

Asset Management Plan (Consolidated) 2024/25



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1. EXECUTIVE SUMMARY

Context

Council possesses a substantial portfolio of physical assets to meet the service needs of the community. These assets are categorised into the following major classes:

- Land - Freehold
- Buildings
- Furniture and Equipment
- Plant and Equipment
- Vehicles
- Infrastructure – Roads
- Infrastructure – Bridges
- Infrastructure – Drainage
- Infrastructure – Footpaths
- Infrastructure – Parks & Reserves

By their nature, constructed or built forms deteriorate over the passage of time. These assets (or their components) require renewal or replacement at the end of their economic useful life to sustain a level of service that maintains an appropriate level of.

- a) Asset Safety
- b) Asset Quality
- c) Asset Functionality

A suite of Asset Management Plans has been developed, and reviewed and updated annually, to identify and forecast,

- a) What works are required
- b) When the works are required
- c) Cost of the works
- d) Funding sources of the works

Asset Portfolio Summary

Council's asset portfolio is comprised as follows with a total replacement value of \$335m.

Asset category	Number of Units
<u>Land - Freehold</u>	
Freehold Land Parcels	41 Lots
<u>Buildings</u>	
Buildings	134 Structures
<u>Furniture and Equipment</u>	
Furniture and Equipment	
<u>Plant & Equipment</u>	
Vehicles	56 items
<u>Infrastructure</u>	
Roads	634.50 km
Bridges	35 bridges
Drainage - Pipes	23.53 km
Footpaths	27.69 km
Equipment on Parks and Reserves	614 objects

Confidence Levels

Asset Management Plans for the following asset categories

- a) Buildings
- b) Parks & Reserves
- c) Plant & Equipment - Vehicles

have been developed by Council officers from detailed assessment of component useful life and replacement values. It is considered by management that there is a reliable level of confidence with information contained in these developed asset management plans.

Council does not possess inhouse resource capacity to develop and maintain detailed asset planning for the following asset categories.

- a) Infrastructure – Roads
- b) Infrastructure – Drainage
- c) Infrastructure – Footpaths

Typically, Local Governments have dedicated staff to prepare, maintain and review their asset management plans, to enable them to satisfy the legislative requirements.

To meet a minimum compliance standard, Council produces an 'Asset Management Plan – Roads and Transport Infrastructure' that reports an evaluation of asset renewal requirements using annual depreciation. The 'Expenditure Profile' is an indication only, and not detailed long term planning.

It is therefore considered that there is overall uncertainty with current long term asset planning information for Roads and Transport Infrastructure.

It is recommended that Council consider providing additional inhouse engineering asset planning staff if it has the intention to have a higher level of service for long term asset planning than the current level.

Until staff resources are created for roads and transport planning, reliability of information for this asset category will remain low, as existing staff are fully allocated in the planning and delivery of maintenance and capital works.

2. INTRODUCTION

2.1 Background

Asset management plans are to establish responsive management of assets, compliance with regulatory requirements, and to communicate funding needed to provide the required long-term levels of service.

Asset management plans are developed with reference to Council's Asset Management Policy and the following associated planning documents:

- The Shire of Donnybrook Balingup Council Plan
- The Shire of Donnybrook Balingup Long Term Financial Plan

2.2 Goals and Objectives of Asset Management

Council exists to provide both legislative and discretionary services to the community. Provision of these services require direct and indirect use of physical assets. Council acquires assets by purchase, by contract, construction and by ceding of assets constructed by others.

The objective of asset management practices is for the organisation to undertake systematic and coordinated activities and practices to optimally and sustainably deliver its objectives through the cost-effective lifecycle management of assets.

2.3 Plan Framework

Key elements of asset management planning include

- 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 defined levels of service
- Financial – what funds are required to provide the defined services
- Asset management practices
- Monitoring – how the plan will be monitored to ensure it is meeting organisation's objectives
- Asset management improvement plan

2.4 Expenditure Classifications

Key terms used in defining classifications of asset management expenditure.

- Operations – Expenditure which is continuously required to enable an asset to provide benefits to the community (e.g. mowing, street sweeping, electricity, alarm monitoring, insurance)
- Maintenance – Expenditure which maintains the asset but does not increase its service potential or life (e.g. minor repairs and servicing, repairing potholes, grading an unsealed road)
- Renewal – Expenditure that returns the service capability of an asset up to that which it had originally when new (e.g. resealing a sealed road, re-sheeting a gravel road, equipment replacement)
- Upgrade – Expenditure on upgrading an existing asset to provide a higher level of service (e.g. widening a road or bridge, providing a second carriageway, or replacing a bridge with one having a greater traffic capacity)
- New / Capital Expansion – Expenditure to purchase or create a new asset where one did not previously exist (e.g. constructing a new road, bridge, new library)

3. LEVELS OF SERVICE

Service levels are defined in two categories,

1. Customer levels of service
2. Technical levels of service.

Key factors that affect Council’s capacity to provide levels of service include:

- Asset control: where asset ownership status, management and operational agreements between Council and community groups/facility users and/or committees of management for the ongoing use of an asset determines asset management obligations and capacity to influence levels of service
- Functional hierarchy: where Council ranks assets according to set criteria to assist in prioritisation of resource allocation
- Community requirements: these are community expectations of the services provided by the utilisation of the asset, which are, in turn, dependent upon the community’s ability and willingness to pay
- Legislative requirements: these are those mandatory provisions or standards set by local, state, federal or international bodies that govern asset utilisation, particularly in terms of various issues affecting the community
- Strategic and corporate goals: these are the broad framework-based management directives issued by Council. These are expected to be consistent with Council’s goals and values stated in policies, strategies, and the Corporate Plans
- Availability of resources: primarily financial constraints

3.1 Customer Research and Expectations

The outcomes of the community consultation conducted as part of the development of the Strategic Community Plan or specific projects endorsed by Council, have informed relevant projects identified in respective asset management plans.

3.2 Strategic and Corporate Goals

Asset management plans are prepared with reference to the Council’s vision.

“A proud community enjoying our rural lifestyle, cultural heritage and natural environment”.

3.3 Community 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 factors used in asset management planning are:

Quality	Standard of how well maintained an asset is
Function	Standard to which and asset meets user requirements
Capacity/Utilisation	Whether an asset over or under used

3.4 Technical Levels of Service

Supporting the community service levels are operational or technical measures of performance. It is a service level associated with the physical characteristics of an asset. This includes how Council provides the service, essentially the behind-the-scenes activities of Council in the management of the physical condition and functional condition of assets. It provides leading indicators of problems with assets. It also includes Legislated/Regulated Level of Service that determines the legal requirements Council has in owning and operating an asset (e.g. signage, accessibility, fire, duty of care to provide safe community assets).

4. FUTURE DEMAND

4.1 Demand Drivers

Council's role of providing services to the community will be impacted by changes in demand. Factors which will influence demand in Council's region include:

- Population Change
- Regulation Changes
- Demographic Change
- Household Composition
- Social Trends
- Community Expectations
- Economic factors
- State Policy Decisions

4.2 Demand Forecast

It is identified that a structured and formal analysis of demand drivers associated with an individual asset classes forms part of future improvements to mature Council asset management practices. When undertaken will be included within each individual asset management plan.

4.3 Demand Management Plan

Demand for new services will be managed through a combination of managing or upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices can include non-asset solutions, mitigating against risks. Non-asset solutions focus on providing the required service without the need for asset ownership.

Where identified, Council's response to asset demand is planned in the individual Asset Management Plans for each asset class.

4.4 Asset Programs to meet Demand

Acquiring new assets or asset upgrades will commit Council to fund ongoing operations, maintenance, and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations.

5. LIFECYCLE MANAGEMENT PLANNING

Lifecycle management planning involves how Council manages and operates its assets at the determined levels of service whilst managing lifecycle costs.

Assets are generally provided to meet design standards where they are available. Assets should perform in a manner that supports rather than hinders the service / function being provided through use of the asset. An asset may no longer be 'useful' because it cannot meet demand as its capacity to meet its function is inadequate, or it is unable to perform to the required level. This could be because it:

- no longer suits the service or function being provided and repairs and maintenance will not improve the position
- no longer suits, but an upgrade will improve the position
- is still quite suitable for service if in sound condition but it is unreliable or unsafe and in continual need of costly maintenance.

Assets where deficiencies in service / functional performance have been identified should be reviewed in terms of:

- should the asset be upgraded?
- should the asset be renewed (or replaced with an alternative)?
- should the asset be disposed of?

5.1 Background Data

5.1.1 Asset condition

Condition of the following major assets are assessed every five years by independent asset inspections.

Asset Class	Date of Last Condition Assessment
Buildings	30 June 2022
Infrastructure - Roads	1 July 2022
Infrastructure - Bridges	1 July 2022
Infrastructure - Drainage	1 July 2022
Infrastructure - Footpaths	1 July 2022
Infrastructure - Other Infrastructure	1 July 2022

Council officers assess asset condition on

- Plant & Equipment
- Asset subcomponents

5.1.2 Asset Carrying Values

Property Plant and Equipment

	Land	Buildings	Furniture and equipment	Plant and equipment	Work in Progress - Movement	Total property, plant and equipment
Carrying Value	5,169,000	69,603,357	955,740	7,536,203	604,460	83,868,760
Accumulated Depreciation	0	(31,100,333)	(629,750)	(4,138,100)	0	(35,868,183)
Depreciated Replacement Cost	5,169,000	38,503,024	325,990	3,398,103	604,460	48,000,577

Source: 2022/23 Annual Financial Report

Infrastructure

	Infrastructure - Roads	Infrastructure - Other	Infrastructure - Drainage	Infrastructure - Footpaths	Infrastructure - Bridges	Infrastructure - Work in Progress Movement	Total Infrastructure
Carrying Value	131,202,693	11,923,187	28,275,584	5,064,807	74,328,000	697,404	251,491,675
Accumulated Depreciation	(38,476,510)	(5,367,537)	(9,706,548)	(1,309,119)	(41,421,006)	0	(96,280,720)
Depreciated Replacement Cost	92,726,183	6,555,650	18,569,036	3,755,688	32,906,994	697,404	155,210,955

Source: 2022/23 Annual Financial Report

5.2 Renewal/Replacement Plan

Renewal and replacement expenditure are works which does not increase the asset's design capacity but restores, rehabilitates, replaces, or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

Projected asset renewal expenditure is detailed in respective asset management plans.

5.3 Creation/Acquisition/Upgrade Plan

New works are those works that create a new asset that did not previously exist or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the organisation from land development.

Projected asset creation, acquisition, upgrade expenditure is detailed in respective Asset Management Plans.

5.4 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition, or relocation.

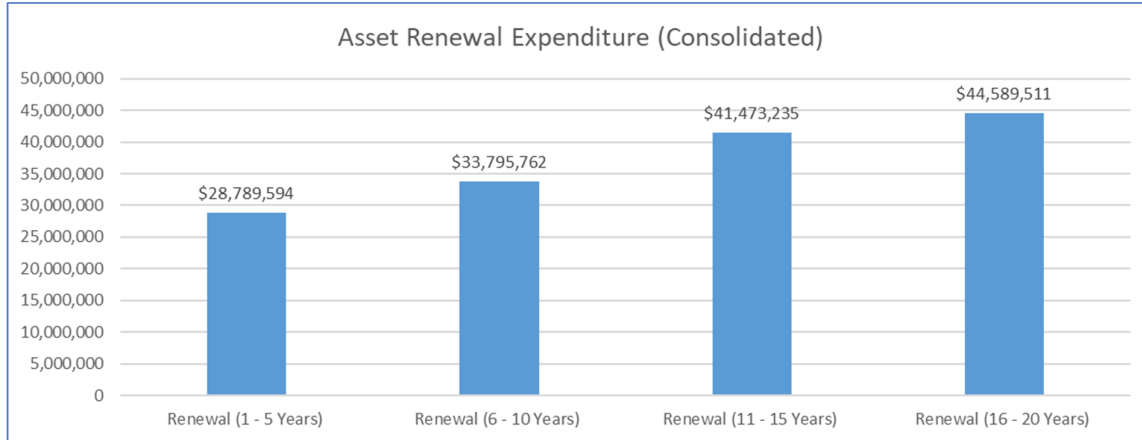
Disposal of assets predominantly relates to trade in of vehicles and replacing aged equipment. Disposal of buildings typically requires significant consultation with the community. Council acknowledges the importance to fully consider the implications to users of decisions regarding disposal of public community assets. Once any consultation process has been undertaken and the asset has been confirmed for disposal, then the disposal project will be listed in respective Asset Management Plans.

6. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information detailed in respective asset management plans.

6.1 Financial Projections

Figure 1 Asset Renewal Expenditure (Consolidated)



Financial forecasts are shown in Fig 2 (following page) for projected capital expenditure (renewal and upgrade/expansion/new assets). Note that all costs are indexed to reflect estimated future value of works.

Figure 2 - CONSOLIDATED SUMMARY

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43
EXPENDITURE																					
Expenditure - Capital Upgrades & Expansion																					
Buildings	0	7,777,221	446,461	0	2,361,654	0	1,331,418	4,360,856	0	248,625	0	0	0	0	0	0	0	0	0	0	0
Parks & Reserves	131,542	875,160	0	334,276	115,927	0	126,677	161,728	0	1,115,451	0	0	0	0	0	9,628	0	0	0	0	0
Vehicles	0	0	0	0	0	0	0	43,046	0	0	0	0	0	0	0	0	0	0	0	0	0
Roads & Transport	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total - Expenditure - Capital Upgrades & Expansion	131,542	8,652,381	446,461	334,276	2,377,581	0	1,458,095	4,565,630	0	1,364,075	0	0	0	0	0	9,628	0	0	0	0	0
Expenditure - Capital Renewal																					
Buildings	206,624	398,743	248,283	326,500	1,030,037	275,117	184,725	841,478	362,266	208,429	551,017	576,067	385,908	294,319	2,038,988	607,549	323,104	590,234	652,181	292,275	1,015,639
Parks & Reserves	7,725	56,131	43,163	103,117	155,575	1,029,053	209,686	803,751	539,217	935,073	698,900	260,161	698,992	2,234,117	854,280	579,900	57,189	138,599	1,379,463	239,671	721,777
Vehicles	0	707,095	1,101,214	161,724	1,183,641	871,774	316,424	705,333	1,627,800	213,330	1,390,281	918,439	767,059	410,749	1,665,361	1,158,349	992,334	971,048	1,157,654	384,281	3,181,465
Roads & Transport	3,832,235	4,051,232	4,172,769	4,172,769	4,297,952	4,426,891	4,559,697	4,696,488	4,837,383	4,982,504	5,131,980	5,285,939	5,444,517	5,607,853	5,776,088	5,940,371	6,127,852	6,311,688	6,501,038	6,696,069	6,896,951
Sub Total - Expenditure - Capital Renewal	216,349	5,095,204	5,443,882	4,764,110	6,667,205	6,602,835	5,770,532	7,047,050	7,366,655	6,339,337	7,772,177	6,990,606	7,296,476	8,547,038	10,334,717	8,294,769	7,440,479	8,031,569	9,689,336	7,612,296	11,815,832
TOTAL EXPENDITURE	347,891	13,747,585	5,890,353	5,098,386	9,044,787	6,602,835	6,728,628	11,612,680	7,366,655	7,703,412	7,772,177	6,990,606	7,296,476	8,547,038	10,334,717	8,304,397	7,440,479	8,031,569	9,689,336	7,612,296	11,815,832
FUNDING																					
Borrowings	0	0	0	0	2,361,654	0	1,331,418	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parks & Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	206,624	556,219	317,740	322,129	546,339	233,383	179,948	487,927	362,266	203,210	348,220	481,772	326,696	294,319	630,313	383,202	323,104	571,441	645,371	282,806	569,710
Other Reserves	0	1,682,960	125,008	4,371	0	17,389	4,776	327,023	0	253,844	202,797	44,295	5,703	0	1,393,246	224,347	0	0	6,810	0	408,001
Contributions & Other Reserves	79,012	730,960	0	311,766	0	0	126,677	0	1,115,451	0	0	0	0	0	0	0	0	0	0	0	0
Parks & Reserves	60,255	200,331	43,163	125,627	271,502	1,029,053	209,686	965,479	539,217	935,073	698,900	260,161	698,992	873,996	854,280	589,128	57,189	158,599	1,378,463	239,671	721,776
Buildings	0	2,576,785	251,996	0	483,699	24,345	0	4,387,384	0	0	0	0	53,509	0	15,428	0	0	18,793	0	9,469	37,928
Parks - Parks & Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicles	0	213,710	343,732	53,544	340,642	348,941	123,594	192,168	431,715	75,677	448,196	270,618	282,301	152,728	484,029	388,713	288,847	325,132	311,120	117,321	1,000,586
Buildings	0	493,885	757,483	108,180	842,999	522,833	192,839	556,210	1,196,084	137,654	942,085	647,821	484,759	258,021	1,181,333	769,636	648,487	647,916	846,535	266,960	2,180,879
Sundry Funding Sources	0	3,360,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Roads & Transport	3,932,235	4,051,232	4,172,769	4,172,769	4,297,952	4,426,891	4,559,697	4,696,488	4,837,383	4,982,504	5,131,980	5,285,939	5,444,517	5,607,853	5,776,088	5,940,371	6,127,852	6,311,688	6,501,038	6,696,069	6,896,951
TOTAL FUNDING	347,891	13,746,085	5,890,353	5,098,386	9,044,787	6,602,835	6,728,627	11,612,680	7,366,655	7,703,412	7,772,177	6,990,606	7,296,476	8,547,038	10,334,717	8,304,397	7,440,479	8,031,569	9,689,336	7,612,296	11,815,832
TOTAL GENERAL FUNDS REQUIRED	0	-500	-4	0	-4	0	0	-4	0	0	0	0	0	0	0	0	0	0	0	0	0

6.2 Forecast Reliability and Confidence

Projected expenditure and timing of works in Asset Management Plans are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5-level scale in accordance with Table 6.5.

Data Confidence Grading System

Confidence Grade	Description
1 Highly Reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
2 Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
3 Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
4 Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy $\pm 40\%$
5 Unknown	None or very little data held.

Data Confidence Assessment for Data used in Asset Management Plans

Data	Confidence Assessment	Comment
<u>Buildings</u>		
Expenditure – New / Upgrade	Uncertain	<p>Reviews of future demand and level of service have been undertaken on a limited number of specific assets. Predominantly undertaken with business cases associated with current grant funded projects.</p> <p>The confidence assessment is based on known knowledge gaps due to absence of a structured review of the portfolio against demand drivers and level of service</p>
Expenditure – Asset Renewal	Reliable	Management undertakes annual review of building component renewal requirements and cost estimates of Council’s building portfolio.
Asset Values	Highly Reliable	Valuations are undertaken every 5 years by independent licensed valuer
Asset residual values	Not Applicable	
Asset useful lives	Highly Reliable	Independent valuations and asset condition assessment are undertaken every 5 years. Management undertakes interim annual review of building component renewal requirements
Asset Disposals	Unknown	No asset disposal identification process has been undertaken
<u>Parks & Reserves</u>		
Expenditure – New / Upgrade	Uncertain	<p>Reviews of future demand and level of service have been undertaken on a limited number of specific assets. Predominantly undertaken with business cases associated with current grant funded projects.</p> <p>The confidence assessment is based on known knowledge gaps due to absence of a structured review of community needs against demand drivers and level of service</p>
Expenditure – Asset Renewal	Highly Reliable	Independent valuations and asset condition assessment are undertaken every 5 years. Management undertakes interim annual review of assets located on parks and reserves for renewal requirements and cost estimates
Asset Values	Highly Reliable	Valuations are undertaken every 5 years by independent licensed valuer
Asset residual values	Not Applicable	
Asset useful lives	Highly Reliable	Independent condition assessment are undertaken every 5 years Management undertakes annual review of assets located on parks and reserves for renewal requirements
Asset Disposals	Reliable	Assets of this class are discarded upon replacement due to duty of care obligations.

<u>Vehicles</u>		
Expenditure – New / Upgrade	Reliable	Forecast of future vehicle needs based on workforce planning
Expenditure – Asset Renewal	Highly Reliable	Management undertakes annual review of vehicle km/hours and condition
Asset Values	Reliable	Management estimates of expenditure based on historical vehicle purchases
Asset residual values	Reliable	Management estimates of trade in values based on previous trade in history
Asset useful lives	Highly Reliable	Management undertakes annual review of vehicle usage and condition. Vehicle replacement periods are based on independent study - Uniqco International Pty Ltd - Fleet Review for Shire of Donnybrook-Balingup 23 February 2017
Asset Disposals	Highly Reliable	Vehicles are traded at time of change over
<u>Roads & Transport</u>		
Expenditure – New / Upgrade	Unknown	<p>Reviews of future demand and level of service have been undertaken on a limited number of specific road projects. Predominantly undertaken with projects eligible for external funding (e.g. Regional Road Group), or projects planned for delivery in the next 1 to 2 years.</p> <p>Strategic documents have also been developed to assist in the prioritising of works for the expansion of Shire path assets or for the sealing of gravel roads.</p> <p>The confidence assessment is based on Council being reliant on existing staff knowledge of the road and transport network. This knowledge however is at risk when staff leave the organisation, as Council does not currently have the inhouse staff resources to undertake a higher level of infrastructure asset planning.</p> <p>Until staff resources are created for roads and transport planning, reliability of information for this asset category will remain reliant on the knowledge of the relevant staff at that point of time.</p>
Expenditure – Asset Renewal	Uncertain	The confidence assessment is based on the Council being reliant on existing staff knowledge of the road and transport network. This knowledge however is at risk when staff leave the organisation, as Council does not currently have the inhouse staff resources to undertake a higher level of infrastructure asset planning.
Asset Values	Highly Reliable	Valuations are undertaken every 5 years by independent licensed valuer
Asset residual values	Not Applicable	
Asset useful lives	Highly reliable	Condition of road and transport infrastructure assets are independently assessed every 5 years by suitably qualified consultants.
Asset Disposals	Unknown	No asset disposal identification process has been undertaken

7. PLAN IMPROVEMENT AND MONITORING

7.1 Improvement Plan

Key improvement items that once completed, will result in more effective and mature asset management practices for Council managing its asset portfolio and services. Tasks listed are not in any order of priority and timeframes are subject to financial resources being allocated where required.

Improvement Plan

Task No	Task	Resources Required
1	Introduce additional staff resource to undertake transport Infrastructure asset planning	Additional budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> Ability to produce long term plans detailing individual projects enable decision makers to be informed and set project priorities 	
	<ul style="list-style-type: none"> Ability to identify long term asset renewal trends for improved financial sustainability decision making 	
	<ul style="list-style-type: none"> Improved road grant planning 	
	<ul style="list-style-type: none"> Improved accuracy of long-term financial planning 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> Actual long term asset component renewal requirements are not known for these asset classes. It is therefore unknown if the exiting level of expenditure is sufficient to meet future requirements to maintain safe and functional standards 	
	<ul style="list-style-type: none"> No structured long term planning system for this asset class inhibits a strategic approach to the development of this asset class 	
2	Implement a Roads functional hierarchy to determine the strategic importance of Council's roads to guide prioritising new assets or upgrades	Additional budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> Provides a foundation for the strategic planning of the road network 	
	<ul style="list-style-type: none"> An impartial and transparent basis for determining development of the road network 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> Organisation lacks a strategic basis for decision making relating to roads 	
3	Develop separate Buildings Operations and Maintenance Management Plan.	Completed 2023/24
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> Provides increased accuracy of facility management costs 	
	<ul style="list-style-type: none"> Ensures Council facilities are compliant with facility management obligations 	

	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> Increased risk of mandatory facility safety obligations not being identified and undertaken 	
	<ul style="list-style-type: none"> Increase to asset component renewal costs due to lack of regular maintenance and servicing. 	
4	Develop separate Parks & Reserves Operations and Maintenance Management Plan.	Within existing budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> Provides increased accuracy of management costs Ensures Council open spaces are compliant with obligations 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> Increased risk of mandatory facility safety obligations not being identified and undertaken 	
	<ul style="list-style-type: none"> Increase to asset component renewal costs due to lack of regular maintenance and servicing. 	
5	Implement suitable asset management software to improve asset management information and practices.	Additional budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> Centralised integrated system that preserves the corporate knowledge relating to asset management Improved workorder capturing and management Improved reporting and planning capability Moving Excel based plans into professional asset management software with expanded functionality 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> Less functional / efficient management of Council's assets portfolio Less information capturing and reporting capability 	
6	Develop and evaluate demand drivers	Within existing budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> Increased understanding of future community needs for decision making 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> Decision making fails to pre-emptively identify community needs and becomes responsive based 	
7	Develop and evaluate Levels of Service	Within existing budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> Align service delivery with organisational goals Transparency in informing residents and customers with levels of service to be delivered 	

	<ul style="list-style-type: none"> • Consistent methodology applied in decision making • Ability to identify service level gaps (over or under servicing) 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> • Inconsistent decision making • Adverse perception of inconsistent service levels across the Shire • Inefficient resource allocation though over servicing 	
8	Provide asset management education to Councillors	Within existing budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> • Develop Elected Member knowledge of Shire specific matters relating to asset management 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> • Decision making not considering long term implications 	
9	Greater degree of componentisation in the condition rating process	Within existing budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> • Develops more detailed understanding of asset condition • Improved asset renewal planning 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> • Lesser standard of decision-making information 	
10	Implement adopted building asset functional hierarchy and methodology to determine the strategic importance of buildings within Council's asset portfolio to guide prioritising new assets or upgrades	Within existing budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> • A hierarchy enables a transparent basis for decisions on limited funding availability to be targeted towards community priority assets • A transparent functional hierarchy methodology permits proposed projects to be assessment and prioritised against competing resources 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> • Inconsistent decision making where no transparent methodology exists 	
11	Implement adopted building asset functional hierarchy and methodology to determine the strategic importance of buildings within Council's asset portfolio to guide prioritising new assets or upgrades	Within existing budget allocation
	<u>Benefits of implementing the recommendation</u>	

	<ul style="list-style-type: none"> • A hierarchy enables a transparent basis for decisions on limited funding availability to be targeted towards community priority assets 	
	<ul style="list-style-type: none"> • A transparent functional hierarchy methodology permits proposed projects to be assessment and prioritised against competing resources 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> • Inconsistent decision making where no transparent methodology exists 	
12	Implement a Public Open Space functional hierarchy and methodology to determine the strategic importance of Council managed areas of open space to guide prioritising new assets or upgrades	Within existing budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> • A hierarchy enables a transparent basis for decisions on limited funding availability to be targeted towards community priority assets 	
	<ul style="list-style-type: none"> • A transparent functional hierarchy methodology permits proposed projects to be assessment and prioritised against competing resources 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> • Inconsistent decision making where no transparent methodology exists 	
13	Develop and implement performance measures	Within existing budget allocation
	<u>Benefits of implementing the recommendation</u>	
	<ul style="list-style-type: none"> • Provide a systematic approach to measure progress of asset management 	
	<ul style="list-style-type: none"> • Demonstrate how funding is being used effectively to meet identified needs 	
	<ul style="list-style-type: none"> • Demonstrate any shortfalls in funding 	
	<ul style="list-style-type: none"> • Provide the link between corporate vision and operational asset delivery 	
	<u>Risks of not implementing the recommendation</u>	
	<ul style="list-style-type: none"> • An organisational inability to facilitate effective communications demonstrating performance against identified needs 	

7.2 Monitoring and Review Procedures

Asset Plans are reviewed and updated annually with information current at the time.

7.3 Performance Measures

Local Government Operational Guidelines Number 18 – June 2013 (Financial Ratios), details ratios that required statutory reporting in the Annual Financial Report up until 1 June 2022. Practice has been to measure against these asset management financial ratios

The requirement to report these financial ratios has now been removed. The reason provided by the Department of Local Government, Sport and Cultural Industries is that the underlying financial information is still contained in the audited part of the financial statements and that the changes were based on recommendations made by the Office of the Auditor General.

It is identified that a structured methodology to further measure the effectiveness of Council's asset management planning, forms part of future improvements to mature Council asset management practices.

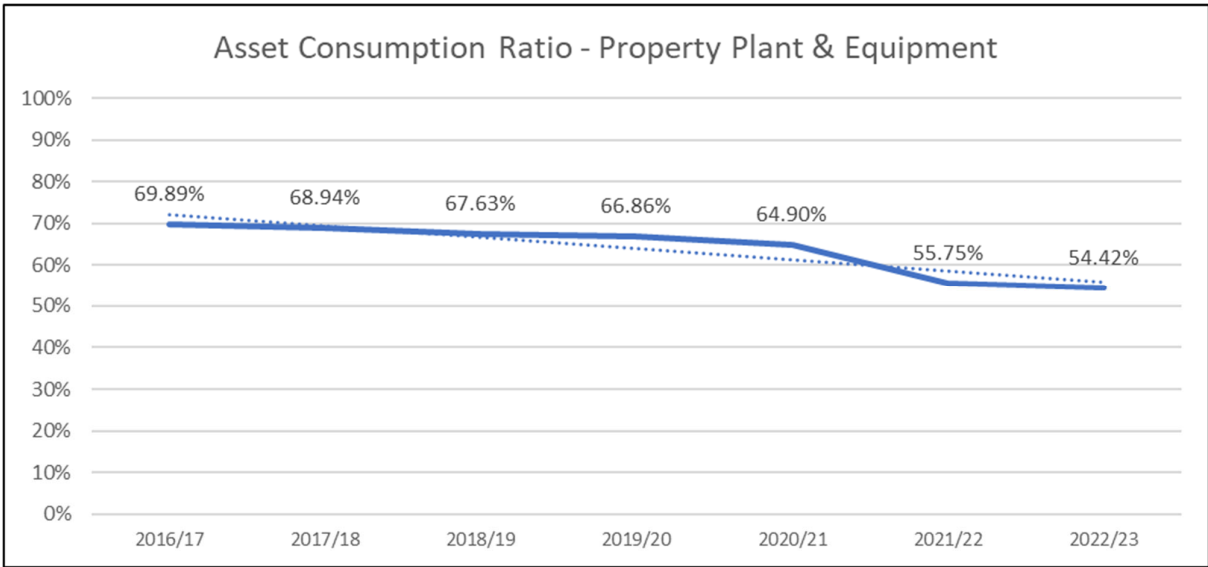
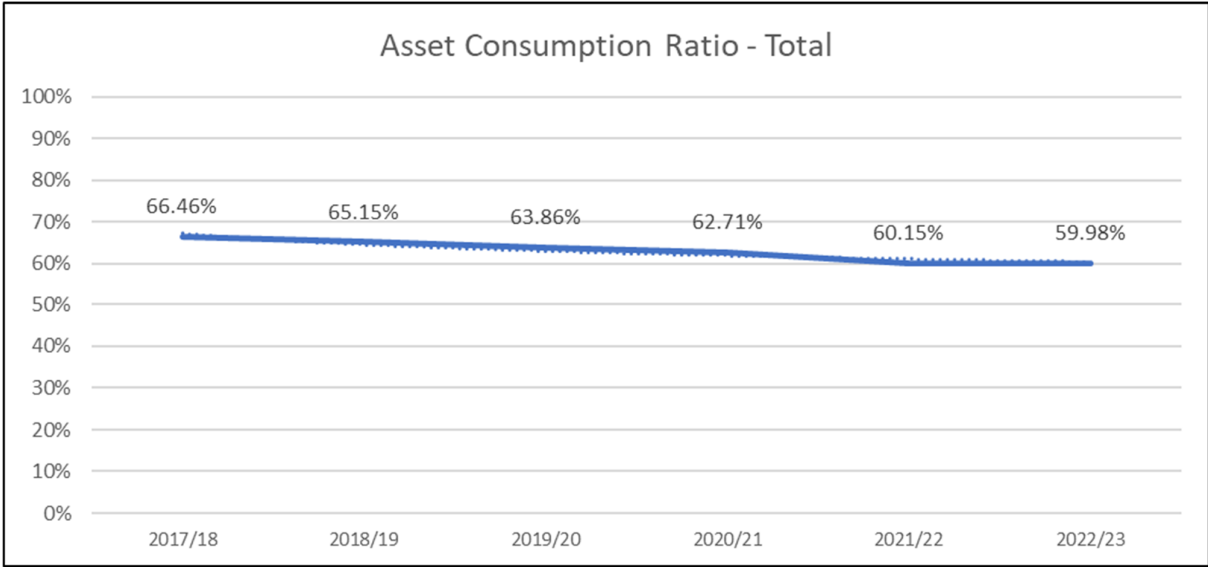
7.3.1 Asset condition Ratio

A useful indicator of asset condition is the Asset Consumption Ratio. This is an accounting measure which indicates the potential service remaining in Council's assets. If the Asset Consumption Ratio is high, this indicates that Council's assets are in good condition – that is, they are either relatively new or have been maintained in good condition. If the Asset Consumption Ratio is low, this indicates that Council's assets are in relatively poor condition – that is, assets have not been renewed at a time when renewal was expected to occur and the future service levels expected from these assets is lessened.

It is important to note that the ratio is an indicator based on accounting valuations only and does not replace physical inspections of individual assets as the primary source of asset condition.

Council obtains independent revaluations of its assets for accounting and insurance purposes by licensed valuers every 5 years. Most recent independent revaluations.

- a) Land & Buildings: June 2022
- b) Infrastructure: July 2022



Asset Consumption Ratio - Infrastructure

