Glenorchy City Council

ASSET MANAGEMENT STRATEGY 2019-2023

for

Infrastructure Assets

Version 2.1

June 2019

Document Control

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1.0	March 2014	Initial Asset Management Strategy 2014 – 2018 aligned with Ministerial Orders issued 10th Feb 2014	Assetic	-	GCC
1.1	April 2014	Minor typographical errors corrected	Assetic	-	GCC
1.2	June 2014	Revised for updated status of Derwent Entertainment Centre and corrected renewal budgets.	Assetic	-	GCC
1.3	June 2014	Explanations of various figures expanded	Assetic	-	GCC
2.0	Jan 2019	Revision - first draft Asset Management Strategy 2019-2023	NH, FC	TR	TR
2.1	May 2019	Final draft Asset Management Strategy 2019-2023 to Council	NH, FC	TR	ELT
2.1	June 2019	Asset Management Strategy 2019-2023 endorsed by Council	NH, FC	TR	GCC

Source of the cover photo: Daryl Jones

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Abbreviations

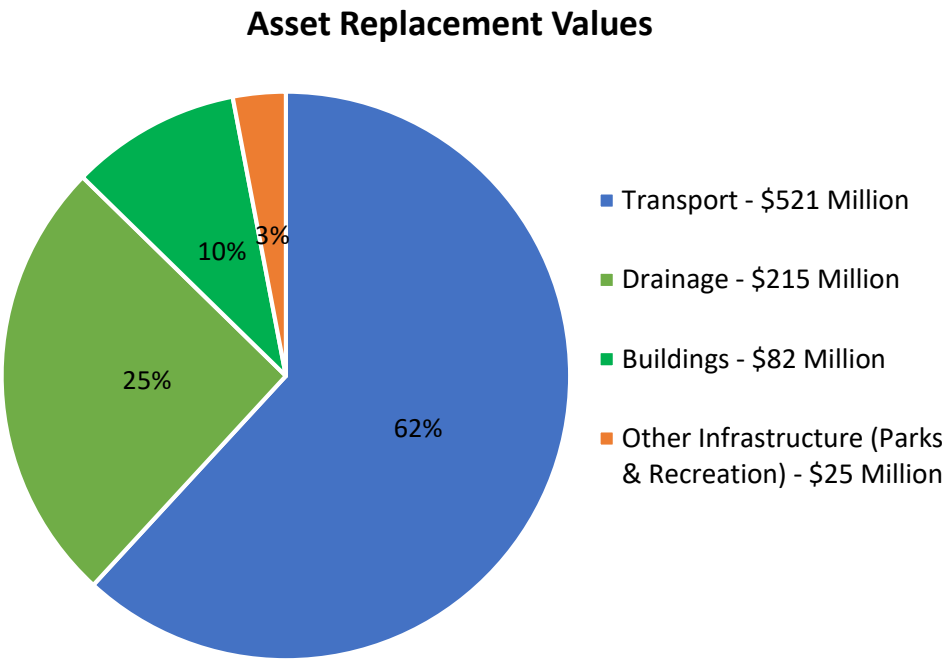
ACR	Asset Consumption Ratio
AMM	Asset Management Maturity
ASR	Asset Sustainability Ratio
GCC	Glenorchy City Council
IIMM	International Infrastructure Management Manual
IMG	Infrastructure Management Group
LCI	Life Cycle Indicator
LGAT	Local Government Association Tasmania
LGPMC	Local Government and Planning Ministers' Council
LoS	Level of Service
ODM	Optimised Decision Making
TAO	Tasmanian Audit Office

Executive Summary

Background

City of Glenorchy is in the Greater Hobart metropolitan area in Southern Tasmania. Glenorchy municipality grew rapidly after World War II with most of the infrastructure built between the 1960s and 1970s. As of 2017, Glenorchy has a population of 47,214 people distributed over an area of 121 km^2.

Glenorchy City Council (GCC) is responsible for the acquisition, operation, maintenance, renewal and disposal of an extensive range of infrastructure assets, such as road, footpath, drainage networks, bridges, public buildings, parks and recreation facilities, with an estimated replacement value of approximately **$843 Million** as of 30 June 2018, to provide essential services to the Glenorchy community.

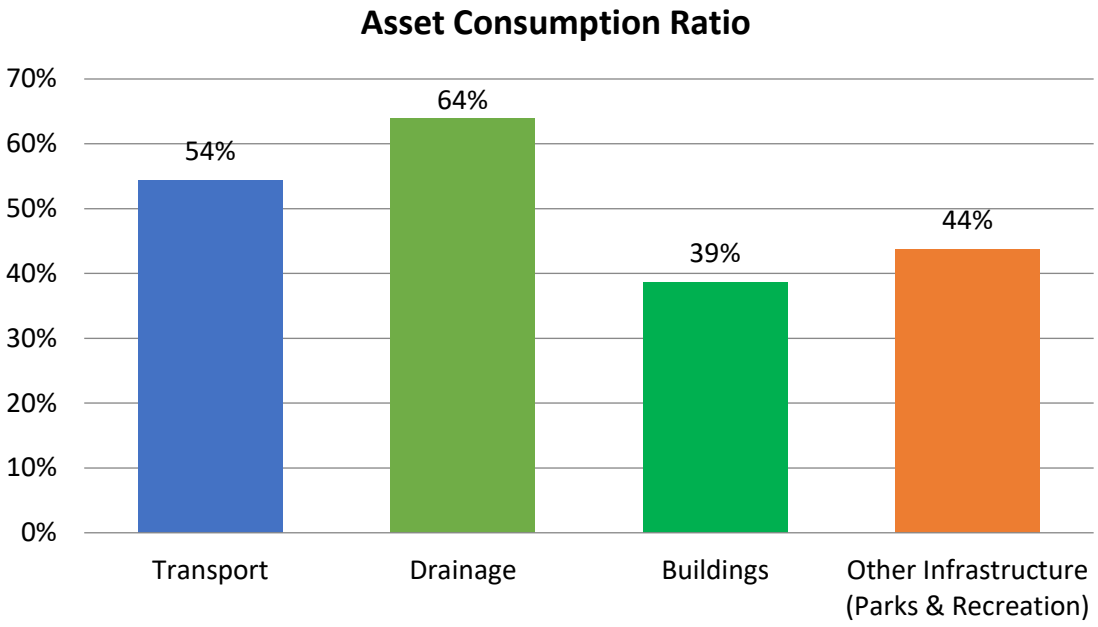


Council also have other assets which do not form part of the Infrastructure assets, including land, indoor equipment, furniture, fleet and plant, with a replacement value of **$223** Million as of 30 June 2018.

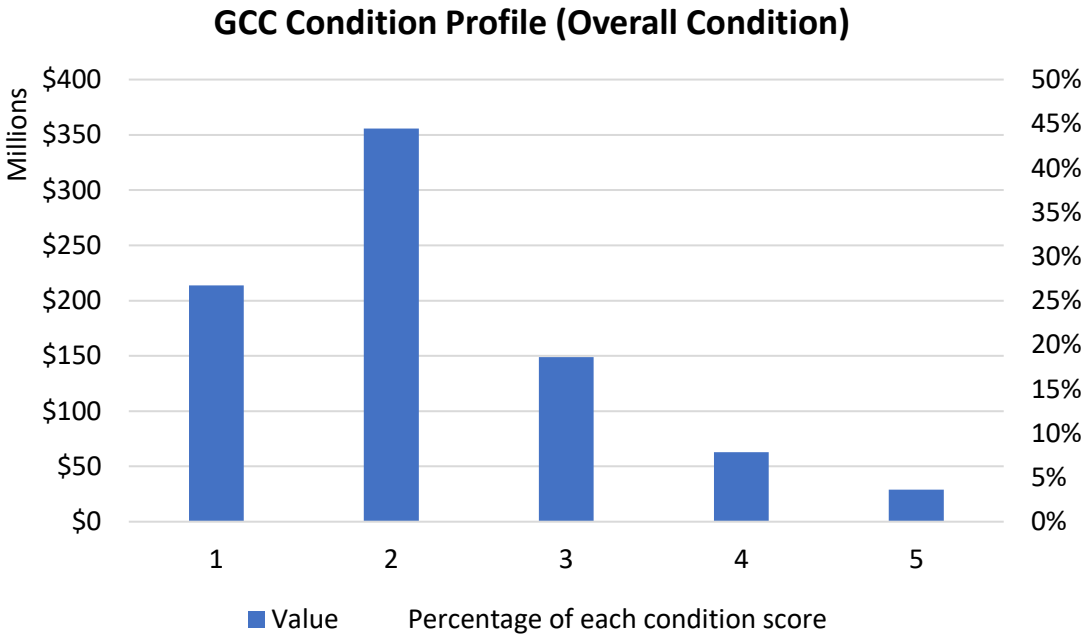
This Asset Management Strategy is mainly focused on infrastructure assets and is not intended for these non-infrastructure assets.

The Asset Consumption Ratios (ACRs) of Council's assets is an indicator of the average proportion of 'as new' condition left in assets. The ACRs for each major asset class shown in the figure below, calculated by using the written down value divided by the current replacement cost, are showing that most of Council's infrastructure assets are half-consumed and moving into the second half of their life

cycle (asset consumption ratio < 50%). This means the requirement for asset renewal expenditure will start to grow.



In terms of asset physical condition, Council's infrastructure assets are in an overall good condition. Despite each asset class having a slightly different consumption and condition profile, over 70% of the assets are in 'Very Good' and 'Good' condition (Condition 1 & 2).



The Asset Sustainability Ratio (ASR) is a figure which measures capital expenditure on renewal or replacement of assets, relative to depreciation expense. It indicates whether a local government is replacing or renewing existing infrastructure assets at the same rate that its overall asset stock is wearing out.

The average Life Cycle Indicator (LCI) is used to represent the expected life cycle cost and the current life cycle expenditure forecast has been identified. Normally it is the same figure as the ASR when we assume that the maintenance and operational costs remain unchanged for this calculation.

In FY17/18, an ASR or LCI of 75% was calculated, which suggested a 'funding gap' of approximate $3.6 Million across all asset classes between the capital expenditure on renewal or replacement of assets and the depreciation expense. The table below demonstrates the LCI gap in the major asset classes. Note that the Tasmanian Audit Office (TAO) would normally recommend an 'ASR' of 100% when there is no other benchmark or strategy in place.

Service	Life Cycle Cost ($000/yr.)	Life Cycle Exp. ($000/yr.)	Life Cycle Gap* ($000/yr.)	Life Cycle Indicator
Transport	$10,295	$9,263	-$1,032	0.90
Drainage	$3,595	$1,933	-$1,662	0.54
Buildings	$2,721	$2,388	-$333	0.88
Other Infrastructure (Park and Recreation)	$2,028	$1,421	-$607	0.70
All Services	**$18,639 (Total)**	**$15,005 (Total)**	**-$3,634 (Total)**	**0.75 (Average)**

* A life cycle gap is reported as a negative value.

Historically, Council was not funding 100% of its annual depreciation due to various justifiable reasons (e.g. asset management practice, financial constraints, etc.). Council's asset management team is still in the view that it is not necessary to fund 100% of the annual depreciation and thereby to accept a so-called "funding gap". It is considered that the asset sustainability ratio overstates the required renewal expenditure when the actual condition and service potential of the Council's assets is properly taken into account, and that there are other indicators (e.g. physical condition) which better reflect and forecast the renewal demand. For instance, the physical condition assessment found our long-life assets such as drainage pipe and pits have a long remaining life and their renewal demands are significantly lower than the annual depreciation using a crude straight-line approach.

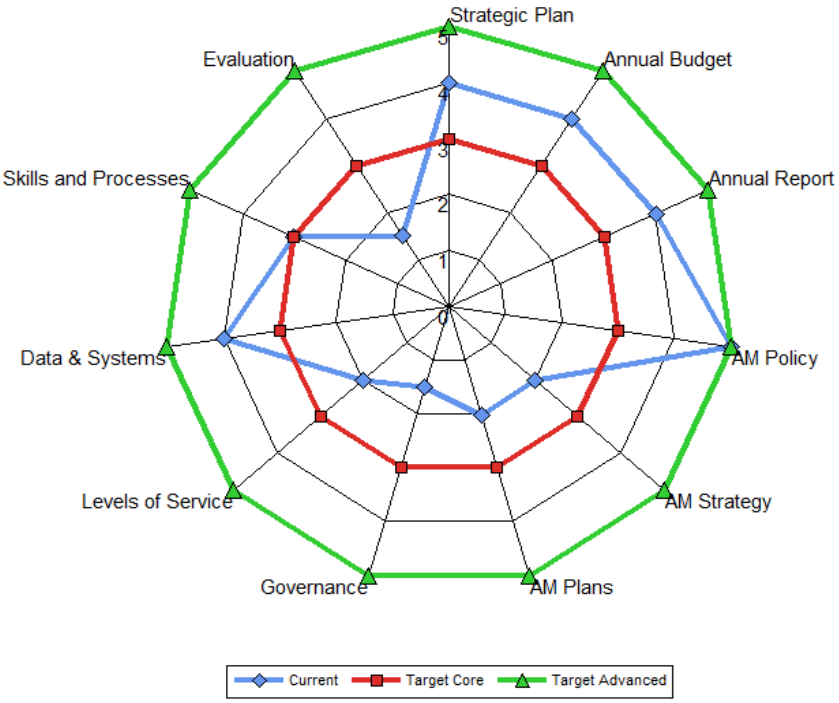
Instead of using indicators (e.g. ASR, LCI) derived from financial figures, Council would be better served understanding its assets. It is expected that, for the foreseeable future, Council's renewal expenditure will be determined by the actual renewal demand generated from the physical condition of its assets and their service demand. Therefore, there would be benefit in further exploring methods of calculation of annual depreciation that better reflect the consumption of Council's assets.

Asset Management Maturity (AMM) is the best indicator of the quality of asset management practice within an organisation.

The web chart (below) shows the result of a maturity assessment of Council's Asset Management Practice. It shows that Council's asset management, in several respects, under the core level. The gaps between current asset management practice and the 'core' maturity set by the Local Government Financial and Asset Management Reform Project have been identified. These particularly lie within the areas of 'Evaluation', 'Governance', 'Asset Management Plans' and 'Levels of service'. Understanding these gaps will help Council to determine its strategy to achieve asset management best practice and to prioritise any improvement actions proposed.

The Maturity Score Spider Graph shows the Current maturity for each maturity element as assessed by the organisation compared to the 'core' competencies (Level 3) required under the Australian National Assessment Framework (NAF) and the Target maturity competency desired and set by the organisation.

Glenorchy CC - Maturity Assessment ID 588



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Purpose of the Asset Management Strategy

In line with Council's Asset Management Policy, this Asset Management Strategy has been prepared to enable Council to:

- demonstrate how its asset portfolio will meet the service delivery needs of its community into the future;
- enable Council's asset management policies to be achieved; and
- ensure the integration of Council's asset management with its Long-Term Strategic Plan.

Adopting this Asset Management Strategy will assist Council in meeting the requirements of Section 70D of the *Local Government Act 1993*, the requirement of *The Local Government (Content of Plans and Strategies) Order 2014*, Clause 9 (2), the national sustainability frameworks, and will provide services needed by the community in a financially sustainable manner.

Council's Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where the organisation wants to be. The objectives are the steps needed to get there. Goals and objectives relating to the delivery of services from infrastructure assets are shown in the table below.

Goals and Objectives relating to Infrastructure Assets

Community Visions	Strategic Plan Objectives	AM Strategy Objectives
Making Lives Better	1.3 Facilitate and/or deliver services to our communities	• Ensure resources and operational capabilities are identified and responsibility for asset management is allocated
Valuing our Environment	3.1 Create a liveable and desirable City	• Ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability
Valuing our Environment	3.2 Manage our natural environments now and for the future	
Leading our Community	4.1 Govern in the best interests of our community	• Meet legislative requirements for all Council's operations, • Provide high-level oversight of financial and asset management responsibilities through Audit Committee/CEO reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long-Term Financial Management Plan. • Adopt the Long-Term Financial Management Plan as the basis for all service and budget funding decisions

This Asset Management Strategy is prepared following a review of the Council's service delivery practices, financial sustainability indicators, asset management maturity and its fit within Council's vision for the future as outlined in the City of Glenorchy Community Plan 2015-2040 and Glenorchy City Council Strategic Plan 2016-25. The Asset Management Strategy is to be reviewed at least every 4 years.

Guiding Principles for Asset Management Strategy

The following guiding principles were developed to provide clear objectives for Council's asset management, focus of the asset management strategy and establish priorities to guide future practice.

Council will:

- **invest in high use areas**
  develop a differentiated approach to service delivery by recognising that greater investment is required in high use areas (e.g. wider footpaths in CBD areas).

- **engage with the community**
  continue to understand the needs of the community through engagement e.g. Local Government Association Tasmania (LGAT) community satisfaction survey, customer service requests and project consultation.

- **provide services to an affordable standard**
  focus on asset renewals and alternative methods of providing affordable levels of service to meet the needs of the community e.g. relining of stormwater pipes, use of recycled asphalt, increase spending on bituminous resurfacing.

- **cater for future demand**
  assess the requirement of new services to cater for future demand of our city. In assessing new service, Council will consider the whole of life cycle costs and the ability to fund. e.g. access external funding to build new destination playgrounds, upgrade of toilets, business case development for the upgrade of sports grounds and facilities and building new footpath that focus on high traffic areas.

- **best practice asset management**
  continue to invest in asset management to achieve a 'core level' of maturity e.g. ensure alignment of asset management plans with the Long-Term Management Financial plan, training and investment in our people and benchmark our performance.

- **dispose of surplus assets**
  dispose of surplus assets to achieve long term sustainability e.g. repurposing of underutilised land, closure of Derwent Park Reuse Scheme and consolidation of playgrounds.

- **shared facilities and services**
  explore the opportunities to work together with other service providers for non-asset methods of providing sustainable service delivery. e.g. delivery of road works on the border with adjoining Councils, working with the Education Department to access sports grounds, developing shared facilities for sport and community users.

Strategies, Improvement Programs and Capital Work Programs

Eleven (11) asset management strategies are proposed below to enable the objectives of Council's Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved. The strategies are derived from NAMS.PLUS – the most widely used asset management template in Australia aligned with the International Infrastructure Management Manual (IIMM) 2015 and International Asset Management Standard ISO 550011.

Asset Management Strategies

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long-term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop a Long-Term Financial Management Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long-Term Financial Management Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update asset management plans and Long-Term Financial Management Plans after the 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.
6	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.
7	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.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 4 years.	Improved financial and asset management capacity within Council.
11	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long-Term Financial Plans.	Oversight of resource allocation and performance.

Twenty-four (24) improvement actions have also been developed in line with the strategies above for the next four years.

The four-year detailed capital work programs have also been developed to ensure the funding commitment for the next four financial years meets the benchmark defined under the current Level of Service.

1. Introduction

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

Infrastructure assets such as road, footpath, drainage networks, bridges, buildings and parks and recreation facilities present challenges. Their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.

The national frameworks on asset planning and management and financial planning and reporting endorsed by the Local Government and Planning Ministers' Council (LGPMC) require councils to adopt a long-term approach to service delivery and funding including:

- A strategic long-term plan covering, as a minimum, the term of office of the councillors and:
    - bringing together asset management and long-term financial plans,
    - demonstrating how Council intends to resource the plan, and
    - consulting with communities on the plan
- Annual budget showing the connection to the strategic objectives, and
- Annual report with:
    - explanation to the community on variations between the budget and actual results,
    - any impact of such variances on the strategic longer-term plan,
    - report of operations with reviews on the performance of the council against strategic objectives.[1]

Framework 2 - Asset Planning and Management has seven elements to assist in highlighting key management issues, promote prudent, transparent and accountable management of local government assets and introduce a strategic approach to meet current and emerging challenges.

- Asset management policy,
- Strategy and planning,
    - asset management strategy,
    - asset management plan,
- Governance and management arrangements,
- Defining levels of service,
- Data and systems,
- Skills and processes, and
- Evaluation.[2]

[1] LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

[2] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

The goal of asset management is to ensure that services are provided:

- in the most cost-effective manner,
- through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets,
- for present and future consumers.

The Asset Management Strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future;
- how Council's asset management policies are to be achieved; and
- the integration of Council's asset management with its long-term strategic plan.[3]

The objective of the Asset Management Strategy is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for Council to provide services to the community.

1.1 Legislative Reform

This Asset Management Strategy has been prepared in line with Section 70D of the *Tasmanian Local Government Act 1993*. The Asset Management Strategy to be reviewed at least every 4 years and the General Manager is to notify the Director as soon as practicable after the council adopts an Asset Management Strategy (Section 70E)

The Local Government (Content of Plans and Strategies) Order 2014, Clause 9 (2) requires the Asset Management Strategy to include the following matters:

a) an outline of all existing assets, and the services provided using those assets

b) an outline of the condition of each existing asset, including financial status and the estimated costs related to the acquisition and use of the asset during its lifecycle

c) details of the goals and objectives of the council relating to the delivery of services provided using its assets

d) details of the asset management strategies of the council to be implemented to enable the objectives of the Strategic Plan of the council and the Asset Management Policy of the council to be achieved

e) a plan for the improvement of asset management, detailing the program of tasks to be completed and the resources required to achieve the relevant minimum core level of asset maturity and competence required in respect of the asset as defined in the local Government Financial Sustainability Nationally Consistent Frameworks.

[3] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

1.2 Asset Management Process

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

Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation's strategic plan, developing an asset management policy, strategy, asset management plan and operational plans, linked to a long-term financial plan with a funding plan.[4]

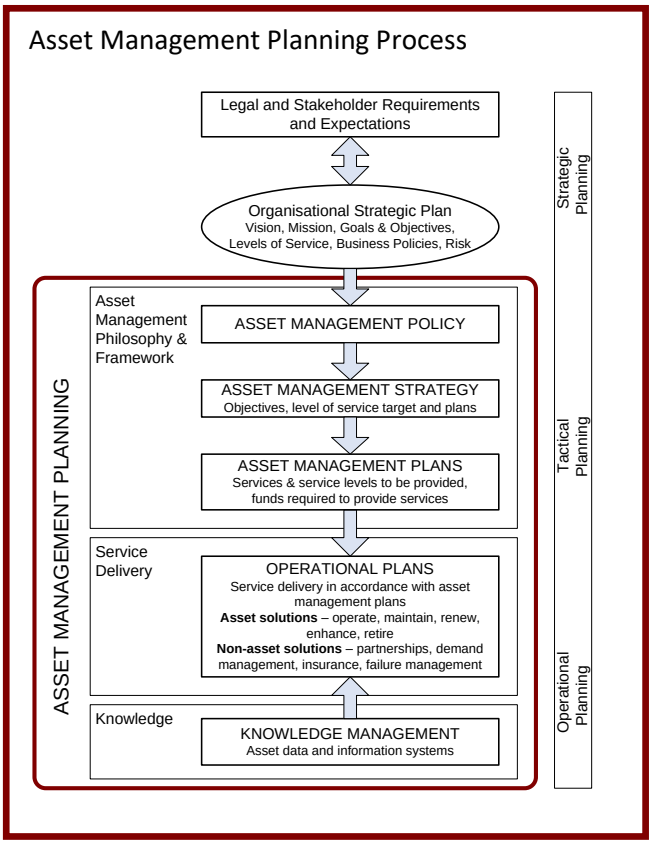

Figure 1. 1: Asset Management Planning Process

[4] IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

2. What Assets Do We Have?

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided by these assets is shown in Table 2.1.

Table 2. 1: Assets used for providing services

Infrastructure Asset Class	Description	Services Provided
Transport	Public roads, footpaths & bridges	Transportation access into and throughout the community
Drainage	Underground pipe network, culverts & channels, retention basins	Collection of stormwater and discharge into the Derwent River
Buildings	Buildings	Support the delivery of a range of services and infrastructure to the community.
Other Infrastructure (Park and Recreation)	Recreational facilities and parks infrastructure	Provide the recreational, leisure and sporting opportunities for the community

The Infrastructure assets mentioned in the table above, such as road, footpath, drainage networks, bridges, buildings and parks and recreation facilities, have a total replacement value of **$843 Million** (as of 30, June 2018)

Note that Council also have other assets which do not form part of the Infrastructure assets, including land, indoor equipment, furniture, fleet and plant, with a replacement value of **$223** Million as at 30 June 2018.

This Asset Management Strategy is mainly focused on infrastructure assets and is not intended for these non-infrastructure assets.

3. Organisation's Assets and Their Management

3.1 State of the Assets

The financial status of the organisation's assets is shown in Table 3.1.

Table 3. 1: Financial Status of Assets

Asset Class	Replacement Cost ($000)	Residual Value ($000)	Depreciable Amount ($000)	Depreciated Replacement Cost ($000)	Depreciation Expense ($000)
Transport	$521	$0	$521	$277	$7,561
Stormwater & Drainage	$215	$0	$215	$142	$2,275
Buildings	$82	$0	$82	$33	$1,361
Other Infrastructure (Park and Recreation)	$25		$25	$11	668
Total	**$843**	**$0**	**$843**	**$463**	**$11,865**

With an estimated asset replacement cost of $843 million, the total annual depreciation of these infrastructure assets is around $12 million per year. The relatively low annual depreciation amount was mainly due to the long life of infrastructure assets. For example, the useful life the stormwater pipe is up to 135 years.

Figure 3.1 shows the replacement value breakdown of Council's assets. It is found that transport assets formed the largest asset portfolio, taking up to 62% of the asset replacement value, with drainage assets following it as the second (25%).

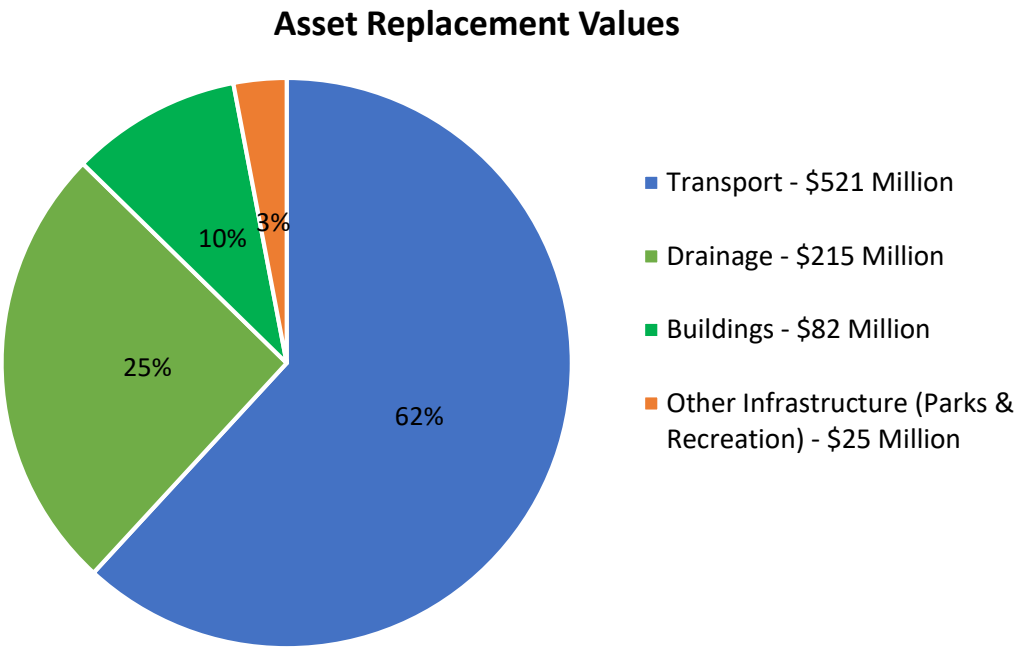

Figure 3. 1: Asset Replacement Values

The Asset Consumption Ratios (ACRs) of Council's assets is an indicator of the average proportion of 'as new' condition left in assets.

The ACRs for each major asset class shown in Figure 3.2, calculated by using the written down value divided by the current replacement cost, are showing that most of Council's infrastructure assets are half-consumed and moving into the second half of their life cycle (asset consumption ratio < 50%). This means the requirement for asset renewal expenditure will start to grow.

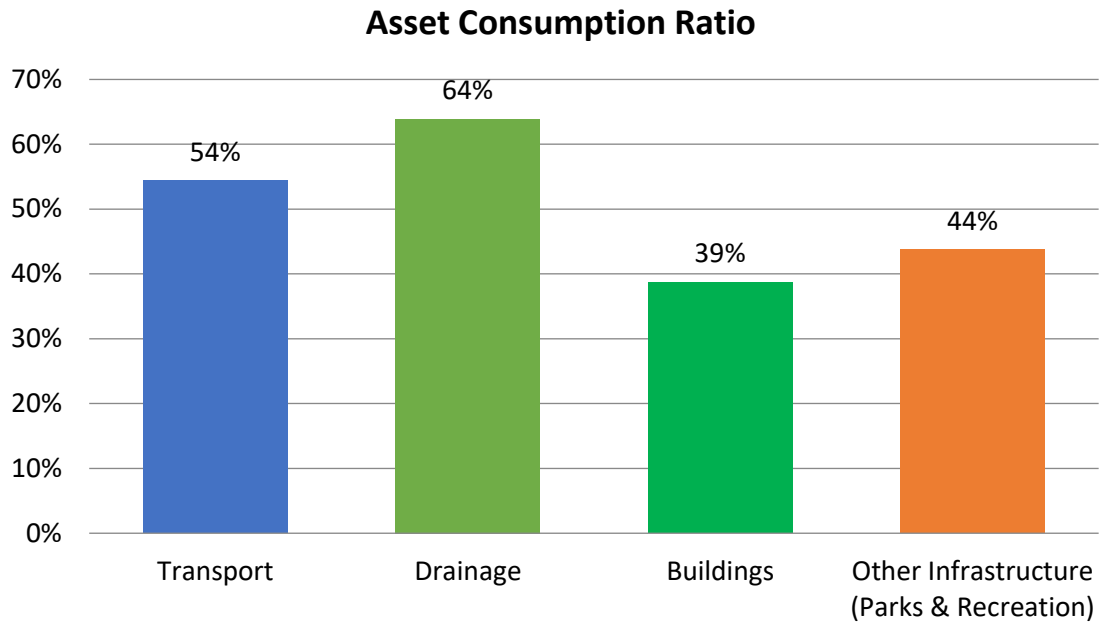

Figure 3. 2: Asset Consumption Ratio

It is noticed that drainage assets have the highest consumption ratio (64%), comparing to transport assets (54%), Buildings (39%) and Other Infrastructure assets (44%). This means, in general, the drainage assets are less consumed and having a higher remaining service life than other assets.

The Asset Consumption Ratios (ACRs) shown above suggest that Council's asset stocks are half-consumed and are moving into the second half of its life cycle (ACR < 50%) and that the requirement for asset renewal expenditure will start to grow.

Despite each asset class has a slightly different consumption and condition profile, over 70% of the assets are sitting in 'Very Good' and 'Good' conditions (Condition 1 & 2). There are only a very small portion of assets sitting in 'Very Poor' (2.5% in Condition 5) and 'Poor' Condition (6% in Condition 4).

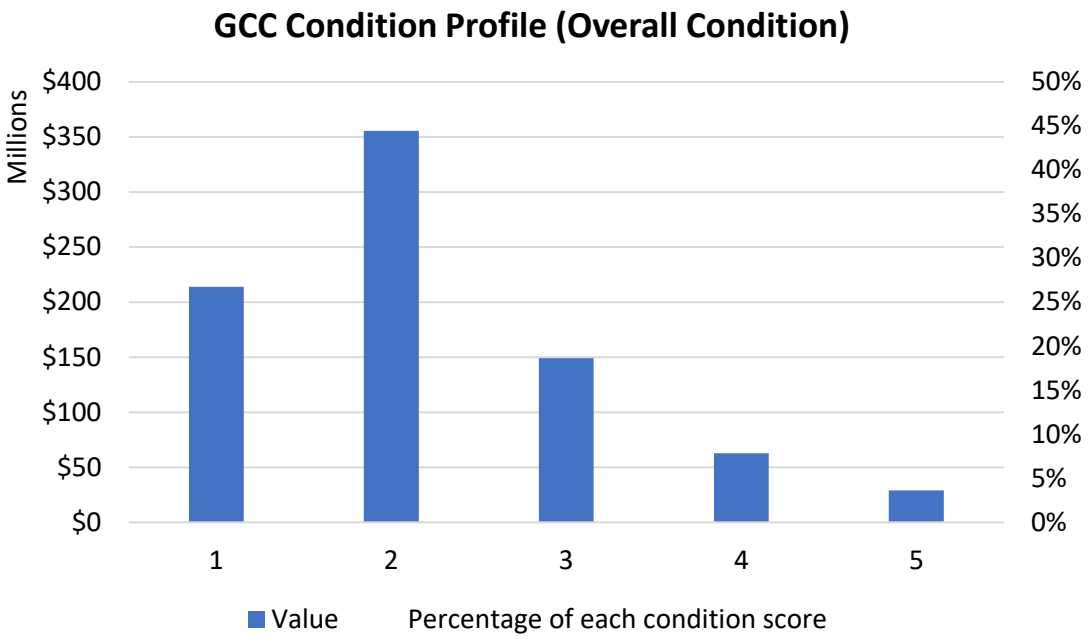

Figure 3. 3: Asset Condition Profile (Overall Condition)

The diagrams below show the condition profile of each major asset portfolio (Transport, Drainage, Building and other assets)

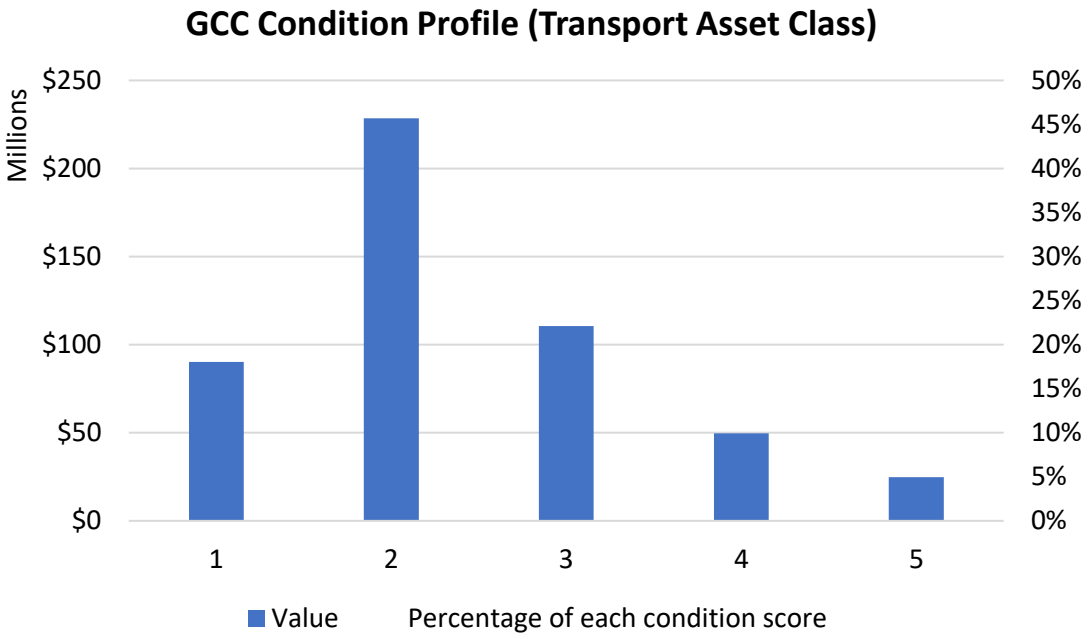

Figure 3. 4: Asset Condition Profile (Transport Asset Class)

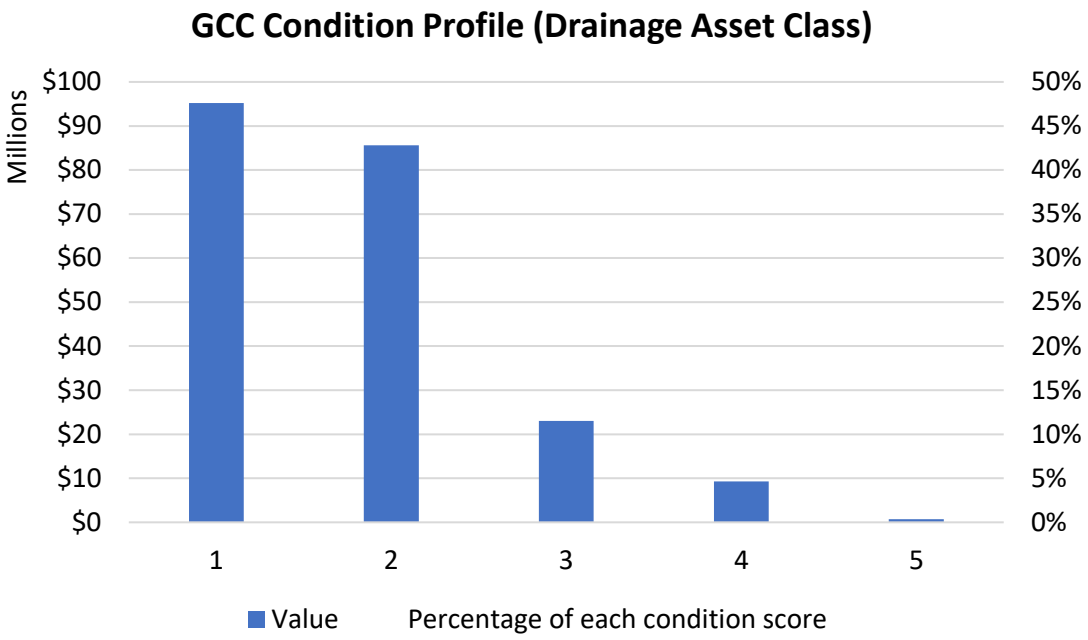

Figure 3. 5: Asset Condition Profile (Drainage Asset Class)

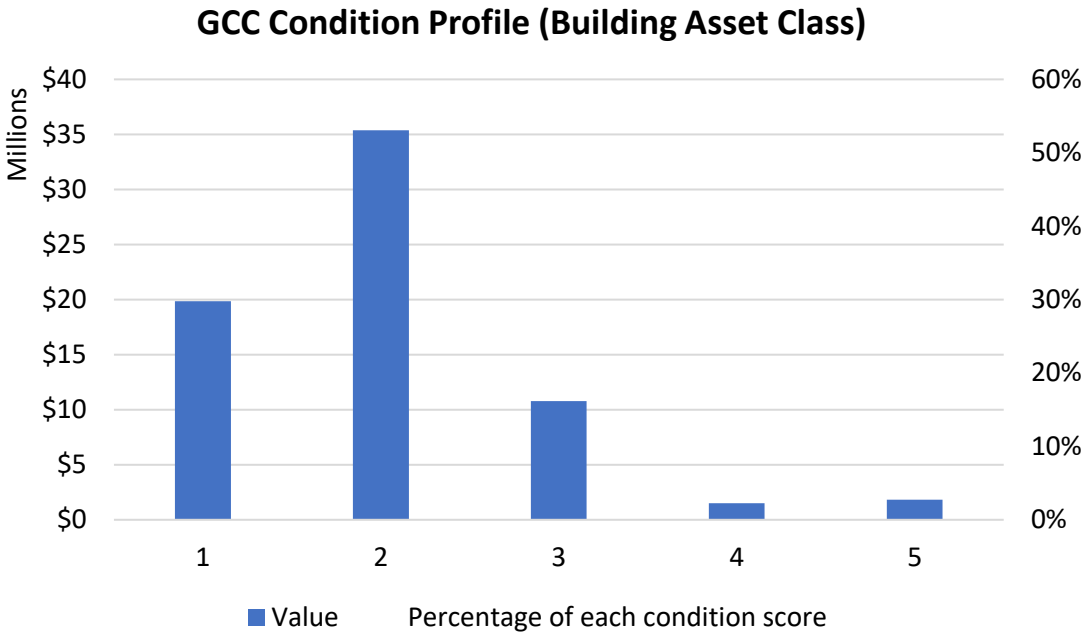

Figure 3. 6: Asset Condition Profile (Building Asset Class)

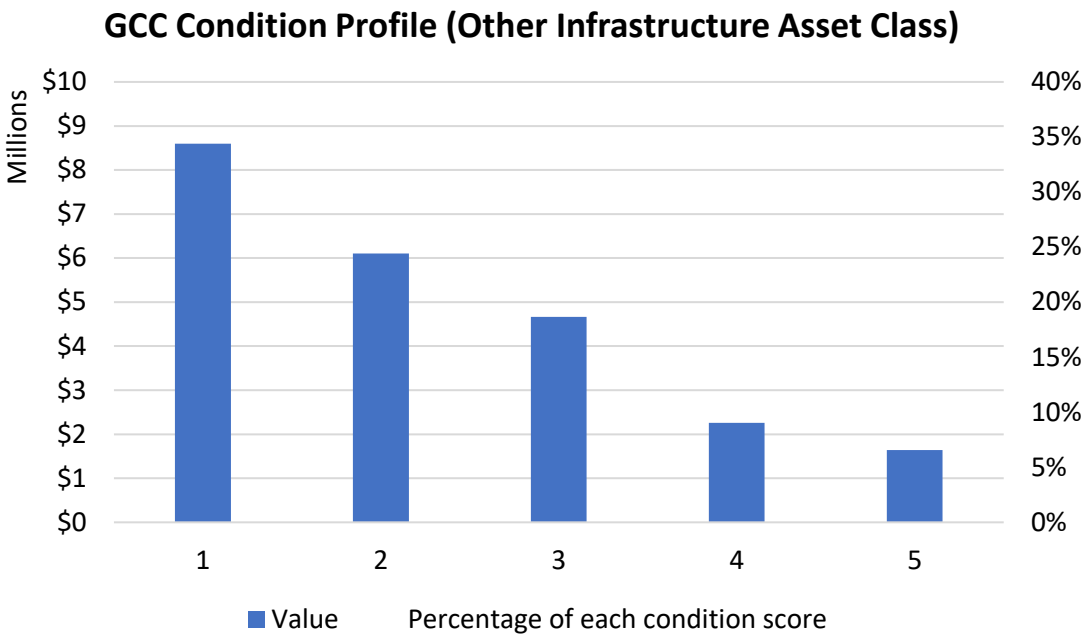

Figure 3. 7: Asset Condition Profile (Other Infrastructure Asset Class)

The above condition profile diagrams showed a reasonable distribution of assets for a municipality of the age and development of Glenorchy.

Under the current asset renewal strategy, while assets in 'Very Poor' condition (Score 5) urge immediate renewal actions to bring them back to service, the assets in 'Poor' condition (Score 4) should also be included as part of the renewal programs of works depending on the nature of the services that the assets provide and their priority.

3.2 Life Cycle Cost and Asset Sustainability Ratio

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is shown in Table 3.2.

Table 3. 2: Life Cycle Cost of Council Services

Service	FY2017/18 Exp.		FY17/18 Depreciation Exp. ($000/yr.)	Life Cycle Cost ($000/yr.)
	Operations ($000/yr.)	Maintenance ($000/yr.)		
Transport	$800	$1,934	$7,561	$10,295
Drainage	$320	$1,000	$2,275	$3,595
Buildings	$360	$1,000	$1,361	$2,721
Other Infrastructure (Park and Recreation)	$360	$1,000	$668	$2,028
TOTAL	**$1,840**	**$4,934**	**$11,865**	**$18,639**

Life cycle costs can be compared to the life-cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year or preferably averaged over the past 3 years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is shown in Table 3.3.

Table 3. 3: Life Cycle Expenditure for Council Services

Service	FY2017/18 Exp.		Cap Renewal Exp. ($000/yr.)	Life Cycle Exp. ($000/yr.)
	Operations ($000/yr.)	Maintenance ($000/yr.)		
Transport	$800	$1,934	$6,529	$9,263
Drainage	$320	$1,000	$613	$1,933
Buildings	$360	$1,000	$1,028	$2,388
Other Infrastructure (Park and Recreation)	$360	$1,000	$61	$1,421
All Services	**$1,840**	**$4,934**	**$8,231**	**$15,005**

The life cycle costs and life cycle expenditure comparison highlight any difference between present outlays and the average cost of providing the service over the long term, If the life cycle expenditure is less than the life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing service to their communities in a financially sustainable manner. This is the purpose of the AM Plans and long-term financial plan.

A shortfall between life-cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the asset management and long-term financial plan.

In FY17/18, an ASR or LCI of 75% was calculated, which suggested a ‘funding gap' of approximate $3.6 Million across all asset classes between the capital expenditure on renewal or replacement of assets and the depreciation expense. The table below demonstrates the LCI gap in the major asset classes. Note that the Tasmanian Audit Office (TAO) would normally recommend an ‘ASR’ of 100% when there is no other benchmark or strategy in place.

The life cycle gap and life cycle indicator for services covered by this asset management plan are summarised in Table 3.4.

Table 3. 4: Life Cycle Indicators

Service	Life Cycle Cost ($000/yr.)	Life Cycle Exp. ($000/yr.)	Life Cycle Gap* ($000/yr.)	Life Cycle Indicator
Transport	$10,295	$9,263	-$1,032	0.90
Drainage	$3,595	$1,933	-$1,662	0.54
Buildings	$2,721	$2,388	-$333	0.88
Other Infrastructure (Park and Recreation)	$2,028	$1,421	-$607	0.70
All Services	**$18,639 (Total)**	**$15,005 (Total)**	**-$3,634 (Total)**	**0.75 (Average)**

* A life cycle gap is reported as a negative value.

Historically, Council was not funding 100% of its annual depreciation due to various justifiable reasons (e.g. asset management practice, financial constraints, etc.). Council's asset management team is still in the view that it is not necessary to fund 100% of the annual depreciation and thereby to accept a so-called "funding gap". It is considered that the asset sustainability ratio overstates the required renewal expenditure when the actual condition and service potential of the Council's assets is properly taken into account, and that there are other indicators (e.g. physical condition) which better reflect and forecast the renewal demand. For instance, the physical condition assessment found our long-life assets such as drainage pipe and pits have a long remaining life and their renewal demands are significantly lower than the annual depreciation using a crude straight-line approach.

Drainage asset class appears to include the highest funding gap, with over $1.5Million difference showing between its annual expenditure and depreciation. Given most drainage assets in Glenorchy were built between the 1950s and 1970s, they are still early in their lifecycle and don't generate a renewal demand equivalent to their annual depreciation. It is also worth noting that, due to lack of capacity data historically, the drainage renewal forecast currently was mainly based on assets' physical condition. It is expected that the understanding of the relationship between depreciation and annual budget demand would be improved by the flooding and network capacity modelling and the development of the stormwater system management plan. GCC is currently working with the Tasmanian Audit Office to review the depreciation method of these assets and this will assist with managing the gap.

For transport assets, a road and footpath 10-year long-term predictor model has been developed based on the asset condition, location and criticality. It integrates with Optimised Decision Making (ODM) tool to define the optimised capital renewal budget with the current Council's Level of Serve rather than following the annual depreciation. Council is in a reasonable position in terms of adequately funding its renewal of transport assets over the next 10 years.

The useful life of the Buildings and Other Infrastructure assets has a significant influence on the Asset Sustainability Ratio. With the lack of the knowledge of the useful lives of these assets and building assets being a complex mix of short and long-life components, it is hard to judge if the Life Cycle Indicator is acceptable currently.

Instead of using indicators (e.g. ASR, LCI) derived from financial figures, Council would be better served understanding its assets. It is expected that, for the foreseeable future, Council's renewal expenditure will be determined by the actual renewal demand generated from the physical condition of its assets

and their service demand. Therefore, there would be benefit in further exploring methods of calculation of annual depreciation that better reflect the consumption of Council's assets.

To achieve this, Council need to continue to fund the renewal demand of the assets and provide additional funding to address backlog to ensure that the various assets meet with the expectation of the community in the long term.

3.3 Asset Management Governance Structure

A 'whole of organisation' approach to asset management can be developed with a corporate asset management team. The benefits of a corporate asset management team include:

- demonstrate corporate support for sustainable asset management,
- encourage corporate buy-in and responsibility,
- coordinate strategic planning, information technology and asset management activities,
- promote uniform asset management practices across the organisation,
- information sharing across IT hardware and software,
- pooling of corporate expertise
- championing of asset management process,
- wider accountability for achieving and reviewing sustainable asset management practices.

The role of the asset management team will evolve as the organisation maturity increases over several phases.

Phase 1

- strategy development and implementation of asset management improvement program,

Phase 2

- asset management plan development and implementation,
- reviews of data accuracy, levels of service and systems plan development,

Phase 3

- asset management plan operation
- evaluation and monitoring of asset management plan outputs
- ongoing asset management plans review and continuous improvement.

Table 3. 5: Asset Management Governance Role

Position	Role
Aldermen	Ensure Council's asset management policy and principles are applied to relevant decisions making. Provide appropriate resources to maintain and renew infrastructure assets. Ensure the Financial Management Strategy is implemented annually.
General Manager	To ensure the Council infrastructure is maintained and operated in accordance with Council's adopted policies and procedures and in accordance with relevant legislation.
Director Infrastructure & Works Manager Infrastructure, Engineering & Design Manager Works	Overall control of AM and operational objectives.

Position	Role
Manager Property, Environment and Waste	
Manager Finance & ICT	Responsible for development, implementation and review of the Financial Management Strategy and Financial Services input into the AM process.
Asset Management Coordinator	Managing staff in the asset management section and oversee the implementation of the Strategy and monitor the Improvement Action plan.

Council have an Asset Management Section led by the Asset Management Coordinator who is responsible for managing Council's asset register, the development/renew of asset management policy, the implementation of the Asset Management strategy, the works also include developing asset management plans and 10-year capital work programs with asset managers and obtaining condition information on assets where available, including pavement testing.

Council's Infrastructure section and Property, Environment and Waste department are responsible for the preparation of 10-year capital work programs for drainage, building and recreation assets, they also contribute to the development of related asset management plans.

Works department is responsible for the operations and maintenance of assets.

Council also has an Infrastructure Management Group (IMG) that reviews and considers the overall capital budget each year based on the information supplied by the Asset owners which is then presented to Council for overall approval.

3.4 Financial & Asset Management Core Competencies

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define 10 elements.

11 core competencies have been developed from these elements[5] to assess 'core' competency under the National Frameworks. These core competencies are:

- Financial Planning and Reporting
  - ✓ Strategic Longer-Term Plan
  - ✓ Annual Budget
  - ✓ Annual report

- Asset Planning and Management
  - ✓ Asset Management Policy
  - ✓ Asset Management Strategy
  - ✓ Asset Management Plan
  - ✓ Governance & Management
  - ✓ Levels of Service

[5] Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.

- ✓ Data & Systems
- ✓ Skills & processes
- ✓ Evaluation

In terms of undertaking asset management and implement it within the organisation, Asset Management Maturity (AMM) is the indicator in determining how good the asset management practice is within an organisation.

The web chart in Figure 3.8 shows the result of a maturity assessment of Council's Asset Management Practice. The current maturity level is shown by the blue bars, with the targeted core maturity level in red.

The maturity gap needs to be overcome for Council to achieve the goals and objectives set in this Asset Management Strategy and to maintain its core financial and asset management competency.

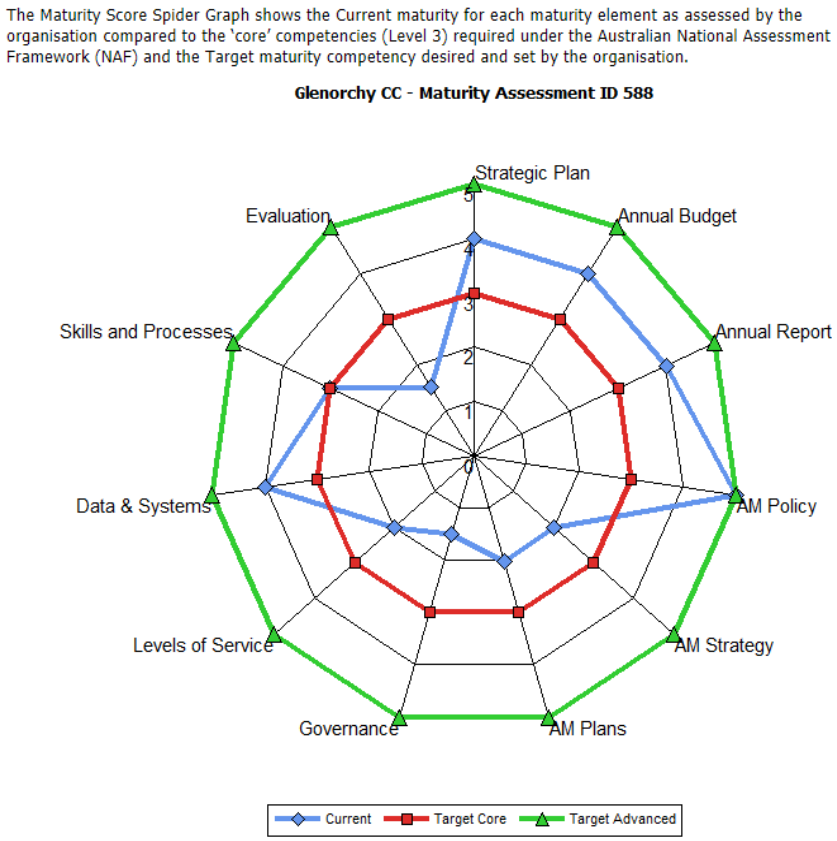

Figure 3. 8: Core Asset Management Maturity

It shows that Council's asset management is, in several respects, under the core level. The gaps between current asset management practice and the 'core' maturity set by the Local Government Financial and Asset Management Reform Project have been identified. These particularly lie within the areas of 'Evaluation', 'Governance', 'Asset Management Plans' and 'Levels of service'. Understanding these gaps will help Council to determine its strategy to achieve asset management best practice and to prioritise any improvement actions proposed (Figure 3.9).

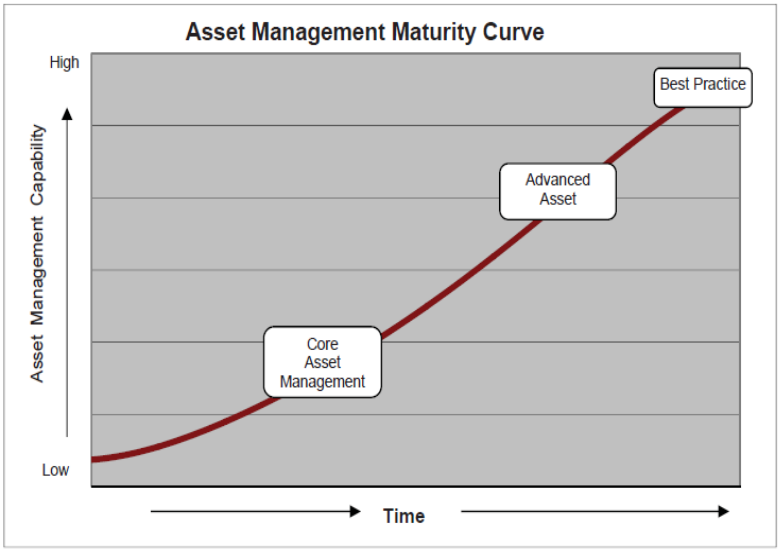

Figure 3. 9: Asset Management Maturity Curve

Understanding the gaps will help Council to determine its strategy in achieving asset management best practice and to prioritise any improvement actions proposed.

4. Level of Service

Level of Service (LoS) in the asset management context describes the outputs or objectives a government, organisation or activity intends to deliver to customers. As a Local Government, it defines the service (e.g. type, frequency etc.) that Council provides to its community.

It is recognised that understanding the LoS that the community is willing to accept and can afford is critical from an asset management perspective.

The expectations and requirements of various stakeholders need to be considered in the preparation of Asset Management Plans.

4.1 Council Service Satisfaction Survey

To understand these expectations and requirements, GCC will use the LGAT State-Wide Council Service Satisfaction Survey result with additional Glenorchy-specific questions to evaluate Council's performance in providing the service to our community.

The Council Service Satisfaction Survey is ongoing tracking research conducted by LGAT to measure the satisfaction residents have with local Councils across Tasmania, and to produce a state-wide benchmark against which Councils may wish to measure the satisfaction of their residents with respect to the services they each provide.

In 2015, GCC participated the LGAT state-wide satisfaction survey and didn't ask any specific questions other than the generic ones included in the survey. The results indicate that the average score GCC was getting were generally below the state average levels. This means that there is a need to review our current practice and LoS, particularly around our footpath and the appearance of public areas, to improve the satisfactory of the performance for Council services.

Table 4.1 shows the available average state-wide satisfaction results for these services, which includes GCC individual results in financial year 2015.

From the financial year 2018-2019, a program will be continuous to conduct an individual survey for Glenorchy specific satisfaction level every four years to gain a better understanding of the level of the community satisfaction of our Council. This will help GCC to develop the performance target of LoS.

Table 4. 1: Summary of Available State-Wide and GCC Satisfaction Results for Council Services

Asset Management Plan	Service	State-Wide Satisfaction Results (Average satisfaction score)							GCC Individual Satisfaction Results (Average satisfaction score)
		2001	2002	2006	2009	2011	2013	2015	2015
Transport	Safe and well-maintained local roads	60	60	56	60	58	60	60	52
	Safe and well-maintained pedestrian areas such as footpaths and walkways	62	64	60	64	62	64	62	54
	Road side slashing and weed control	n/a	n/a	n/a	n/a	n/a	n/a	62	58
	An efficient local road network including traffic management and flow	68	70	64	64	64	66	64	58
Drainage	Stormwater and flood control	76	76	74	76	66	68	68	68
Buildings	Community and cultural facilities like halls, museums and galleries	68	66	66	66	68	64	70	68
Park & Recreation	Sportsground and recreational facilities in area	72	74	74	76	76	76	78	74
	Parks and playgrounds	74	74	74	74	74	74	76	74
	The appearance of public areas in general	n/a	n/a	n/a	n/a	n/a	n/a	74	62

Source: LGAT - State-wide Community Satisfaction Survey – Research Report 2015

4.2 Level of Service

Council have defined Level of Service (LoS) in two terms: Community Levels of Service and Technical Levels of Service

Community Levels of Service measure how the community receives the service and whether the organisation is providing community value.

Community levels of service measures used in the AMS and individual AMPs are:

- Quality How good is the service?

- Function Does it meet users' needs?
- Capacity/Utilisation Is the service usage appropriate to capacity?

Our current and projected community levels of service will be documented in the AMPs developed for major asset class (e.g. Transport, Drainage, Building, etc.).

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

Technical service measures are linked to annual budgets covering:

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

Service managers plan, implement and control technical service levels to influence the customer service levels.[6]

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

[6] IPWEA, 2011, IIMM, p 2.22

5. Future Demand and Management

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

Table 5.1 documents:

- The present position and projections for major demand drivers that may impact future service delivery and use of assets in GCC; and
- Proposed plan identified for demand management in GCC.

Table 5. 1: Demand Drivers, Projections and Impact on Service

Demand Driver	Projection	Impact on service	Demand Management Plan
Increased construction Costs	Cost increases are anticipated to continue, and will likely be at a higher rate than CPI. Cost of renewing infrastructure assets is increasing	The need to carefully target and plan infrastructure is increasing in importance as maximising the service that can be delivered within the funding limitations will be under pressure.	Continue to fund high priority projects. Investigate new & cost-efficiency technologies and seek external funding.
Higher community expectation and demand created from urban development	Expectations will continue to increase; Infill development in established urban areas will create a significant load on the existing aged infrastructure, and this trend will drive the demand high. Anticipated to continue to increase albeit slowly		
Climate Change	High-intensity rainfall events & under capacity stormwater network	Reducing the level of service provided by the existing infrastructure due to more frequent extreme weather and damage to the assets.	Identify high-risk areas and develop plans to renew or upgrade
Health and well being	Promotion of community activity Increased sporting activity	Demand for more walkway, park and recreation facilities	Identify needs by conducting track & trail project and developing Open Space Strategy
Changes in technology	There will be changes to asset management technology,	New technology may allow for cost savings and protect the environment,	These technical factors need to be assessed in determining the scoping requirements for capital and maintenance works

6. Where Do We Want to Be?

6.1 Council's Vision, Mission, Goals and Objectives

Council has adopted a Vision for the future in the Council Strategic Plan 2016-2025.

> *Our Vision: We are a proud city; a city of arts; of opportunity; of partnerships; a city that makes exiting things happen.*

Council's purpose or reason for existence is set out in the adopted mission statement,

> *Our mission is to deliver the community's vision, goals and priorities from the City of Glenorchy Community Plan 2015-2040.*

Council's Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where the organisation wants to be. The objectives are the steps needed to get there. Goals and objectives relating to the delivery of services from infrastructure assets are shown in Table 6.1.

Table 6. 1: Goals and Objectives relating to Infrastructure Assets

Community Visions	Strategic Plan Objectives	AM Strategy Objectives
Making Lives Better	1.3 Facilitate and/or deliver services to our communities	Ensure resources and operational capabilities are identified and responsibility for asset management is allocated
Valuing our Environment	3.1 Create a liveable and desirable City	Ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability
Valuing our Environment	3.2 Manage our natural environments now and for the future	
Leading our Community	4.1 Govern in the best interests of our community	• Meet legislative requirements for all Council's operations, • Provide high-level oversight of financial and asset management responsibilities through Audit Committee/CEO reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long-Term Financial Management Plan. • Adopt the Long-Term Financial Management Plan as the basis for all service and budget funding decisions

6.2 Asset Management Policy

Council's Asset Management Policy defines the council's vision and service delivery objectives for asset management in accordance with legislative requirements, community needs and affordability, the Strategic Plan and applicable legislation.

The Asset Management Strategy is developed to support the Asset Management Policy and is to enable Council to:

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

6.3 Asset Management Vision

To ensure the long-term financial sustainability of Council, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, Council aspires to:

Develop and maintain asset management governance, skills, process, systems and data to provide the level of service the community need at present and in the futures, in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the asset management strategy are to:

- ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability,
- safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets,
- adopt the Long-Term Financial Management Plan as the basis for all service and budget funding decisions,
- meet legislative requirements for all Council's operations,
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- provide high-level oversight of financial and asset management responsibilities through Audit Committee/CEO reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long-Term Financial Management Plan.

Strategies to achieve this position are outlined in Section 7.

7. How Will We Get There?

7.1 Asset Management Strategy Guiding Principles

The following guiding principles were developed to provide clear objectives for Council's asset management, focus of the asset management strategy and establish priorities to guide future practice.

Council will:

- **invest in high use areas**
  develop a differentiated approach to service delivery by recognising that greater investment is required in high use areas (e.g. wider footpaths in CBD areas).

- **engage with the community**
  continue to understand the needs of the community through engagement e.g. Local Government Association Tasmania (LGAT) community satisfaction survey, customer service requests and project consultation.

- **provide services to an affordable standard**
  focus on asset renewals and alternative methods of providing affordable levels of service to meet the needs of the community e.g. relining of stormwater pipes, use of recycled asphalt, increase spending on bituminous resurfacing.

- **cater for future demand**
  assess the requirement of new services to cater for future demand of our city. In assessing new service, Council will consider the whole of life cycle costs and the ability to fund. e.g. access external funding to build new destination playgrounds, upgrade of toilets, business case development for the upgrade of sports grounds and facilities and building new footpath that focus on high traffic areas.

- **best practice asset management**
  continue to invest in asset management to achieve a 'core level' of maturity e.g. ensure alignment of asset management plans with the long-term financial plan, training and investment in our people and benchmark our performance.

- **dispose of surplus assets**
  dispose of surplus assets to achieve long term sustainability e.g. repurposing of underutilised land, closure of Derwent Park Reuse Scheme and consolidation of playgrounds.

- **shared facilities and services**
  explore the opportunities to work together with other service providers for non-asset methods of providing sustainable service delivery. e.g. delivery of road works on the border with adjoining Councils, working with the Education Department to access sports grounds, developing shared facilities for sport and community users.

7.2 Strategy

Following the guideline principles above, eleven (11) asset management strategies are proposed below to enable the objectives of Council's Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved. The strategies are derived from NAMS.PLUS – the most widely used asset management template in Australia aligned with the International Infrastructure Management Manual (IIMM) 2015 and International Asset Management Standard ISO 550011.

Table 7. 1: Asset Management Strategies

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long-term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop Long-Term Financial Management Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long-Term Financial Management Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update asset management plans and Long-Term Financial Management Plans after the 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.
6	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.
7	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.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 4 years.	Improved financial and asset management capacity within Council.
11	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long-Term Financial Management Plans.	Oversight of resource allocation and performance.

7.3 Improvement Plan

Linked to the Asset Management Strategies mentioned in Table 7, a total of twenty-four (24) tasks are programmed in priority order through the life of this Asset Management Strategy to achieve a 'core' financial and asset management maturity showing in Table 7.2.

Table 7. 2: Asset Management Improvement Plan

No.	Strategy	ID	Task	Responsibility	Target Date	Status	Last Reviewed
1	Move from Annual Budgeting to Long Term Financial Planning	1-01	Develop Asset Management Strategy 2019-2023 and have it adopted by Council	Manager Infrastructure, Engineering & Design / Asset Management Coordinator	2018-2019		
		1-02	Establish an Asset Management Working Group and develop Terms and Reference	Members will include Director Infrastructure & Works / Manager Infrastructure, Engineering & Design/Manager Works / Manager Property, Environment and Waste / Manager Finance & ICT / Manager City Strategy & Economic Development / Asset Management Coordinator	2019-2020		
		1-03	Continue to improve Road/Pathway MyPredictor software model to contribute to the 10 Years capital works program, the methodology/ approach used will be included in the 2019-2020 Asset Management Plan (e.g. review pathway asset hierarchy and connectivity, differentiate the Level of Service based on the updated hierarchy)	Asset Management Coordinator / Asset Engineering Officer/Senior Civil Engineer / Traffic Engineer	2019-2020, Ongoing review		

No.	Strategy	ID	Task	Responsibility	Target Date	Status	Last Reviewed
		1-04	Continue to develop Stormwater System Management Plans / flood studies and include a capacity score for all the pipes in the same year	Senior Civil Engineer / Graduate Engineer	2019/2020		
		1-05	Map council received flooding and soakage complaints	Senior Civil Engineer / Graduate Engineer	Ongoing		
		1-06	Include the result of Criticality Analysis and Risk Assessment for stormwater assets in the Asset Register and use the information for decision making	Senior Civil Engineer / Graduate Engineer / Asset Management Coordinator	Ongoing		
		1-07	Undertake pro-active CCTV Condition Assessment of stormwater and include condition scores from CCTVs in Asset Register to reflect the physical condition of the assets	Senior Civil Engineer / Graduate Engineer / Asset Management Coordinator	Ongoing		
		1-08	Develop a revised version of 10-year Buildings / Park & Recreation asset capital programs to reflect the works and outcomes defined in the relevant strategies	Manager Property, Environment and Waste / Facilities Coordinator/Operations & Maintenance Supervisor	2019/2020		
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	2-01	Develop and annually review Asset Management Plans for Transport / Drainage asset classes	Manager Infrastructure, Engineering & Design / Asset Management Coordinator / Asset Engineering Officer / Senior Civil Engineer / Graduate Engineer / Traffic Engineer / Operations & Maintenance Supervisor	2019-2020, Ongoing review		

No.	Strategy	ID	Task	Responsibility	Target Date	Status	Last Reviewed
		2-02	Develop and annually review Asset Management Plans for Buildings / Park & Recreation asset classes	Manager Property, Environment and Waste / Asset Management Coordinator / Facilities Coordinator / Operations & Maintenance Supervisor	2019-2020, Ongoing review		
3	Develop Long-Term Financial Management Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	3-01	Asset Section to provide revised 10 Year forecast to Finance each year before finalising the Long-Term Financial Management Plan	Asset Management Coordinator / Accounting Coordinator	Ongoing		
		3-02	Develop a process and timeline for incorporating AMP figures into the Long-Term Financial Management Plan	Accounting Coordinator/ Asset Management Coordinator	2019-2020		
4	Incorporate Year 1 of Long-Term Financial Management Plan revenue and expenditure projections into annual budgets.	4-01	Continuous to incorporate Year 1 of Long-Term Financial Management Plan revenue and expenditure projections into annual budgets	Accounting Coordinator	Ongoing		
5	Review and update asset management plans and Long-Term Financial Management Plan after the adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	5-01	Review and update asset management plans and Long-Term Financial Management Plan after the adoption of annual budgets in August/September	Asset Management Coordinator / Accounting Coordinator	Ongoing		
6	Report Council's financial position at Fair Value in	6-01	Develop and confirm current and desired customer/community and	Manager Infrastructure, Engineering & Design / Manager Property,	Ongoing		

No.	Strategy	ID	Task	Responsibility	Target Date	Status	Last Reviewed
	accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.		technical levels of service to understand and report on a sustainable service delivery model.	Environment and Waste / Asset Management Coordinator / Asset Engineering Officer / Senior Civil Engineer / Operations & Maintenance Supervisor			
		6-02	Revalue major asset classes following the three to four year's cycle.	Asset Management Coordinator / Asset Engineering Officer/Asset Technical Officer / Senior Civil Engineer / Accounting Coordinator/ Capital Work Supervisor	Ongoing		
		6-03	Develop the capital project handover process to ensure asset information are fully captured	Asset Management Coordinator / Asset Engineering Officer / Asset Technical Officer / Senior Civil Engineer / Capital Work Supervisor / Manager Property, Environment and Waste / Operations & Maintenance Supervisor / Finance Reporting Officer	2018-2019		
7	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.	7-01	Improve asset data quality (attribute, condition, useful life, and unit costs etc.)	Asset Management Coordinator / Asset Engineering Officer / Asset Technical Officer / Asset Survey Officer	Ongoing		
		7-02	Update the current Asset Management System to cloud-based version	Depot & Systems Supervisor / Asset Management Coordinator / Development Operations Coordinator	2020-2021		
8	Report on Council's resources and operational capability to	8-01	Review and endorse maintenance service levels manual	Operation & Maintenance Supervisor / Depot & Systems Supervisor	2019-2020		

No.	Strategy	ID	Task	Responsibility	Target Date	Status	Last Reviewed
	deliver the services needed by the community in the Annual Report.	8-02	Consult the community in terms of the Technical/Community level of service (obtain results from LGAT community satisfactory survey)	Manager Infrastructure, Engineering & Design / Asset Management Coordinator	2019/2020		
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	9-01	Develop a GCC Asset Management Skill Matrix for AM related positions	Manager Infrastructure, Engineering & Design / Asset Management Coordinator	2021-2022		
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 4 years.	10-01	Develop and implement an Improvement Plan in line with the AM Strategy and understand the financial and human resource implication of the plan before its adoption	Director Infrastructure & Works / Manager Infrastructure, Engineering & Design / Manager Works / Manager Property, Environment and Waste / Manager Finance & ICT / Asset Management Coordinator	2022-2023		
11	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long-Term Financial Management Plans.	11-01	Present the information in a report format to Council	Director Infrastructure & Works	Ongoing		

**Note: It is worth noting that there are consequences for the Council if the improvement actions are not completed. These include:*

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

7.4 Four-year Capital Work Programs

The four-year detailed capital work programs have also been developed to ensure the funding commitment for the next four financial years meets the benchmark defined under the current Level of Service (Table 7.3).

It is expected that, in the foreseeable future, Council's renewal expenditure will be determined by the actual renewal demand generated from the physical condition of our assets and their service demand. This will improve our decision-making process and move away from benchmarking against the calculated annual depreciation.

Table 7. 3: 4-year Detailed Capital Work Programs

10 Year Capital Works Program	Benchmark	2019/20	2020/21	2021/22	2022/23
Transport Asset Class Program (Asset Owner: Manager Infrastructure, Engineering & Design)					
Road Resurfacing	*3,750,000*	*1,500,000*	*2,800,000*	*2,800,000*	*3,000,000*
Footpath Renewal	*1,500,000*	*1,200,000*	*1,500,000*	*1,500,000*	*1,500,000*
Pavement Rehabilitation	*3,000,000*	*1,500,000*	*2,200,000*	*2,800,000*	*2,800,000*
Bridge and Street Lighting Renewal	*250,000*	*175,000*	*300,000*	*250,000*	*250,000*
New footpath and cycleway construction	*500,000*	*500,000*	*500,000*	*500,000*	*500,000*
Heavy Patching	*350,000*	*370,000*	*350,000*	*350,000*	*350,000*
Road User Safety Improvements	*$250,000*	*350,000*	*250,000*	*250,000*	*250,000*
CBD Revitalisation	*1,00,000*	*1,800,000*	*2,000,000*	*1,000,000*	*1,00,000*
Road Flood Repair					
Total Transport Asset Class – Upgrade/New	**900,000**	**1,260,000**	**1,250,000**	**1,200,000**	**1,200,000**
Total Transport Asset Class - Renewal	**9,700,000**	**6,635,000**	**8,650,000**	**8,250,000**	**8,450,000**
Total Transport Asset Class	**10,600,000**	**7,895,000**	**9,900,000**	**9,450,000**	**9,650,000**
Drainage Asset Class Program (Asset Owner: Manager Infrastructure, Engineering & Design)					
Flood Mitigation and System Upgrade	*700,000*	*500,000*	*700,000*	*700,000*	*700,000*
Stormwater Asset Renewal	*$500,000*	*400,000*	*500,000*	*500,000*	*500,000*
Service Extension	*$300,000*	*300,000*	*300,000*	*300,000*	*300,000*
Stormwater Flood Repair					
Total Drainage Asset Class – Upgrade/New	**520,000**	**790,000**	**980,000**	**980,000**	**980,000**
Total Drainage Asset Class - Renewal	**980,000**	**410,000**	**520,000**	**520,000**	**520,000**
Total Drainage Asset Class	**1,500,000**	**1,200,000**	**1,500,000**	**1,500,000**	**1,500,000**
Building & Other Infrastructure Asset Class Program (Property, Environment & Waste) (Asset Owner: Manager Property, Environment and Waste)					

10 Year Capital Works Program	Benchmark	2019/20	2020/21	2021/22	2022/23
Public Toilet Upgrades	*200,000*	*50,000*	*200,000*	*200,000*	*200,000*
Parks and Reserves	*250,000*	*250,000*	*250,000*	*250,000*	*250,000*
Tracks and trails	*250,000*	*300,000*	*250,000*	*250,000*	*250,000*
Community, Sport and Recreation Facilities	*300,000*	*600,000*	*300,000*	*300,000*	*300,000*
Sports Grounds	*100,000*	*100,000*	*100,000*	*100,000*	*100,000*
Commercial Buildings	*300,000*	*300,000*	*300,000*	*300,000*	*300,000*
District Playground	*500,000*	*300,000*	*500,000*	*500,000*	*500,000*
Tolosa and Wellington Park	*200,000*	*75,000*	*75,000*	*200,000*	*200,000*
Montrose Bay Seawall	*200,000*	*50,000*	*200,000*	*200,000*	*200,000*
Jackson Street Landfill Extension	*200,000*	*50,000*	*3,215,000*	*31,000*	*31,000*
Total Building & Other Infrastructure Asset Class – Upgrade/New	**1,377,500**	**885,00**	**4,292,500**	**1,208,500**	**1,208,500**
Total Building & Other Infrastructure Asset Class - Renewal	**1,122,500**	**1,190,000**	**1,097.500**	**1,122,500**	**1,122,500**
Total Building & Other Infrastructure Asset Class	**2,500,000**	**2,075,000**	**5,390,000**	**2,331,000**	**2,331,000**

**Note: The budgets of FY19/20, 20/21, 21/22 not include the $15.8 million potential grant money for following business cases: $12.8 million for northern suburbs sport and community hub, $1 million for Eady Street clubrooms and minor works, 2.1 million Montrose Foreshore Community new playground and 0.9 million for Giblin Reserve new playground*