



Greater Hume Shire

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Greater Hume Asset Management Strategy

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Asset Management for Small, Rural or Remote Communities Guidelines

The Institute of Public Works Engineering Australia.

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Executive Summary

This asset management strategy is prepared to assist council is improving the way it delivers services from infrastructure including roads, bridges, footpaths, stormwater drainage, parks and recreation, buildings, water supply and sewerage. These infrastructure assets have a replacement value of \$382,910,000. (The Asset Management Plans do not include bulk earthworks, land under roads, office equipment, furniture and fittings or capital works in progress.)

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,
- enable Council's asset management policies to be achieved, and
- ensure the integration of Council's asset management with its long term strategic plan.¹

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks, Section 8 of the Local Government Act 1993 (NSW) and providing services needed by the community in a financially sustainable manner.

The asset management strategy is prepared following a review of the council's service delivery practices, financial sustainability indicators, asset management maturity and fit with council's vision for the future outlined in the Greater Hume Shire Asset Management Strategy. The strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to bring council to a minimum 'core' level of asset maturity and competence.

Strategy outlook

At present, it has been determined that Council's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

¹ LGPMC, 2009, *Framework 2 Asset Planning and Management*, p 4.

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 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 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 plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks	Council and the community are aware of changes to service levels and costs arising from budget decisions
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 2 years	Improved financial and asset management capacity within Council
11	Report six monthly to Council by Audit Committee/GM on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans	Oversight of resource allocation and performance

Asset management improvement plan

The program of tasks and resources required to achieve a minimum 'core' asset management maturity was developed in the asset management strategy. The tasks and program are shown below.

Task	Responsibility	Target Date	Budget
Transport Asset Management Plan	Director Engineering / Asset Manager	31/5/2012	Existing Resources
Water & Sewer Asset Management Plan <i>(to be finalised after re-valuation is completed)</i>	Director Engineering / Asset Manager / Manager Water & Sewer	31/7/2012	Existing Resources
Plant and Fleet Management Plan	Director Engineering / Asset Manager / Manager Infrastructure & Transport	31/8/2012	Existing Resources
Stormwater Asset Management Plan	Director Engineering / Asset Manager	31/12/12	Existing Resources
Land & Community Facilities	Director Engineering / Asset Manager / Manager Waste & Facilities	28/2/2013	Allocation of \$8,000 in 2012/2013 budget

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 roads, drains, bridges, water and sewerage and public buildings present particular 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.²

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.³

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 longer-term approach to service delivery and funding comprising:

- A strategic longer-term plan covering, as a minimum, the term of office of the councillors and:
 - bringing together asset management and long term financial plans,
 - demonstrating how council intends to resource the plan, and
 - consulting with communities on the plan
- Annual budget showing the connection to the strategic objectives, and
- Annual report with:
 - explanation to the community on variations between the budget and actual results ,
 - any impact of such variances on the strategic longer-term plan,
 - report of operations with review on the performance of the council against strategic objectives.⁴

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,

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

³ LGPMC, 2009, Framework 3 *Financial Planning and Reporting*, pp 2-3.

⁴ LGPMC, 2009, Framework 3 *Financial Planning and Reporting*, pp 4-5.

- Skills and processes, and
- Evaluation.⁵

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,
- to enable Council's asset management policies to be achieved, and
- to ensure the integration of Council's asset management with its long term strategic plan.⁶

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 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 service

Council will consider the current and future needs of the community and its ability to provide facilities and infrastructure which contribute to meeting these requirements. It also needs to consider the financial implications of maintaining community assets, the balancing of this expenditure and operational realities against the varied needs of the community.

1.1 Asset Management Planning Process

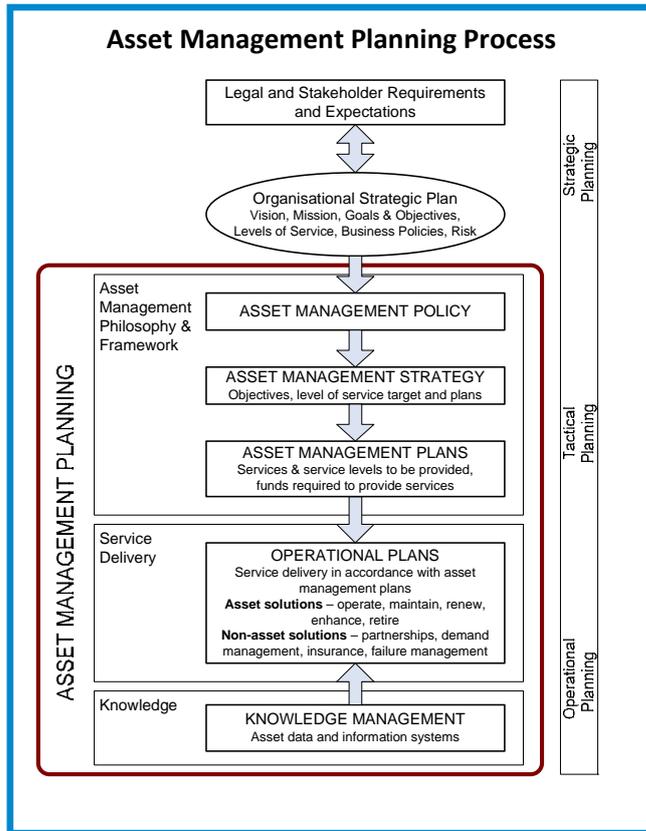
Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council's financial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

Asset management planning commences with defining stakeholder and legal requirements and needs, 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.⁷

⁵ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

⁶ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

⁷ IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.



1.2 Asset Management Strategy Objectives

Council owns and uses approximately \$382,910,000 of non-current assets to support its core business of delivery of service and facilities to the community. Asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve Council's service delivery objectives.

The Asset Management Strategy is to ensure that Council's asset portfolio meets the service delivery needs of the community and conforms to Council's Asset Management Policy objectives and goals. The purpose is to ensure adequate provision is made for the long-term management of infrastructure assets by:

- All relevant legislative requirements together with political, social, economic and environmental requirements are to be taken into account in asset management.
- Consistent Asset Management Action Plans exist for implementing systematic and appropriate asset management best-practice throughout all Departments of Council.
- Asset management principles will be integrated within existing planning and operational processes.

- Service levels agreed through the budget process and defined in Infrastructure and Asset Management Plans will be fully funded in the annual budget estimates.
- Asset renewals are required to be prioritised to meet agreed service levels. These are to be identified in infrastructure and asset management plans and will be fully funded in the annual and forward budget estimates.
- Estimated future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
- Future service levels will be determined in consultation with the community.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with best practice.
- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Creating an environment where Council employees take part in overall management of council assets by developing asset management awareness throughout the organisation.

By undertaking the above actions, the Asset Management Strategy will:

- Enable Council to show 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.

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

1.3 Scope

This strategy applies to all Council owned and managed physical assets. It will be reviewed every four years. It does not apply to human resources.

This strategy sets guidelines for implementing consistent asset management process for Greater Hume Shire Council.

1.4 Asset Management Resources

While at this stage it is difficult to put a total value on the assets owned and managed by Council, it is fair to say that the dollar value is significant. As asset management plans are completed, detailed asset values for each asset category will become available.

The large scope and responsibility of effective asset management becomes apparent when all Council assets are considered, from a bench in a local park to major infrastructure projects worth millions of dollars. In order to be able to fully implement the Asset Management Strategy and Asset Management Plans for each asset category key resource requirements have been identified:

- The need for a full time Asset Manager to oversee and implement the asset management strategy, ensure asset management plans are developed and reviewed and that the Asset Management System is operational and effective. The Asset Manager is responsible for ensuring Asset Management Plans are up to date and reviewed when programmed. The Asset Manager also needs to ensure the effective implementation of the Asset Management System and training of staff.
- A full time Technical Officer and GIS Officer to support the Asset Manager in the role outlined above.
- Staff resources for each asset category and IT staff available to the Asset Manager to complete defined tasks and responsibilities.
- An operational, efficient and user friendly Asset Management System.
- Training of staff to ensure they have a sound working knowledge of the Asset Management approach and the Asset Management System and to ensure Council is meeting industry best practice.
- Suitable equipment (hardware and software) for inspections, data recording and loading of information into the Asset Management System.
- Interaction and involvement with the asset management industry and professional bodies to ensure Council's asset management process are consistent with industry best practice.
- Employ external professionals to assist in preparation and review of Asset Management Plans and the Asset Management System where beneficial and cost effective and also provide training where appropriate.

1.5 Current Situation

The assets listed below represent the Council's current asset stock.

Natural Environment

- Natural areas (bushland) – To be determined – 31/12/12
- Drainage pits - To be determined – 31/12/12
- Open drains - To be determined – 31/12/12
- Drainage pipes - To be determined – 31/12/12
- Waste Management facilities – 8 Waste Management facilities

Built Environment

- Town centres – 5 Towns and 6 Villages
- Public toilets – 32
- Cemeteries – 11
- Sealed road pavement - 1018kms
- Unsealed road pavement – 1036kms
- Footpaths / cycleways - To be determined – 30/09/12
- Kerb & gutter - To be determined – 30/09/12
- Bridges – (64 Bridges, 95 box culverts and 18 pipe culverts.)
- Carparks - To be determined – 30/09/12
- Bus shelters - To be determined – 31/12/12

Water Supply

- Water treatment plants – 1
- Reservoirs – 7
- Water pump stations – 2
- Water mains – 74kms trunk mains, 72kms reticulation mains

Sewer

- Sewerage Treatment Plant – 6
- Sewer Pumping Station – 23
- Sewer Rising Mains & Sewer Mains – 6.968km rising mains, 66.587km sewer mains

Social

- Libraries – 3
- Swimming pools – 5
- Community buildings & halls - 21
- Rural Fire Service / SES buildings - 25

- Parks and Sportsgrounds - 56
- Tennis courts – 62 courts in 11 venues
- Skate parks – 3
- Caravan parks – 2
- Visitor Information Centres – 1

Civic Leadership

- Operational buildings (including works depots) – 2 administrative offices, 3 works depots
- Commercial buildings – 2

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 from the assets is shown in Table 1.

Table 1: Assets used for providing Services

Asset Class	Description	Services Provided
Transport	Roads, Bridges, Footpath, Kerb and Gutter	Council's intent is that an appropriate Transport network is maintained in partnership with other levels of government and stakeholders to an appropriate standard to enable residents and visitors to move about the shire in safety.
Stormwater	Drains, Pits, Pipes, etc.	Council's intent is that an appropriate Stormwater network is maintained in partnership with other levels of government and stakeholders to an appropriate standard to safely convey rainwater falling within residential areas to the most appropriate natural watercourse.
Land and Community Facilities	Council owned buildings and Land include operational buildings (Council offices, libraries depots, public halls etc) and leased buildings (commercial properties).	Council owns, operates and maintains a number of buildings and other facilities in partnership with specialist contractors, community committees and in-house staff to ensure customer and community needs are satisfied by delivering a quality service.

Asset Class	Description	Services Provided
Water Supply	Water treatment plant, reservoirs, water pump stations and water mains	<p>Council's intent is that an appropriate Water Supply network is maintained in partnership with other levels of government and stakeholders to extract, treat and deliver water supplies at the highest standards.</p> <p>Council's objective is to ensure that the following functional objectives are met:</p> <ul style="list-style-type: none"> • Water is extracted from the underground aquifer disinfected/treated in a water treatment plant and delivered to users through its reticulation system. <p>The operation and maintenance of the water supply network does not have an adverse effect on the environment, and does not cause damage to private properties or public places.</p>
Sewer Operations	Sewerage treatment plants, sewer pump stations, sewer rising mains and sewer mains	<p>Council's intent is that an appropriate Sewerage network is maintained in partnership with other levels of government and stakeholders to collect, treat and dispose of waste water from the areas Council services.</p> <p>Council's objective is to ensure that the following functional objectives are met:</p> <ul style="list-style-type: none"> • Waste water is efficiently and effectively collected from properties, conveyed to the sewer treatment plants, treated and re used or disposed of. • The operation of the sewerage system does not have an adverse effect on the environment.
Plant and Fleet	Fleet of heavy plant and vehicles	To enable Council staff to effectively maintain councils assets

3. Council's Assets and their management?

3.1 State of the Assets

The financial status of Council's assets is shown in Table 2.

Table 2: Financial Status of the Assets

Asset Class	Replacement Cost (\$000)	Depreciated Replacement Cost (\$000)	Depreciation Expense for current year (\$000)
Transport	\$240,171	\$127,363	\$5,009
Stormwater	\$3,021	\$2,169	\$28
Land and Community Facilities	\$72,399	\$46,909	\$1,024
Water Supply	\$24,877	\$15,077	\$305
Sewer Operations	\$32,710	\$20,201	\$394
Plant and Fleet	\$9,732	\$6,645	\$922
Total	\$382,910	\$218,364	\$7,682

As at 30-June-2011

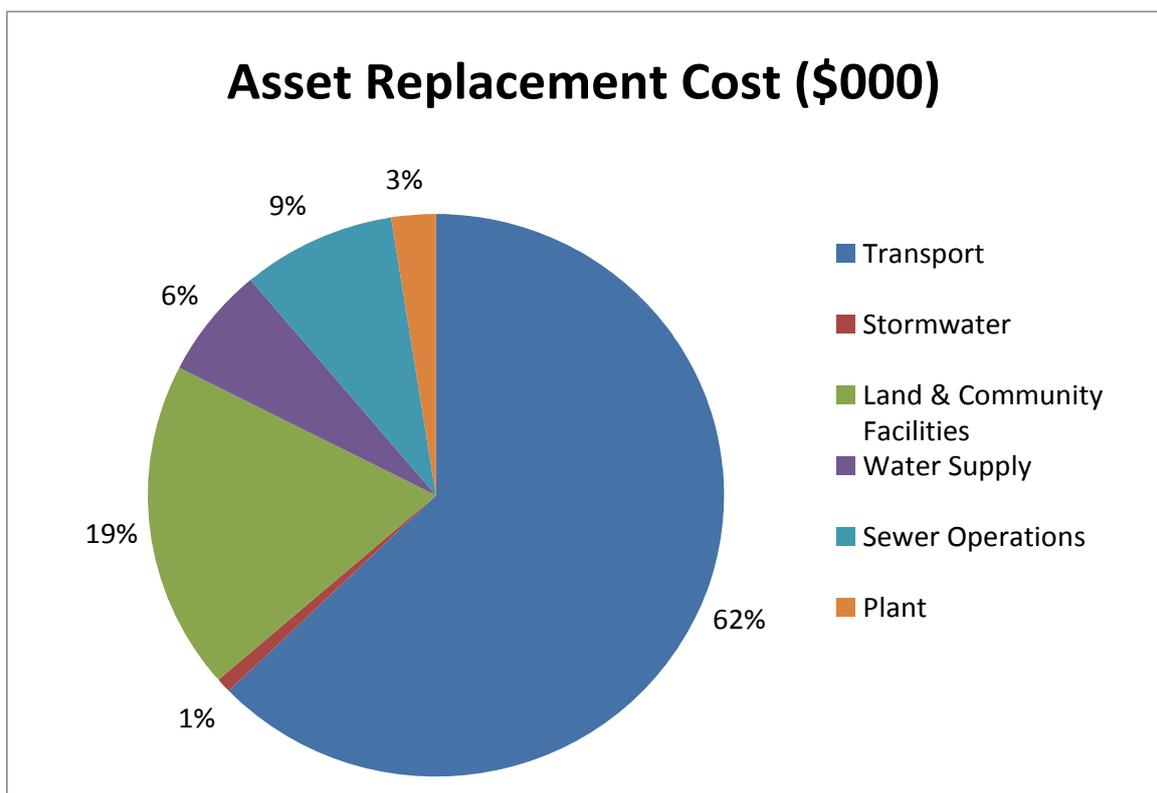


Figure 1: Asset Replacement Values

3.2 Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is shown in Table 3.

Table 3: Life Cycle Cost for Council Services

Service	Previous Year Expenditure		Previous Year Depreciation Exp	Life Cycle Cost (\$/yr)
	Operations	Maintenance		
Transport	0	\$5,954,370	\$5,009,000	\$15,592,000
Stormwater	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
Land and Community Facilities	\$597,000	\$171,000	\$305,000	To Be Confirmed
Water Supply	\$426,000	\$449,000	\$397,000	To Be Confirmed
Sewer Operations	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
Plant and Fleet	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
TOTAL				

Life cycle costs can be compared to 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 4.

Table 4: Life Cycle Expenditure for Council Services

Service	Previous Year Expenditure		Cap Renewal Exp (\$/yr)	Life Cycle Exp (\$/yr)
	Operations	Maintenance		
Transport	0	\$5,954,370	\$8,667,000	\$8,502,000
Stormwater	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
Land and Community Facilities	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
Water Supply	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed

Service	Previous Year Expenditure		Cap Renewal Exp (\$/yr)	Life Cycle Exp (\$/yr)
	Operations	Maintenance		
Sewer Operations	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
Plant and Fleet	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
All Services	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed

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

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

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

The life cycle gap and sustainability indicator for services covered by this asset management plan is summarised in Table 5.

Table 5: Life Cycle Sustainability Indicators

Service	Life Cycle Cost (\$/yr)	Life Cycle Expenditure (\$/yr)	Life Cycle Gap * (\$/yr)	LC Sustainability Index
Transport	\$15,592,000	\$8,502,000	-7,090,000	0.55
Stormwater	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
Land and Community Facilities	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
Water Supply	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
Sewer Operations	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
Plant and Fleet	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed
All Services	To Be Confirmed	To Be Confirmed	To Be Confirmed	To Be Confirmed

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

3.3 Corporate Asset Management Team

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.

The current position on Council's asset management team is, Phase 1.

3.4 Asset Management Classes – Phase 2 and 3 Implementation

A core Asset Management Plan will be developed for each asset category and will be refined over time. The objective in managing these assets is to meet the required level of service in the most cost effective manner for the benefit of present and future members of the Greater Hume community. The key elements of asset management plans are:

- Taking a life cycle approach
- Developing cost-effective management strategies for the long term
- Providing a defined level of service
- Providing defined performance monitoring
- Understanding and meeting the demands 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

Asset Management Plans for each asset category are prepared under the direction of Council's Community Strategic Plan "Greater Hume 2030" and will form part of Council's Resourcing Strategy. Each Asset Management Plan will include provision for capital, renewal and maintenance works which will provide facilities with available resources and endeavour to meet community expectations for standards and capacity. Asset Management Plans outline processes and principles used to plan capital, renewal and maintenance works for each asset.

Each Asset Management Plan will prioritise works in the asset category and will held guide the Council in making decisions within its 4 year Delivery Plan and 20 year Community Strategic Plan objectives. The result is a long term planning framework which will assist in making informed decisions on maintenance programmes and renewal and capital projects.

Asset Management Plans will include:

- An assets register
- Levels of service – specifies the services and levels of service to be provided by Council
- Future demand – how this will impact on future service delivery and how this is to be met
- Life cycle management – how Council will manage its existing and future assets to provide the required services
- Prioritise capital, renewal and maintenance works
- How risk and liability is managed
- Financial summary – what funds are required to provide the required services

TRANSPORT

Road pavements, bridges, culverts, footpaths, kerb & gutter traffic devices etc

Roads and associated infrastructure is the major asset class that Council maintains.

Council conducted a road condition assessment in 2010 and completed a Roads Strategy in 2012. The Roads Strategy identifies the need for Council to approve funding of up to \$9.92m per annum on the road network to satisfactorily maintain the infrastructure. Other major findings from the Roads Strategy are as follows:

The construction standards of some of the existing roads does not meet with the adopted standards and there is a requirement to bring these roads up to standard by widening roads that are too narrow, sealing roads that have a high enough traffic count to require sealing and providing line marking where required. The estimated cost is recorded in the Roads Strategy document.

Roads / Infrastructure Responsibilities.

Works Item – Roads / Infrastructure	Responsible
Implementation and review of Asset Management Plan	Director Engineering and Asset Manager and Works Manager
Implementation of Asset Management System	Asset Manager
Training of staff to ensure Asset Management System is effective	Asset Manager and Works Manager
Development of annual and 4 year capital works plans	Director Engineering and Works Manager
Annual budget recommendation	Director Engineering
Progression of specific projects within the Asset Management Plan	Works Manager
Programmed and day to day maintenance	Works Manager

Storm Water (Drains, Pits, Gutters etc)

Greater Hume Shire Council's storm water system is designed to safely convey rainwater falling within residential areas to the most appropriate natural watercourse. Water falling on roads and footpaths or running off private property roofs and gardens is collected by pits mainly at the road kerbs and conveyed underground in a network of pipelines.

The stormwater system attempts to ensure that public and private land does not become flooded to a level where danger is posed to people or property. One important function of the drainage system is road drainage which ensures that vehicles do not encounter dangerous conditions.

Greater Hume Shire Council has maintained a network of stormwater pipes, pits and other associated infrastructure. The stormwater system is largely contained below ground and is therefore not as visible as other assets and the importance of it could be overlooked. A rational approach to the management of this large asset base is required to maintain it in an order where major issues do not arise and the system remains invisible.

It is anticipated the Stormwater Asset Management Plan will be completed by 31 December 2012

Stormwater Assets Responsibilities.

Works Item – Stormwater	Responsible
Implementation and review of Asset Management Plan	Director Engineering and Asset Manager and Works Manager
Implementation of Asset Management System	Asset Manager
Training of staff to ensure Asset Management System is effective	Asset Manager and Works Manager
Development of annual and 4 year capital works plans	Director Engineering and Works Manager
Annual budget recommendation	Director Engineering
Progression of specific projects within the Asset Management Plan	Works Manager
Programmed and day to day maintenance	Works Manager

LAND & COMMUNITY FACILITIES

Buildings

Council owns, operates and maintains a number of buildings and other facilities in partnership with specialist contractors, community committees and in-house staff to ensure customer and community needs are satisfied by delivering a quality service. These buildings include operational buildings (Council offices, libraries depots, public halls etc) and leased buildings (commercial properties).

Council has completed a condition audit of all its buildings (excluding commercial premises under lease). This will enable Council to gain an appreciation of the condition of the buildings in terms of the funds needed to bring each building up to a “desired standard”, determine the remaining useful life of the building and to consider a forward plan for maintenance and/or replacement.

Works Item – Buildings	Responsible
Implementation and review of Asset Management Plan	Asset Manager / Manager Waste & Facilities
Implementation of Asset Management System	Asset Manager
Training of staff to ensure Asset Management System is effective	Asset Manager / Manager Waste & Facilities
Development of annual and 4 year capital works plans	Director Environment & Planning and Manager Waste & Facilities

Works Item – Buildings	Responsible
Annual budget recommendation	Director Environment & Planning and Manager Waste & Facilities
Progression of specific projects within the Asset Management Plan	Manager Waste & Facilities
Programmed and day to day maintenance	Manager Waste & Facilities

Parks and Open Space (Parks, Sporting Facilities, Playgrounds, Trees, Minor Structures etc).

Greater Hume Shire Council's open space assets are highly valued by the community and provide a range of passive and active recreational opportunities. Traditionally it has been difficult to put a value on open space assets however this is changing as increasing demands on these facilities is making users and the broader community more aware of the worth of open space assets. Council maintains sporting facilities, ovals, parks, gardens, walking tracks, irrigation systems, playgrounds, trees and bushland areas along with fences, furniture and amenities. Collectively these assets provide social, cultural, health, aesthetic and ecological benefits to the community.

Plans of Management have been prepared for some facilities, however further plans require development so as to ensure that Council meets the expectations of the community in relation to the future direction of our open space assets.

Items such as amenities blocks have been captured in the building condition audit but there are still a considerable number of assets within the parks and open space areas that will need further attention to determine a usable current value.

Opposite to many built assets, open space 'green' assets generally increase in value after capital works are complete and turf, plant and trees grow and become established. However, after these assets have matured they begin to age and eventually will die and require renewal or replacement. Generally speaking these assets require a high level of programmed maintenance. Effective maintenance programs are necessary to get the most value out of these assets particularly in high use areas. These maintenance programmes, which may include minor replacements or restorations, can greatly prolong the life of an asset. Maintenance programmes can also be used to monitor deterioration and forecast future capital requirements.

Works Item – Parks & Open Space	Responsible
Implementation and review of Asset Management Plan	Asset Manager and Works Manager
Implementation of Asset Management System	Asset Manager
Training of staff to ensure Asset Management System is effective	Asset Manager and Works Manager
Development of annual and 4 year capital works plans	Director Engineering and Works Manager

Works Item – Parks & Open Space	Responsible
Annual budget recommendation	Director Engineering
Progression of specific projects within the Asset Management Plan	Works Manager
Programmed and day to day maintenance	Works Manager

Waste Management Facilities

Council owns, operates and maintains a number of waste management facilities. These facilities vary from relatively small transfer stations to large landfill facilities.

Council has completed a condition audit of all waste management facilities. This will enable Council to gain an appreciation of the condition of buildings, fences and other infrastructure in terms of the funds needed to maintain each facility at a “desired standard”, determine the remaining useful life of the infrastructure and to consider a forward plan for maintenance and/or replacement.

At the time of preparing this strategy, Council is examining a number of alternate options in respect of the delivery of waste management services across Greater Hume Shire. Once this review has been completed and Council confirms the number and location of waste management facilities to remain operational, detailed analysis of future cost scenarios will be undertaken and a formal Asset Management Plan for waste management will be developed.

Works Item – Waste Management	Responsible
Adoption of Waste Management Strategy	Council
Implementation and review of Asset Management Plan	Asset Manager / Manager Waste & Facilities
Implementation of Asset Management System	Asset Manager
Training of staff to ensure Asset Management System is effective	Asset Manager / Manager Waste & Facilities
Development of annual and 4 year capital works plans	Director Environment & Planning and Manager Waste & Facilities
Annual budget recommendation	Director Environment & Planning and Manager Waste & Facilities
Progression of specific projects within the Asset Management Plan	Manager Waste & Facilities
Programmed and day to day maintenance	Manager Waste & Facilities

Swimming Pools

Council operates five swimming pools in the towns of Holbrook, Culcairn, Walla Walla, Jindera & Henty.

Council's swimming pools offer an environment for residents to participate in a range of activities in a safe and exciting environment.

Council has completed preliminary assessments of all Council owned swimming pools to determine their current condition. Results of the assessments will assist with planning and budgeting for ongoing maintenance that will be required over coming years.

Works Item – Swimming Pools	Responsible
Implementation and review of Asset Management Plan	Asset Manager / Manager Waste & Facilities
Implementation of Asset Management System	Asset Manager
Training of staff to ensure Asset Management System is effective	Asset Manager / Manager Waste & Facilities
Development of annual and 4 year capital works plans	Director Environment & Planning and Manager Waste & Facilities
Annual budget recommendation	Director Environment & Planning and Manager Waste & Facilities
Progression of specific projects within the Asset Management Plan	Manager Waste & Facilities
Programmed and day to day maintenance	Manager Waste & Facilities

Cemeteries

Greater Hume Shire Council provides and maintains 14 cemeteries throughout the Shire in partnership with committees, interested parties and volunteers to a level that meets the expectations of ratepayers and visitors. The level of service is usually determined by the size and visitor frequency at the relevant cemetery.

Council has completed assessments of all Council cemeteries to determine their current condition of buildings and other assets at the cemetery. Results of the assessments will assist with planning and budgeting for ongoing maintenance that will be required over coming years.

Works Item – Cemeteries	Responsible
Implementation and review of Asset Management Plan	Asset Manager / Manager Waste & Facilities
Implementation of Asset Management System	Asset Manager

Works Item – Cemeteries	Responsible
Training of staff to ensure Asset Management System is effective	Asset Manager / Manager Waste & Facilities
Development of annual and 4 year capital works plans	Director Environment & Planning and Manager Waste & Facilities
Annual budget recommendation	Director Environment & Planning and Manager Waste & Facilities
Progression of specific projects within the Asset Management Plan	Manager Waste & Facilities
Programmed and day to day maintenance	Manager Waste & Facilities

[WATER / SEWER](#)

Water Supply

Council provides a Water Supply network to enable extraction, treatment and delivery of filtered water supplies at the highest standards.

Council plans to operate and maintain the Water Supply network to achieve the following strategic objectives.

1. Ensure the Water Supply network is maintained at a safe and functional standard as set out in this asset management plan.
2. Ensure sufficient funds are raised through its fees and charges policy to provide for water asset renewal over the life of the assets.
3. Meet the Australian drinking water guidelines in terms of quality and community expectations.

Considerable work has been completed as part of the development of a Strategic Business Plan for Council's water supply operations and the implementation of an Integrated Water Cycle Management Plan. The planning work already completed as a result of these activities will guide the completion and implementation of an Asset Management Plan and future financial planning for Council's water supply activities.

Works Item – Water Supply	Responsible
Implementation and review of Asset Management Plan	Asset Manager / Manager Water & Sewer
Implementation of Asset Management System	Asset Manager
Training of staff to ensure Asset Management System is effective	Asset Manager / Manager Water & Sewer
Development of annual and 4 year capital works plans	Director Engineering and

Works Item – Water Supply	Responsible
	Manager Water & Sewer
Annual budget recommendation	Director Engineering and Manager Water & Sewer
Progression of specific projects within the Asset Management Plan	Manager Water & Sewer
Programmed and day to day maintenance	Manager Water & Sewer

Sewer Operations

Council's intent is that an appropriate sewerage network is maintained in partnership with other levels of government and stakeholders to collect, treat and dispose of waste water from the areas within Greater Hume Shire.

Sewer asset attributes will be maintained at a safe level and associated signage and equipment be provided as needed to ensure public safety. Council must ensure that key functional objectives are met:

- Waste water is efficiently and effectively collected from properties, conveyed to the sewer treatment plants, treated and re used or disposed of.
- The operation of the sewerage system does not have an adverse effect on the environment.

Considerable work has been completed as part of the development of a Strategic Business Plan for Council's sewerage operations and the implementation of an Integrated Water Cycle Management Plan. The planning work already completed as a result of these activities will guide the completion and implementation of an Asset Management Plan and future financial planning for Council's sewerage activities.

Works Item – Sewer Operations	Responsible
Implementation and review of Asset Management Plan	Asset Manager / Manager Water & Sewer
Implementation of Asset Management System	Asset Manager
Training of staff to ensure Asset Management System is effective	Asset Manager / Manager Water & Sewer
Development of annual and 4 year capital works plans	Director Engineering and Manager Water & Sewer
Annual budget recommendation	Director Engineering and Manager Water & Sewer
Progression of specific projects within the Asset Management Plan	Manager Water & Sewer
Programmed and day to day maintenance	Manager Water & Sewer

PLANT and FLEET

Council owns and operates an extensive plant fleet ranging from heavy construction plant items to small passenger sedans.

Regular maintenance and replacement of plant is critical if Council is to ensure that its construction, maintenance and service delivery activities are undertaken in an efficient and cost effective manner.

Council will develop a detailed plant replacement programme which will specify the replacement schedule for all items of plant and the associated financial resources required.

Works Item – Plant Replacement	Responsible
Implementation and review of Asset Management Plan	Asset Manager / Manager Infrastructure & Traffic
Implementation of Asset Management System	Asset Manager / Manager Infrastructure & Traffic
Training of staff to ensure Asset Management System is effective	Asset Manager / Manager Infrastructure & Traffic
Development of plant replacement plans	Director Engineering and Manager Infrastructure & Traffic
Annual budget recommendation	Director Engineering and Manager Infrastructure & Traffic
Progression of specific projects within the Asset Management Plan	Director Engineering and Manager Infrastructure & Traffic
Programmed plant replacement activities	Director Engineering and Manager Infrastructure & Traffic

3.5 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 elements⁸ to assess 'core' competency under the National Frameworks. The 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 Plans
- Governance & Management
- Levels of Service
- Data & Systems
- Skills & processes
- Evaluation

Council will be conducting a maturity assessment for the core competencies with the aim of determining the maturity gap to be overcome for Council to achieve core financial and asset management competency.

3.6 Strategy Outlook

At present, it has been determined that Council's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

⁸ Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.

4. Where do we want to be?

4.1 Council's Vision, Mission, Goals and Objectives

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

Living in an idyllic rural landscape that sets us apart, we draw on our passion and location to maintain a model community for people of all ages whilst building an economy that abounds with opportunities.

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

Draw on our passion – we cannot afford to expect someone else to always work on our behalf to achieve all that we seek; we must draw on the passion we have for our community and each other and be involved.

Develop and maintain a model community for people of all ages – if we work together, we can develop and maintain a community that looks after our people as well as our farmland and natural beauty. We can be a community that others aspire to be like.

An economy that abounds with opportunities –we must be proactive in taking advantage of our location, particularly near Albury / Wodonga and to a lesser extent Wagga Wagga, to grow an economy that is diverse and offers our community the chance to build a career here.

The Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where Council wants to be.

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.

4.2 Asset Management Policy

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

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

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

4.3 Asset Management Vision

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

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

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

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

Strategies to achieve this position are outlined in Section 5.

5. How will we get there?

The Asset Management Strategy proposes strategies to enable the objectives of the Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved.

Table 6: 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 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 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 plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks	Council and the community are aware of changes to service levels and costs arising from budget decisions
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 2 years	Improved financial and asset management capacity within Council
11	Report six monthly to Council by Audit Committee/GM on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans	Oversight of resource allocation and performance

6. Asset Management Improvement Plan

An asset management improvement programme will enhance the processes, systems and data that support an Asset Management Plan.

An improvement planning process will:

- Identify corporate business need for asset management planning
- Assess the current status of asset management practices
- Identify gaps between current practices and business needs
- Develop an optimised programme for asset management improvements, considering risks and cost of options for improvement and also availability of resources
- Continually monitor and review the effectiveness of asset management planning

Council will review its current asset management practices to identify any gaps in order to improve. This will occur in conjunction with regular review of this Asset Management Strategy.

6.1 Works Assessment and Prioritisation Criteria

Asset Management Plans provide a set of criteria, such as safety, the number of users, environmental impact and sustainability, to enable objective and accountable decisions to be made. Priority is given to the most urgently needed works that provide the greatest benefit to the community.

In prioritising works, the following factors listed below need to be considered. These form the criteria by which renewal and capital projects are assessed and funding is allocated in the annual budget. These criteria will be consistent across each asset category however it might be appropriate for the weighting of criteria to differ between asset classes.

- Legal – Council's legislative requirements and obligations
- Condition – the condition rating of the asset
- Cost – acknowledgement of the financial aspects of asset management, financial budgeting and management
- Funding – seek external funding opportunities and its associated challenges. External funding can greatly increase the value of works per Council dollar spent.
- Community – the needs and requirements of the many user groups and individuals which use Council facilities
- Planning – Council's obligation to implement formal planning documents which have been developed through community consultation and adopted by Council

Priority listings developed from the criteria outlined above will be used to bid for grant funding and as a guide for staff to progressively work through the identified projects. There will be variation to the priority ratings, which would move the projects up or down the list. This will occur when:

- Current or future grant funding applications are either successful or unsuccessful
- Additional funding is provided for a specific project (e.g. donation from an external organisation or an increase in budget allocation)
- Budget constraints mean that full funding for a particular project is not available and a project of lower priority requiring less funding can be completed that financial year

6.2 Asset Management System

Council requires a computer based Asset Management System to deal with the high volume and detailed nature of the asset data collected. The Asset Management System must also be integrated with other corporate databases such as Council's financial management system and document management system.

Council's asset management information is integral to the future management and monitoring of Council assets. It will enable Council to:

- Project forward capital and recurrent expenditure
- Fulfil the responsibility and requirement to report regularly to the community about Council's asset management programmes
- Have an understanding of the risk levels associated with the assets and to ensure that future asset management planning incorporates a risk management element
- Undertake predictive modelling to optimise the decision making process
- Identify preferred treatment options for assets requiring expenditure within the forward works programme
- Base service levels on identified need and enabling explanation of maintenance programmes and capital works projects to the community
- Weigh up and decide between deferred or basic maintenance and commitment to extensive rehabilitation in a rational manner and with due regard to budgetary constraints
- Continuously develop the process, knowledge and support information systems as the consultation and feedback process progresses

6.3 Asset Management Information System

Council has purchased an asset management information system known as BizeAsset with the view to better manage and maintain council assets and tracking lifecycle costs in order to improve the cost of ownership.

The core data has been entered in layers composing of Roads and Bridges, Stormwater, Water supply, Waste water, Buildings, Airports, Footpaths and street signs and trees.

The physical location is plotted on a GIS map using a line, a point or a region. Attached to these is an asset number, name, age and any other information needed to locate, value, maintain or use the asset.

6.4 Risk Management

The implementation of an effective Asset Management Strategy will consider the relationship and prioritisation of maintenance and capital work to support the delivery of Council services. To this effect it will be a major tool in assisting the Council to manage risk and liability through the development of defined works and service programmes which best allocate the use of available resources. The implementation of the Asset Management Strategy will:

- Identify any significant asset or service gaps (capacity, functionality or maintenance related) and related service risks over both the short and long term
- Take into account projected changes to population (ageing / demographic) land use and planning, legal requirements and policies, technology and community expectations
- Explain how available resources will manage asset or service gaps, or why any gaps not address by the relevant Asset Management Plan are considered a low priority
- Assess the risk to service delivery and asset performance if gaps are not addressed
- Outline relationships between proposed projects or programs and how these support cohesive asset management strategy
- Explain how the proposed capital projects and maintenance expenditure are prioritised within the projected funding limits.

In developing each Asset Management Plan, a risk assessment will be carried out and will document potential risks associated with the relevant asset category

The tasks required to achieve a 'core' financial and asset management maturity are shown in priority order in Table 8.

Table 7: Asset Management Improvement Plan

Task	Responsibility	Target Date	Budget
Transport Asset Management Plan	Director Engineering / Asset Manager	31/5/2012	Existing Resources
Water & Sewer Asset Management Plans	Director Engineering / Asset Manager / Manager Water & Sewer	31/7/2012	Existing Resources
Plant and Fleet Asset Management Plan	Director Engineering / Asset Manager / manager Infrastructure & Transport	31/8/2012	Existing Resources
Stormwater Asset Management Plan	Director Engineering / Asset Manager	31/12/12	Existing Resources
Land & Community Facilities Asset Management Plan	Director Engineering / Asset Manager, Manager Waste & Facilities	28/2/2013	Allocation of \$8,000 in 2012/2013 budget

7. Roles and Accountabilities

All Employees Generally

Further to the responsibilities and accountabilities outlined under each asset management category, all staff have the responsibility of managing assets in their activities and workplace and are accountable through their individual work instructions, position descriptions and council plans.

Employees are required to cooperate and be actively involved in the development and implementation of the various Asset Management Plans. This collaborative approach will ensure quality systems delivering measurable outcomes.

Councillors

Councillors are responsible for endorsing and adopting this Asset Management Strategy and Asset Management Plans.

General Manager

The General Manager is responsible for ensuring that Asset Management Plans are established, implemented and maintained in accordance with the Asset Management Policy, and for the assignment of responsibilities in relation to asset management. The General Manager is also responsible for reporting on the status and effectiveness of asset management within Council.

Director Engineering

Council's Engineering Department is responsible for the large majority of operational maintenance, renewal and capital projects and development of strategic plans for the current and future management of Council's physical assets. As such, the Director Engineering is responsible for overseeing the Asset Management Policy and implementation and review of Asset Management Plans.

Directors

Directors are responsible to facilitate resources to enable their Departments to operate effectively in consideration of the Asset Management Policy and Asset Management Plans.

Managers and Supervisors

Managers and Supervisors are responsible for the day to day use of assets as described in the Asset Management Policy and Asset Management Plans. This includes the timely identification, assessment and recording of defects and referral to the person responsible for the day to day management of that asset.

8. Review Structure

This Asset Management Strategy will be reviewed every 4 years to ensure that it meets the requirements of legislation and the needs of Council.

Unplanned reviews may be triggered by new technology, legislation / regulation changes, incident and variation in resources or community use / demand.

All reviews will take into account information affecting the effective ongoing management of physical assets which are owned and managed by Greater Hume Shire Council.

559. Associated Council Policies and Documents

Greater Hume Community Strategic Plan 'Greater Hume 2030',

Asset Management Policy,

Category Asset Management Plans, and

Risk Management Policy.