management Plans to be updated annually to reflect changes in service levels and funding availability.*

Action Item: *Asset Management Plans to be fully reviewed every 4 years.*

7.3 Long Term Financial Plan

The Integrated Planning and Reporting requirements require the Long Term Financial Plan to provide an Operating Statement, Balance Sheet and Cash Flow for each of the ten years for which it is developed.

As such, at a summarised level, it will provide a ten year view of capital expenditures including asset renewal, rehabilitation and replacement works. It will also be able to show different scenarios in relation to proposed projects, rate variations, etc.

In relation to asset works, the Asset Management Plans will provide the base data which will be reflected in the Rolling Capital Works Program as individual projects and works in priority order by asset class. This also will show for ten years, for each project, the year of construction as proposed by the Asset Plan information and as included in the Long Term Financial Plan.

There will be a direct relationship for asset renewal, rehabilitation and replacement projects between the Rolling Capital Works Program and the Delivery Program (4 year budget).

Action Item: *Long Term Financial Plan to be reviewed annually.*

7.4 Service Levels and Delivery Costs

In preparing its Asset Management Plans, Council is developing service levels for its assets. Council is preparing its first set of Asset Management Plans in line with the core approach and will adopt service levels based on current management practices. Service levels will be derived from currently available records and documentation such as Council's strategic planning documentation.

Future Asset management plans will adopt a more advanced approach to Asset Management which will link service levels to delivery costs. This process will also involve more comprehensive community engagement during the process of establishing service levels.

Action Item: *Service Levels to be linked to the cost of service delivery and developed in association with the community.*

7.5 Risk Management

To deliver services to its community, Council provides a range of infrastructure assets. All of these assets present a risk to Council and these risks need to be identified and managed. In order to manage these risks, it is necessary to document them and establish management treatments which address the risks. These treatments then need to be linked to asset renewal and maintenance programs.

In this regard, for each asset class there is a need to understand the various failure modes for the assets and predict when each of these is likely to occur. The risk management process must then consider these and develop appropriate risk management strategies.

Council currently undertakes routine inspections of its transport and playground assets in order to identify defects and establish programs for repair and maintenance work for these assets. It also has in place priority listings for renewals for many of these assets. Software to support Council's maintenance management activities is currently being implemented and will be used to manage risks relating to transport and recreational services assets.

The risks associated with other assets are managed by various means. For some, no risk management is undertaken and for others, programs of preventative maintenance are used to minimise risks associated with asset failures.

Action Item: *Risk assessment is to be undertaken for all classes of assets and these are to include risks associated with all stages of an assets lifecycle from planning to disposal.*

7.6 Risk Management Process

Section 6.5 above details how Council identifies asset-related risk for individual assets and asset classes. It is evident that asset-related risks are managed differently among classes. In addition, these risk management activities focus on the operational aspects of assets and do not take into account risks associated with other phase in the asset lifecycle such as acquisition.

To provide a consistent approach to the management of asset-related risk and ensure that all risks are being identified and managed appropriately, Council needs to develop and implement documented procedures for managing asset-related risk across all classes of assets. These procedures will then be incorporated into future revisions of Council's Asset Management Plans and cover all aspects of the asset lifecycle (ie from planning and design through to decommissioning and disposal).

Action Item: *Develop and Implement Risk Management Procedures across all classes of assets which cover all aspects of the asset lifecycle.*

7.7 Future Demand Impacts

As part of the modelling carried out in association with preparation Asset Management Plans, Council has made some preliminary estimates of future demands for assets. The estimates are based on data such as existing population growth rates and the historical growth rates of Council's asset base.

Such estimates are satisfactory for the purpose for which they were used; however, a review of the future demand impacts using more sophisticated methodologies will be required for future asset management planning activities.

Action Item: *Undertake future demand impact analysis for all asset classes and incorporate the results into Council's Asset Management planning process.*

7.8 Lifecycle Costs and Investment Decisions

In order to accurately account for the costs of an asset over its entire life, it is necessary to track the maintenance and capital expenditures against the asset. For capital expenditure, it is necessary to determine the split between asset renewal and upgrades or expansion expenditure.

At present, Council accounts for Capital and Operational costs separately. There is, however, a degree of overlap between the two and it is likely that some operational funding is used to undertake works which could be considered capital in nature.

As part of Council's current review of its financial procedures, consideration is being given to provide facilities which will allow better reporting between expenditures on maintenance, operational, renewal, upgrade, expansion and new assets. This will allow more accurate tracking of costs in each of these areas and provide better indications of the lifecycle costs associated with asset ownership.

In addition to considering lifecycle costs for assets during their operation phase, Council should be aware of whole-of-life costs for assets when making decisions in relation to asset acquisition, expansion, upgrades etc. For CHCC, whole-of-life costing is considered in some of these decision making processes, but for other activities, little or no consideration is given to costs associated with whole-of-life asset ownership. In order to make fully-informed decisions and to provide assets in a sustainable manner, Council needs to be aware of these costs and make decisions accordingly. Procedures need to be established to ensure that consideration is given to lifecycle costs in the decision making process.

Action Item: *Capital expenditure for assets to be identified separately for renewal, upgrade and expansion*

Action Item: *Lifecycle cost information to be considered in all decision making processes relating to new/upgraded services and assets*

7.9 Asset Data Maintenance

Asset data is currently held for Infrastructure Assets in a number of locations. Council is in the process of implementing an integrated Asset Management System and this will become the central repository for all asset data. It is anticipated that data will be migrated to the new system during 2010.

Asset data is held for all classes of assets considered in this strategy, however the quantity and quality of the data varies, as does the degree to which the data is kept current.

Council staff are continually updating asset data with the aim of having full and accurate data sets. Current resource levels restrict this work to the maintenance of the following data sets:

- Transport (Roads, Bridges, Paths etc)
- Stormwater Drainage
- Recreational Services
- Water, Wastewater and Reuse

Work is currently in progress on a full review of Council's Stormwater drainage asset data and this is expected to be finalised during 2010.

Limited information is held in relation to Council's Buildings and current resources do not permit data to be captured or maintained. The data currently held will be reviewed in line with revaluation of this asset class, or as resources permit.

At present, there are no documented procedures relating to asset data maintenance. To ensure a consistent approach is taken in the management of Council's asset data and to ensure that data is captured and updated, it is necessary for procedures to be developed in relation to:

- Asset register maintenance (including the capture of new and updated asset data)
- Recognising and capitalising newly-created and donated assets
- Reviewing useful lives, unit rates and other relevant asset data.

Some of the procedures will cover areas relating to the financial and accounting aspect of asset management. Where procedures are to be developed in these areas, they should be done so as part of the review of Council's Asset Accounting Manual and procedures.

Many of Council's new assets are acquired through contribution from land developers. Typically, these are the subject of detailed design and require approval from Council and other authorities prior to their construction and handover. For these works, it is possible to obtain a significant amount of asset related data by electronic means. In preparing the procedures outlined above, consideration should be given to evaluating options for the electronic submission of asset data from external sources.

Action Item: *Asset Data is to be maintained and continually improved through day-to-day data maintenance activities*

Action Item: *Data for asset renewals, upgrades and expansions is to be collected and recorded in a timely manner and to the adopted levels of accuracy*

Action Item: *Develop Asset Data Management procedures*

7.10 Asset Management Accountability and Responsibility

At CHCC there are a range of Asset Management responsibilities as well as a range of asset types. For these reasons, responsibility for asset management is spread across the organisation. An indication of the branches that have responsibilities for asset management is provided below:

- Organisational Assets and Integrated Management – Asset data maintenance, condition assessment, asset system implementation and operation, strategic aspects of asset management.

- CityWorks – Asset construction, maintenance and operation, condition assessment, risk management, asset defect/maintenance management, renewal/upgrade planning.

- Coffs Water – Asset construction, maintenance and operation, condition assessment, risk management, asset defect/maintenance management, renewal/upgrade planning.

- Strategic Infrastructure – Asset funding, asset renewal/upgrade planning, strategic asset management.

- Property – Management of Council-owned property including the management of maintenance and renewal programs for Council's buildings.

- Finance – Asset Accounting, financial planning and reporting.

- Information Systems – Asset System implementation and maintenance, maintenance and operation of corporate systems such as finance system, GIS etc.

- Various Branches – A number of other branches have responsibilities associated with asset management including, Health, Sports Development, Airport etc.

In order to develop asset management practices which are consistent across the organisation and address all relevant asset management issues it is necessary to form a cross-functional asset management team. This team will have responsibility for the development of asset management practices across the organisation and for all asset classes.

At present, there is a team whose principal responsibility is for the implementation of the integrated asset management system. This team has representation from a number of branches and would form the basis of building a cross–functional asset management team.

The team would be responsible for coordinating all asset management activities from a corporate perspective. The team would report to Council's Corporate Development Team on relevant Asset Management matters.

As indicated above, there are several branches with asset management responsibilities across Council. Managers of these branches therefore have asset management responsibilities and accountabilities which should be reflected in position descriptions. Council needs to review all relevant position descriptions to ensure asset management responsibilities and defined as appropriate.

Action Item: *Review the membership of the existing Asset Management team and expand its role to include responsibility for the coordination of all asset management activities across Council.*

Action Item: *Review all relevant position descriptions to ensure asset management responsibilities are defined as appropriate*

7.11 Asset Condition Data

The quality and quantity of condition data available for Council's assets varies considerably between asset classes. For some asset, comprehensive condition data is held, whilst for others condition data has been derived based on criteria such as asset age. A summary of the status in relation to asset condition data for each of the major asset classes is provided below.

7.11.1 Transport (Roads, Bridges, Paths, etc)

A significant amount of condition data is available for a majority of Council's Transport assets. Regular condition assessment is undertaken for road, bridge and footpath/cycleway assets. It is intended that condition assessment for these assets will be undertaken once every two years or more frequently if the need arises. In time, consideration will be given to carrying out assessment more frequently for high risk assets.

For assets which are considered minor in nature, no condition assessment is proposed at this time due to the lack of available resources. If the need arises, these assets will have their condition assessed based on age or other appropriate criteria.

Action Item: *Condition assessments for Council's major Transport assets is to be undertaken on a two-year cycle with the next round of assessments being carried out during 2010.*

7.11.2 Drainage

For Council's stormwater drainage assets, an age-based approach will be taken for condition assessment. Council is in the process of reviewing asset register information for its drainage assets, and as part of this process a condition assessment (based on age) will be undertaken. It is anticipated that this work will be completed during 2010, subject to the availability of resources.

Action Item: *Asset Register information for stormwater drainage assets is to be reviewed during 2010 and this review is to include an age-based condition assessment*

7.11.3 Water, Wastewater and Reuse

Water Wastewater and Reuse assets are condition assessed using a number of different methods.

For water supply reservoirs and water intake structures, condition assessments are carried out by commercial divers. For sewerage, reuse and water pressure pipes, the condition assessment is based on the number of breaks. For sewerage reticulation systems, condition assessments are bases on CCTV survey data as well as odour and corrosion data.

For other assets, condition assessment has been based on each assets age relative to its estimated useful life.

It is intended that the existing approaches to condition assessment will continue to be adopted in the short to medium term. As resources permit, more sophisticated condition assessment techniques will be implemented assets as appropriate. It is anticipated that the current approach to condition assessment will be continue for the next couple of years.

Action Item: *Condition assessment for water, wastewater and reuse assets will be undertaken to coincide with the next revaluation of these assets.*

7.11.4 Recreational Services

Recreational Services assets include a wide variety of assets such as Playgrounds, Recreation Reserves, Sports facilities, BBQ and picnic facilities, park furniture etc. With the exception of playground equipment, very little condition data is held for these assets.

For Council's playground equipment, detailed condition data is available and condition assessment is carried out on a regular basis. It is intended that this process will continue with the aim of completing condition assessments once every two years.

For other recreational services assets, assessments will be carried out using age-based methodologies where the information is available. Where the information is not available judgements regarding asset age will be made and used as a basis for condition assessment.

The aim for recreational assets will be to develop condition profiles for all assets, with priority being given to high risk assets. Condition profiles will be based on the best available information which in some cases will require assumptions regarding factors such as the age of an asset. Once the profiles have been established, more detailed assessments will be carried out on high risk assets and assets in poor condition.

There is a significant amount of work to do in relation to condition assessment for recreational services assets, and the work can only be carried out as resources permit.

For high risk assets such as playground equipment, condition assessment will be undertaken on a regular basis.

Action Item: *Condition assessments for Council's Playground assets is to be undertaken on a two year cycle with the next round of assessments being carried out during 2010.*

Action Item: *Methodologies for the collection of asset data and condition assessments for Recreational Services assets (not including playground assets) are to be developed and implemented*

7.11.5 Buildings

Very little data is held regarding the condition of Council-owned buildings and their components. Registers exists which hold some details of these assets, and for some component details are also documented.

Condition assessments have been carried out in association with revaluation of the asset class. The assessments were made using age-based methodologies. It is desirable to undertake more sophisticated condition assessment for buildings and their components on a regular basis however, resources are not currently available to carry out this work. In the short to medium term, age-based condition assessment will be carried out in association with the revaluation process.

Action Item: *An age-based condition assessment for building assets will be undertaken to coincide with the next revaluation of these assets*

7.12 Reporting Asset Consumption

In order to assist in the tracking of lifecycle costs for assets, it is desirable for asset consumption to be reported as an operating expense against the service activities relevant to the asset. At present, Council reports asset depreciation expenses against relevant programs. The manner in which asset consumption is reported will be documented in Council's Asset Accounting Manual and relevant procedures.

Action Item: *The manner in which asset consumption is reported against service activities will be reviewed as part of the development of the asset accounting procedures.*

7.13 Sustainability Reporting

Council currently reports on sustainability as required. Some reporting is done on an annual basis, but Council does not include reporting in Council's Annual Reports.

Action Item: *Consideration will be given to developing sustainability indicators suitable for publication in Council's Annual Report*

7.14 Revaluation Process

Over recent years Council has revalued a significant portion of its asset base at fair value. This includes the revaluation of its Water and Sewer, Operational Land and Building assets.

Work is currently under way on the revaluation of Road, Drainage, Footpaths/Cycleway and Bridge assets. This work will be completed during 2010.
It is proposed that all remaining assets will be revalued during the 2010/11 financial year.

Revaluations are being carried out using external valuers and Council staff.

Once this first cycle of revaluation has been completed, it is intended that assets will be revalued at fair value by Council staff on a regular basis. Initially, a 5 year cycle is proposed, but as resources permit, more frequent revaluations would occur.

Periodically, the revaluations will be verified by external sources.

Action Item: *Current revaluations are to be carried out to meet statutory requirements and thereafter on a five year cycle.*

7.15 Asset Identification and Recording

At present asset data is held in a number of places across Council. Technical data is generally held in databases or spreadsheets and financial data is held in Council's Finance system or spreadsheets.

Council is implementing an integrated asset management system which will act as the central repository of all asset data. It will hold the technical asset data and some financial data. Integration between the asset system and financial systems is a key component of the implementation project.

During the implementation process, components for assets are being recorded where necessary. Where components are required for financial reporting or operational purposes they are being identified and recorded into the asset system as part of the data migration process. It is anticipated that the identification and recording of components will be finalised during 2010.

Action Item: *Assets are to be identified and recorded at appropriate component level to meet financial reporting and operational requirements.*

7.16 Asset Management Policy

In February 2010, Council adopted its first Asset Management Policy. The policy is a broad statement of Councils intent in regard to Asset Management.

The adoption of an Asset Management Policy means that Council is fully compliant in this practice area and therefore, no improvements are required.

Action Item: *No action required. Asset Management Policy to be reviewed as required.*

7.17 Asset Accounting Manual and Procedures

In the foregoing discussion, a number of action items have been identified which relate to the way in which Council manages the accounting and financial processes associated with asset ownership.

In order to ensure all appropriate procedures and processes are identified and consistently applied, it will be necessary for them to be documented. In this regard it is proposed that Council develop an Asset Accounting Manual and supporting procedures.

Action Item: *An Asset Accounting Manual and Procedures will be prepared and the procedures will be implemented*

7.18 Improvement Strategy

The resources required to undertake the actions identified above are significant. It is proposed that they be undertaken as resources permit in line with the identified priorities and indicative timeframe (where provided).

Table 4 below summarises the actions and provides a suggested timetable for implementation.

Practice Area	Action Item	Responsible Officer	Target Completion Date
Asset Management Strategy	Asset Management Strategy to be reviewed annually	Manager Asset Systems and Manager Strategic Infrastructure	December 31 annually
Asset Management Plans	Asset Management Plans to be developed for		
	• Transport	Manager Asset Systems and Manager Strategic Infrastructure	May 2010
	• Stormwater Drainage	Manager Asset Systems and Manager Strategic Infrastructure	May 2010
	• Recreational Services	Manager Asset Systems and Manager Strategic Infrastructure	May 2010
	• Water, Wastewater and Reuse	Manager Asset Systems and Manager Strategic Infrastructure	May 2010
	• Buildings	Manager Asset Systems and Property Manager	May 2010
Asset Management Plans	Asset Management Plans to be updated annually	Manager Asset Systems and Manager Strategic Infrastructure	December 31 annually
Asset Management Plans	Asset Management Plans to be fully reviewed every 4 years	Manager Asset Systems and Manager Strategic Infrastructure	2014
Long Term Financial Plan	Long Term Financial Plan to be reviewed Annually	Executive Manager Finance	December 31annually
Service Levels and Delivery Costs	Service Levels to be linked to the cost of service delivery and developed in association with the community	Manager Asset Systems and Manager Strategic Infrastructure	2011
Risk Management	Risk assessment is to be undertaken for all classes of assets	Manager Asset Systems and various Asset custodians and Operational Managers	2011
Risk Management Process	Develop and implement Risk Management procedures	Manager Asset Systems, Manager Strategic Infrastructure and Operational Managers	2012
Future Demand Impacts	Undertake future demand impact analysis	Manager Asset Systems	2012
Lifecycle Costs and Investment Decisions	Capital expenditure for assets to be identified separately for renewal, upgrade and expansion works	Executive Manager Finance	2011
Lifecycle Costs and Investment Decisions	Lifecycle costs to be considered in all decision making processes relating to new/upgraded services and assets	Manager Strategic Infrastructure	2012
Asset Data Maintenance	Asset data to be maintained and continually improved	Asset Technicians	Ongoing
Asset Data Maintenance	Asset data for renewals, upgrades and expansions to be collected and recorded	Asset Technicians	Ongoing
Asset Data Maintenance	Develop Asset Data Management procedures	Manager Asset Systems and Asset Technicians	2011

Practice Area	Action Item	Responsible Officer	Target Completion Date
Asset Management Accountability and Responsibility	Review membership of Asset Management Team and expand its role	Manager Asset Systems	2012
Asset Management Accountability and Responsibility	Review all relevant position descriptions to ensure asset management responsibilities are defined	Manager Asset Systems and Executive Manager Human Resources and Organisational Development	2012
Asset Condition Data	Condition assessments for Council's major Transport assets is to be undertaken on a two year cycle with the next round of assessments being carried out during 2010.	Manager Asset Systems and Asset Technicians	Once every two years. Next assessment due in 2010
Asset Condition Data	Asset Register review and age based condition assessment for Stormwater Drainage	Asset Technicians	2010
Asset Condition Data	Condition assessment for water, wastewater and reuse to be undertaken with revaluations	Manager Asset Systems	2013
Asset Condition Data	Condition assessment for Council's playground assets to be undertaken on a two year cycle with the next round of assessments being carried out in 2010	Asset Inspector and Manager Recreational Services	Once every two years. Next assessment due in 2010
Asset Condition Data	Methodologies for the collection of asset data and condition assessments for recreational services assets are to be developed and implemented	Manager Asset Systems, Manager Recreational Services and Asset Accountant	2012
Asset Condition Data	Age based condition assessment for buildings to be undertaken with revaluations	Manager Asset Systems, Property Manager and Asset Accountant	2014
Reporting Asset Consumption	The manner in which asset consumption is reported will be reviewed as part of the development of the asset accounting procedures.	Executive Manager Finance	2012
Sustainability Reporting	Consideration be given to developing sustainability indicators for inclusion in Council's Annual Report	Executive Manager Finance	2012
Revaluation Process	Revaluations are carried out to meet statutory requirements and thereafter on a five year cycle	Asset Accountant	Five year cycle
Asset Identification and Recording	Assets are to be identified and recorded at appropriate component levels	Manager Asset Systems and Asset Technicians	2010
Asset Management Policy	No Action Required. Policy to be reviewed as required	Manager Asset Systems	As required
Asset Accounting Manual and Procedures	Asset Accounting Manual and Procedures to be prepared and the procedures implemented	Executive Manager Finance and Asset Accountant	2012

Table 4 Asset Management Strategy Action Items

8 MONITORING AND REVIEW OF THIS PLAN

This Asset Management Strategy identifies a range of improvement activities that are programmed to occur over the next few years. In order to monitor the progress of these actions and to keep the strategy current and relevant, it is intended that it be reviewed on an annual basis prior to the end of the calendar year.