BLAND SHIRE COUNCIL
west wyalong

RESOURCING STRATEGY

PART B: ASSET MANAGEMENT PLAN

OUR VISION, MISSION & VALUES

Working together

BLAND SHIRE COUNCIL
west wyalong

to improve our quality of life

A PLACE WHERE PEOPLE ARE **VALUED**, AN ENVIRONMENT THAT IS **RESPECTED**, A FUTURE THAT IS **BRIGHT**, A COMMUNITY THAT IS **PROUD.**

ACKNOWLEDGEMENT OF COUNTRY

Bland Shire Council acknowledges the Wiradjuri people who are the Traditional Custodians of the land on which our communities are located and pays respect to all Elders past, present and emerging.

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INTRODUCTION

To support the community, Council maintains a network of physical infrastructure within the Bland Local Government Area. This infrastructure provides a platform for economic and social development, strengthens the link between the community and the natural environment and creates a sense of place for the local community and its visitors. This infrastructure is integral to the community's wellbeing and their quality of life.

This strategy is formulated to best achieve this under the Asset Management Policy.

WHAT IS ASSET MANAGEMENT?

Asset management is the process of logic used to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Strategic Asset management is the way in which Council looks after its assets on both a day-to-day basis (maintenance and operations) and in the medium to long-term basis (strategic and forward planning).

ASSET MANAGEMENT OBJECTIVES

The infrastructure assets managed by Council include formed roads, bridges and culverts, footpaths, kerb and gutter, stormwater and sewer infrastructure, recreational assets, open spaces, landfills, Council businesses and community buildings.

Council's primary objectives in managing its assets are to:

- Manage all assets in a sustainable and cost effective manner
- Review and reassess service levels so service provision is within desirable levels for future and existing community members.

To assist with making optimal decisions relating to our assets, Council uses the Assetic system to create strategic asset development within Council. By applying analytics to lifecycle and maintenance data, Assetic enables visualisation of strategy and service level scenarios to manage and maintain assets, improve service levels and reduce capital and maintenance spending. The scenarios produced work hand in hand with the Long-Term Financial Plan to achieve optimum asset management. Work is still being undertaken linking the resultant asset management plans to the Long-Term Financial Plan, but when finished will give a complete picture of how Bland Shire will deliver on its objectives.

ASSET MANAGEMENT – NOW AND THE FUTURE

The assets in the Bland Local Government Area are audited under Council's inspection regime, rated against the condition rating sheets, and captured in Council's assets registers. This process allocates a condition rating to each individual asset, or section of asset. This condition rating scale ranges from 1-5. A condition rating of average (condition 3) is considered to be a satisfactory level of service or condition. The condition of the assets is captured within Council's asset management software and GIS system with a direct relationship to the service levels agreed to as part of the Integrated Planning and Reporting process.

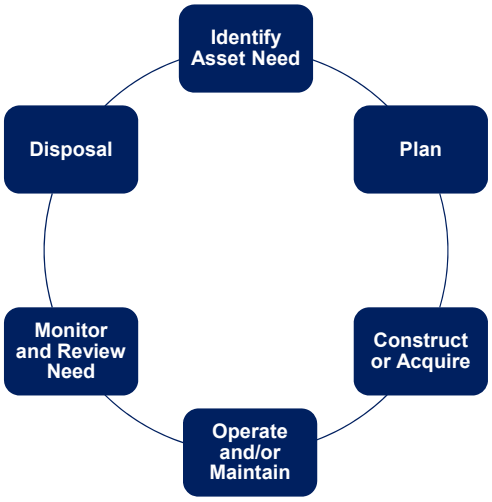
Using this data, the Gross Current Replacement value of the existing network can be calculated and the cost of returning all infrastructure identified as being in unsatisfactory condition to a condition deemed satisfactory which is at the lease a condition 3, can be calculated.

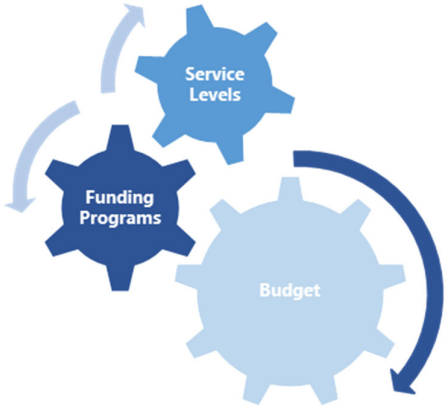
Utilising this information, along with Assetic Predictor allows Council to model scenarios providing support tools for long-term planning of infrastructure assets while optimising service level outcomes and capital and maintenance expenditure. The software assists to predict the future behaviour of assets given available funding levels and enable scenario comparison to aid decision making.

LIFECYCLE MANAGEMENT

Lifecycle management details how Council plans to manage and operate the asset category at the agreed level of service while minimising lifecycle costs throughout the useful life of the asset.

The traditional approach of “last year plus 5%” resulted in budget driven asset management. Bland Shire is currently undertaking extensive work across all assets and has recognised that this approach leads to a lack of organisation and communication between the service delivery and financial planning. As a result Strategic Asset Management (SAM) has been implemented along with asset management software (Assetic) to deliver a long-term approach to asset management delivering informed predictions that will result in a service centric outcome.





The diagram to the left illustrates the three aspects that are required to work together and are dependent upon each other to achieve maximum outcome, value and efficiency across the asset management system.

LIFECYCLE COSTS

The lifecycle costs (whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Lifecycle costs include operating and maintenance expenditure and asset consumption (depreciation) expense.

This value must be used in the development of estimates for the delivery of new assets for Council. The introduction of lifecycle costing dramatically changes the forecast capital expenditure. Capital costs will no longer reflect just ‘build’ cost but will include whole of life.

OUR ASSETS

INTRODUCTION

Council's goal in managing infrastructure assets is to meet the required level of service for each asset category in the most cost effective manner, within available funds, for present and future consumers. The key elements of Council's infrastructure asset management are:

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

To achieve these goals, Bland Shire is currently building one existing systems and implementing new strategic asset management software to allow for:

- Accurate inventory an condition information
- Facilitate efficient day-to-day management of assets
- Enable objective long-term asset planning based on informed knowledge across all asset classes.

The chosen system – Assetic, is used with Technology One financial system and Mapinfo GIS system to provide a comprehensive insight to the current condition and future needs of Council's assets.

WHAT WE HAVE

Council's mission *"Working together to improve our quality of life"* guides staff in the way the assets are managed.

This strategy is designed to include all of council's assets, which encompasses a broad range grouped into key asset categories as tabled below.

Asset Category	Assets Included
Transport Infrastructure	Sealed Roads, Unsealed Roads, Kerbing, Stormwater Drainage, Bridges, Culverts, Footpaths, Car Parks, Signs and Roadside Infrastructure.
Parks and Open Spaces	Sporting Fields, Parks and Gardens, Courts, Playgrounds, Irrigation, Park Furniture, Shelters, BBQ's, Public Reserves, Skate Park.
Buildings and Land	Civic Buildings, Community Buildings, Land
Plant and Equipment	Light Plant, Heavy Plant, Motor Vehicles, Ancillary Plant and Equipment.
Sewer	Sewerage Pipes and Pits, Sewerage Treatment Plants, Pump Stations, Manholes
Administration Assets	

CONDITION ASSESSMENT

The condition assessment specifies the technical tools used to assess the condition of each asset.

SERVICE LEVELS

CURRENT LEVELS OF SERVICE

“An objective of Asset Management Planning is to match the level of service provided by the asset with the expectations of the customer and available budget. Asset management planning will enable the relationship between level of service and cost of service (the price/quality relationship) to be determined. This relationship can then be evaluated in consultation with customers to determine the optimum level of service that the community is prepared to pay for”. International Infrastructure Management Manual (IMM) 2015).

Council has characterised service levels in two definitions aligned with the IMM. These two levels of service are a community level of service and a technical level of service.

Community levels of service relate to how the community receives or derives benefit from the service of each asset in terms of safety, quality, quantity, reliability and responsiveness.

Supporting the community service levels are operational or technical measures of service developed to ensure that the minimum community levels of service are met. These technical levels of service may relate to cost/efficiency and legislative compliance.

Council’s assets team continues to use a ‘satisfactory’ condition (condition 3) as a desired level of service for all asset categories covered by this Strategy. The use of ‘condition 3’ as the desired service level allows Council to develop projections of asset renewal funding requirements for the future in support of the Long-Term Financial Plan, providing estimates of the funding required for each category to be remediated or renewed so the majority of Council’s infrastructure asset is condition 3 or above.

Supporting the service levels are operational or technical measures of performance developed to ensure that the minimum community levels of service are met, as long as it is within the available budget.

Technical measures relate to service criteria such as:

Service Criteria	Technical measures may relate to
Quality	Component deterioration
Quantity	Area of parks per resident
Availability	Number of users versus need
Safety	Pavement width and condition

DESIRED LEVELS OF SERVICE

Community engagement has assisted Council to determine levels of service which the community expects or would like.

The community engagement takes several forms and was based on the simple principle of Council going into the community to meet with people to:

- Gather information from the community regarding the condition of assets that is satisfactory to them
- Gather information from key stakeholder groups and Government departments about satisfactory levels of asset condition

- Gather information from Councillors and council staff about satisfactory levels of asset condition.

In addition to this, information is also gathered from the Customer Satisfaction Surveys, Integrated Planning and Reporting Community Consultation process and ongoing residents' feedback to councillors and staff through service requests and correspondence and community forums undertaken across the villages within the shire.

From the information gathered, a base line for the community's minimum standard requirement is derived along with what are the most important factors and which are the least.

The information obtained from the community, balanced with reducing budgets, frozen funding streams and limited income sources has resulted in the need to reduce service levels in some areas, while ensuring a cost effective, reliable and safe asset based on future budget forecasts.

For example, traditionally, Council provided a "one size fits all" approach to its assets, particularly roads. The road hierarchy as shown in Attachment 1, considers the functionality of the asset including, user rates, type of users, community benefit, whole of life cost of providing the asset, risk and safety to the community.

Road infrastructure service levels have been developed based on the adopted road hierarchy, (see Attachment 2). Service levels and condition assessment ratings have been developed for all asset classes.

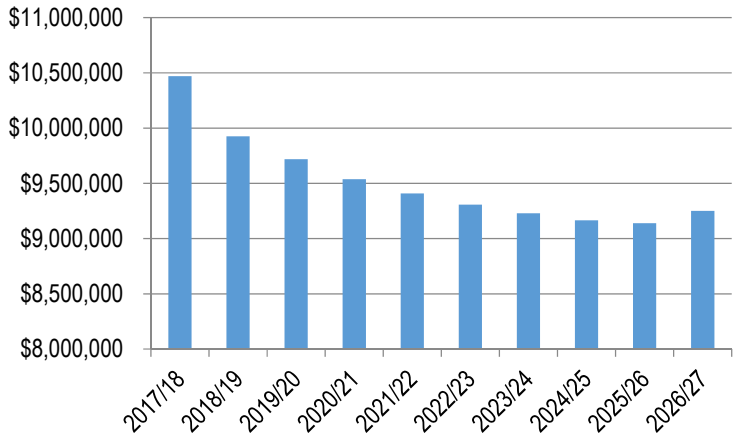
Council regularly reviews the operational process and an independent review in 2015 found the changes previously identified and implemented from the original asset management planning process had ensured Bland Shire Council is equal to or better than like sized Council's with regards to processes and value for money.

FINANCIAL SUSTAINABILITY

FINANCIAL STATEMENTS & PROJECTIONS

The financial projections are shown in the following graph for projected operation expenditure (renewal, maintenance and depreciation). Major capital works will be funded from reserves and additional grant funding.

Long Term Financial Plan Renewal and Maintenance Expenditure -2017-2027



[AB1]

DEPRECIATION METHODOLOGY

Council adopted a depreciation methodology used to develop the fair value of its assets as required by the Office of Local Government.

The current depreciation methodology adopted is a Straight Line Depreciation Method.

AUSTRALIAN ACCOUNTING STANDARDS

The following Australian Accounting Standards apply to Local Government:

AASB13 – Fair Value Measurement: A market-based measurement to estimate the price at which the asset would be sold or transferred.

AASB116 – Property, Plant and Equipment: Prescribes the requirements for the recognition and depreciation of property, plant and equipment assets.

AASB136 – Impairment of Assets: Aims to ensure that the assets are carried at amounts that are not in excess of their recoverable amounts.

AASB138 – Intangible Assets: Prescribes the accounting treatment for intangible assets not dealt with in another standard.

AASB1021 – Depreciation on Non-Current Assets: Specifies how depreciation is to be calculated.

AASB1001 – Specifies the policies that Council is to have for recognition of assets and depreciation.

AASB1015 – Account for the acquisition of assets: Method of allocating the value of new assets on acquisition; and

AASB27 – Financial Reporting by Local Government.

There is a plethora of other legislative requirements that need to be considered, including, but not limited to:

- Disability Discrimination Act 1894
- Building Code of Australia
- Work Health and Safety
- EP&A Act.

ASSET MANAGEMENT GOALS

Council's goal in managing infrastructure assets is to meet the required level of service for each asset category in the most cost effective manner for present and future consumers. The key elements of Council's infrastructure asset management are:

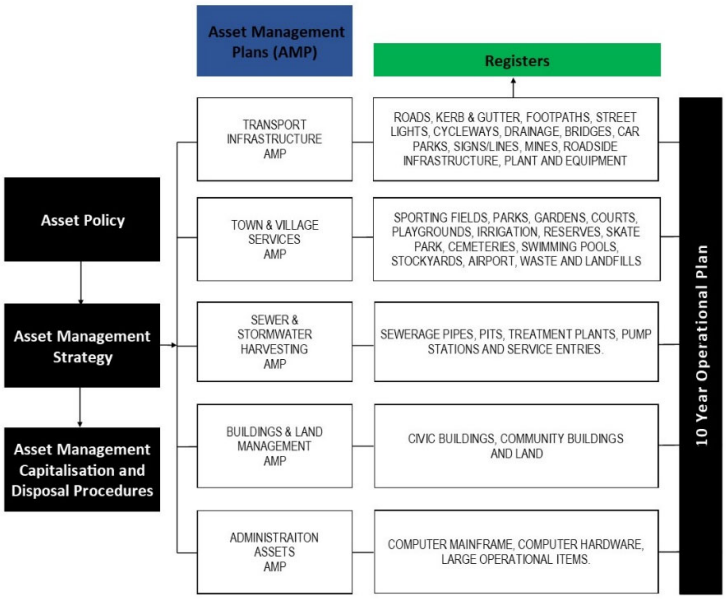
- Taking a lifecycle approach
- Developing cost effective management strategies for the long-term
- Providing a defined level of service and monitoring performance
- Understanding and meeting the demands of growth through demand management and infrastructure investment
- Managing risks associated with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

The Asset Management Plans and supporting sections are fundamental to the achievement of these key elements of asset management. The cornerstones of the plans are:

- Condition assessment – specifies the technical tools used to assess the condition of each asset
- Lifecycle management – how Council will manage its existing and future assets to provide the required services
- Financial summary – what funds are required to provide the required services
- Monitoring – how the plans will be monitored to ensure it is meeting Council's objectives
- Asset management improvement plan.

The flow chart showing the relationships of the Asset Management Plans to the Asset Management Policy, Asset Management Strategy, and its supporting plans is as follows.

ASSET MANAGEMENT FLOW CHART



[AB2]

FUTURE DEMAND

DEMAND FORECAST

Factors affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, agricultural practices, environmental awareness and increased Government pressure for heavy vehicle loads for example.

Demand for infrastructure is generated predominantly through either:

- An increased utilisation of existing infrastructure brought about by the factors above; or
- The requirement for new infrastructure to meet the needs of growth in new development.

The demand created by these two circumstances requires analysis to consider the ramifications to existing infrastructure networks and the ability of these networks to cope. This analysis applies in all cases ranging from new subdivisions creating an increased load on an existing sewer network and treatment plant, to that same subdivision increasing traffic across existing road networks potentially creating the need to upgrade that existing infrastructure to cope with the increased utilisation and demand.

DEMAND MANAGEMENT PLAN

Demand for new services will be managed through a combination of managing and maintaining existing assets, upgrading of existing assets and providing new assets to meet this demand. Demand management practices include non-asset solutions, insuring against risk and managing failures.

The planning for infrastructure due to demand is a constant process of review and assessment of existing infrastructure and its ability to cope with increasing demand, versus the need to augment with new infrastructure.

Council develops strategies for demand management on single or groups of affected assets and continues to manage the relationship between existing and new asset requirements in the context of asset management. This demand management also includes asset rationalisation as discussed in this plan.

The demand forecasting and analysis is based on Australian Bureau of Statistics data and the NSW Department of Planning projections. The outcomes of these plans form elements of future capital works programs captured in Council's Long-Term Financial Plan.

One of the main elements that is required to be taken into consideration is the ageing population. This has been addressed within the Community Strategic Plan. The theme, "Our People", gives particular emphasis on the ageing and the provision of services to that demographic.

NSW PLANNING AND ENVIRONMENTAL POPULATION PROJECTIONS[AB3]

	2011	2016	2021	2026	2031	2036
Total Population	6050	5950	5650	5350	5100	4850
Total Households	2450	2350	2300	2200	2100	2050
Demographics – 65+ years	1200	1250	1250	1250	1250	1200
Demographics – 50-65 years	1200	1200	1050	950	1200	900

SCENARIOS

	2011	2016	2021	2026	2031	2036
DoP Projections	6050	5950	5650	5350	5100	4850
Current Trend	6021	5870	5723	5580	5440	5304
Low Growth	6150	6304	6562	6624	6790	6960
High Growth	6300	6615	6946	7294	7659	8042

CHANGES IN TECHNOLOGY

Technology changes are forecast to have little effect on the delivery of services covered by this strategy at the present time.

Changes in technology will however impact on the decision making processes employed. Utilisation of Assetic Projector will assist staff to develop work plans through prediction modelling and support tools for long-term planning of infrastructure assets. Predictor will assist Council to optimise service level outcomes and capital and maintenance expenditure, giving best value outcome for each dollar spent.

NEW ASSETS FOR DECLINING GROWTH

Population forecasts indicate that there will be very few new assets required to meet growth as this data indicates that Council has a negative growth of -0.75%.

The demographics specify Bland Shire has an ageing population. In the future capital items required will be funded from the Council's general income. With decreasing revenue streams from a declining population and increasing demands from an ageing population upgrading or renewal of existing infrastructure, will need to be reviewed with this in mind.

LIFECYCLE MANAGEMENT

Lifecycle management details how Council plans to manage and operate the asset category at the agreed level of service while minimising lifecycle costs throughout the useful life of the asset.

ACQUISITION

There are six elements of the asset acquisition phase of the cycle. They are:
1. Planning
2. Assessment of requirements
3. Feasibility study
4. Acquire (procure or construct)
5. Asset identification, recognition and recording
6. Recording and accounting.

These elements are not carried out in an entirely sequential manner; some elements overlap and the planning element should be evident in all other elements.

Congruence of the asset management process with all stages of planning is vital to ensure the process adds value to an organisation. Ad hoc assessment processes are unlikely to result in optimum asset management, for example to have assets acquired, maintained or disposed of in accordance with the organisation's goals and objectives. It can have serious consequences for Council, particularly in longer term sustainability. Sound and effective use of planning in all phases of the asset management cycle will assist Council in:
- Setting levels of service delivery
- Assessing the functional adequacy of existing assets
- Identifying surplus or under performing assets
- Assessing the assets required for new policy initiatives
- Evaluating options for asset provision (for example, private versus public investment)
- Evaluating options for funding asset acquisition
- Confirming funds are available when required
- Warranting assets are maintained and disposed of in an optimum manner
- Evaluating asset management performance, with the goal of continuous improvement.

The development of Asset Management Plans as part of Council's planning processes provides the best means of delivering value added asset management. The plan must cover the complete asset management cycle and be integrated with Council's strategic and other planning documents.

ASSESSMENT OF REQUIREMENTS

Assessing Council's requirements for assets is a major and evolving challenge. It involves making judgements on future services and organisational direction and the making of predictions that may change at the next election. Appropriate and effective asset planning, however, is driven by the Longer Term Financial Plan requirements that must transcend the impacts of elections. Council should deliberately apply strategic thinking in making predictions to minimise risk and uncertainty.

Questions that must be satisfactorily answered are:
- What alternatives are available for service delivery?
- What changes can be expected to service demand over the planning time frame?

- What is the condition of existing asset holdings?
- What are the short term asset requirements?
- What are the long term asset requirements?
- What existing assets meet the requirements?
- What further assets are required?
- Does Council need to acquire further assets or can the service be met by a service provider?
- What assets are no longer viable to retain?
- What alternatives are available for asset provision (public or private)?
- What alternatives are available for asset acquisition (purchase or construct)?
- What new skills will be needed to operate new assets?

Requirements need to be regularly reviewed, particularly as circumstances change. Such reviews should be part of the ongoing planning processes of Council. Once requirements have been defined and the options costed, a decision on the best option can be made. This decision will be the beginning of further planning – the plan to acquire the asset.

A purchasing/design and/or construction specification and a budget for the asset should be developed as well as a time frame for its acquisition and obtaining the necessary funding. A realistic budget, cash flow and timetable must be set as insufficient funds or project management might seriously jeopardise the asset acquisition process. This must include whole of life costing for the new asset including acquisition, maintenance, renewal and disposal.

The key to adding value to the organisation in the asset acquisition element is project management. Once the broad asset requirements are known, the process should be managed through Council's Project Management Framework utilising a project team that has the necessary skills and experience to ensure all aspects of the acquisition process are completed in a way that meets the service delivery and economic objectives of Council.

ASSET IDENTIFICATION AND RECORDING

Australian Accounting Standards (AAS) require Local Government to identify value and record all of the assets it controls.
The revaluation of Council's asset base has been met on a rolling basis. Council is continuing this major assets project and has verified and updated the assets register, undertaken an asset condition assessment for all classes as well as completing revaluations of asset classes. This project is still being undertaken with the raw data collection phase complete, the cleansing, development and GIS work still being undertaken with assistance from Assetic. When complete, this will place Council in an extremely good position in relation to knowing its assets and being able to maintain, renew and manage the same. With regard to ongoing funding to deduce the infrastructure backlog, the asset team (including assets, engineering and finance staff) is working together to ascertain the best way forward.

There is much information that can be recorded about assets. Council needs to be diligent and apply a strategically driven approach to the data held and used. Data held needs to be regularly subject to executive management scrutiny so that information can be reliably provided without the unnecessary overhead of gathering, storing and cleansing data that is not explicitly used by Council and is not required for decision making or reporting purposes.

Councils are custodians of a significant portfolio of community assets for which they are held accountable. Councils therefore need information about the portfolio to fulfil this reporting duty and also to enable them to manage the assets effectively. In order for this information to be provided efficiently and effectively it is kept in one integrated data set.

Whilst recording or accounting for assets may be regarded by some as an issue for accountants, it is important to recognise that engineers and asset managers utilise the same information. It is important, therefore, that the professions work together to establish accepted methodologies and approaches. Bland Shire Council has developed an asset management team including staff from assets, engineering and finance to achieve the best outcome for the Council and community as a whole.

On acquisition, an asset is usually valued at its purchase price. The purchase price includes any costs necessary to place the asset into service. It is important that a value is placed on all assets, as the value and its diminution over time, provide information for decisions made about the contribution, or otherwise, by assets to an organisation's goals and objectives from an economic perspective.

Most public sector assets, particularly long lived assets such as buildings, roads and footpaths require maintenance over their lives. There are basically four matters for asset maintenance consideration. They are:

1. Planned maintenance
2. Unplanned maintenance
3. Maintenance of asset records
4. Revaluation and reassessment.

Planning is an important part of the maintenance phase. The time frame over which some assets are to be maintained adds a degree of complexity to the planning involved. The development of planned maintenance schedules should involve a multidisciplinary approach. It is critical that the planning is undertaken as the resources required to maintain the assets in optimum condition for the least cost will require the evaluation of a range of factors for different assets.

The selection of appropriate maintenance schedules is crucial to minimise asset maintenance costs while prolonging the service effectiveness of assets. It may appear to be a paradox to plan for unplanned maintenance, but unplanned maintenance consumes resources. It is essential that provision be made for time, money and skills to be available to quickly restore assets that fail in service to their operating effectiveness. Alternatively, contingency plans (business continuity planning/disaster recovery planning) should be made where catastrophic failure of major infrastructure assets has the potential to severely disrupt the provision of services to the community.

ASSET CREATION AND ACQUISTION

New works are those works that create a new asset that did not previously exist, or works which upgrades or improves 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 Council from land development.

SELECTION CRITERIA

New assets and upgrade/expansion of existing assets are identified from various sources such as the Community Strategic Plan, Development Control Plans and other planning documents and proposals identified by partnerships with other organisations. Proposals are inspected to verify need and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. New assets and services are funded from Council's capital works program and grants when available.

At present Council has no definitive plans relating to new infrastructure.

CAPITAL RENEWAL

When an asset reaches a very poor condition, Council may choose to complete an asset renewal on the asset. This would mean rather than maintaining the asset at the very poor state, the asset is renewed from the very poor state to an average or even to an excellent state. An example of this is a gravel re-sheet on a rural road.

In general Council's annual Operating Program would have a mixture of maintenance and capital renewal.

ROUTINE MAINTENANCE PLAN

Routine maintenance is the regular ongoing work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again. Maintenance includes reactive, planned and cyclic maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to customer or service requests and management/supervisory directions. Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgement.

Planned maintenance is work identified and recorded. The implementation of Assetic Predictor will assist Council to develop planned maintenance work schedules and in turn achieve greater value for money. The schedule is developed following inspections, assessing the condition, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Cyclic maintenance is the replacement of higher value components or sub components of assets that is undertaken on a regular cycle, for example repainting and building roof replacement. This work generally falls below the capital threshold.

Maintenance expenditure trends are reported in Council's annual financial statements.

MAINTENANCE OF ASSET RECORDS

Generally, maintenance expenditure levels are considered to be inadequate to meet required service levels.

The implementation of Assetic is assisting Council to assess the state of the assets and develop work plans and scenarios to achieve required outcomes. When complete, these individual plans will support this document.

In addition to the financial and technical information requirements for statutory reporting and to enable effective management, asset records must be kept. Maintenance of asset records adds value to the asset management process. Appropriate asset records that record relevant acquisition, operation maintenance, renewal and disposal information can be invaluable sources of information throughout the asset management process. The benefits of comprehensive asset records include:

- A record for each asset containing information such as condition, fair value, location, materials and so on

- Recording maintenance performed ensure that it is not done twice and enables a review to confirm that it has been carried out, the expenditure of that maintenance and the subsequent change to the asset value.

Australian Accounting Standards require assets to be re-valued on a regular basis. This requirement ensures that assets are recorded at a value that reflects what the market would pay to acquire the asset or what it might cost to replace the asset in its present form. The Integrated Planning Reporting Bill (2009) requires assets to be re-valued annually on a class cycle. This can only be achieved with high quality asset data.

The value of asset holdings recorded provides an indication of the level of resources that might be required to replace those assets in their current form.

RISK MANAGEMENT

Council has adopted and enterprise-wide process for risk management. The purpose of the Enterprise Risk Management (ERM) Framework is to establish a consistent and structured approach to risk management with the aim of assisting Council to achieve its objectives and embed risk management in all key operational process.

Council is exposed to significant uncertainties impacting the delivery of services and achievement of objectives for the community. Significant risks include:

- Increasing operating costs and increasing community expectations for service delivery in a rate-capped environment
- Global financial trends with local implications – affecting employment, tourism, events, property values, rate income levels and people's ability to pay rates.
- Expectations of greater levels of community engagement consultation and participant in decision making
- The challenge of managing Council's ageing assets in a cost effective manner
- The impact of climate change on Council assets, in the community and the environment.
- The need to provide varied and increased services for an ageing population
- Council's ability to attract and retain skilled employees.

The ERM Framework provides a foundation for responding to these uncertainties through a structured approach that facilitates risk-informed decisions making aligned with Council's strategic, operational and project specific objectives.

CATEGORIES OF RISK

Risk categories are used by Council to classify risk events as a basis for risk management including risk reporting and risk management decision making.

Council has established a number of risk categories. The risk categories reflect the types of risk consequences to which Council is exposed. The risks identified are:

- Community
- Compliance
- Natural Environment
- Finance
- Governance
- Human Resources
- Infrastructure
- Information Technology (IT)
- Legal/Regulatory
- Service Delivery
- Reputation
- Project Delivery
- Workplace Health and Safety.

1. OPPORTUNITY BASED RISK

There are two main aspects of opportunity based risks: risks associated with not taking an opportunity and those associated with taking an opportunity.

Opportunity based risk may or may not be visible or physically apparent, it is often financial, it can have a positive or negative outcome, and it can have both short term and longer term outcomes. It can be managed by assessing the upside and downside of the risk. The use of cost benefit analysis will make the nature of the risks clearer.

An example of an opportunity based risk in Council is the acquisition of new financial software. Should the software meet expectations then productivity is likely to be increased, along with staff morale. However, should the software prove difficult to implement or unable to meet Council's expectations, then both productivity and staff morale will fall and stakeholder confidence will be lost.

2. UNCERTAINTY BASED RISK

Uncertainty based risk is the risk associated with unknown and unexpected events. Uncertainty based risks are: unknown or extremely difficult to quantify, catastrophic or disastrous in nature, associated with negative outcomes, and not possible to control or influence.

Examples of uncertainty based risks for Council include: physical damage or damage to buildings by fire or flood, and loss of a vital supplier.

3. HAZARD BASED RISK

Hazard based risk is the risk associated with a source of potential harm or a situation with the potential to cause harm. This is the most common risk associated with Council, as addressed by work health and safety programs. Hazard based risks include:

- Physical hazards – including noise, temperature or other environmental factors
- Chemical hazards – including storage and/or use of flammable, poisonous, toxic or carcinogenic chemicals
- Biological hazards – that may result in physical or psychological harm, including bullying, sexual discrimination, workload or mismatch of job specification to employee capability. Council generally addresses hazard based risks through its WHS program.

AREAS OF RISK

Council faces two main risk areas, strategic risk and operational risk:

STRATEGIC RISK

Strategic risk is managed through Council's enterprise risk management processes due to the potential affect a failure in this area can have on Council's continuing operations.

OPERATIONAL RISK

These are risks that relate to the day to day operations of Council. They result from inadequate or failed internal processes, people and systems. The two main interdependent components are operational integrity and service delivery.

Operational risk arises from inadequate internal controls, inadequate or no documentation, poor planning and implementation, or inadequate supervision.

An assessment of risks associated with service delivery from infrastructure assets has identified critical risks to Council in both categories of risk. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risk.

Critical risks, being those assessed as 'High' – requiring immediate corrective action and 'Significant' – requiring prioritised corrective action identified in the Risk Management Framework are summarised in the following table.

Risk Level	Insignificant	Minor	Moderate	Major	Critical
Almost Certain	Moderate	High	High	Extreme	Extreme
Likely	Moderate	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Moderate	Moderate

ASSET RENEWAL

Renewal is the periodic replacement of assets or asset components. It is the renewal of existing assets that returns the service potential or the life of the asset to that which it had originally. Work over and above restoring an asset to original capacity is upgrade/expansion or new works expenditure.

In the asset operation and maintenance phase, there will have been assessment of the asset on a regular basis. This history of assessment provides valuable information as the asset nears the end of its useful life, and during its useful life at times when major expenditures are approaching.

The usage of the asset, the regularity of its maintenance, the extent of unplanned maintenance and any associated downtime, can help to determine the retirement or disposal date of the asset. The current value of the asset is also a factor that should be considered. Its value may be such that an earlier or later disposal date is indicated. Two other factors that must be carefully considered in assessing the condition of an asset are the technical and commercial obsolescence aspects of an asset's condition.

In developing an asset renewal profile, there are a number of concepts to consider:

- Asset age – the elapsed time since the asset was constructed or acquired and brought into service
- Current replacement cost as new – the cost to reconstruct/renew the asset. This cost is calculated on a full-cost attribution basis. In the case of major infrastructure assets, the cost will include the cost of design and construction and the indirect cost of the construction/acquisition
- Useful life of the asset – generally, there are two approaches typically used to develop the asset renewal profile. One uses the age of the asset, in conjunction with its useful life and current replacement cost as new, to develop the profile. The other uses the current replacement cost of the remaining asset and its remaining useful life in lieu of asset age. Once the renewal profile is created, consideration can be given to strategies to deal with expenditure peaks and troughs.

Typically, the strategies may include:

- Extending the life of existing assets by specific maintenance strategies
- Renewing some assets earlier than planned
- Where the increase in expenditure appears to be of a permanent nature, planning for the transfer of funds from other areas or additional rate revenue.

ASSET RENEWAL PLAN

Assets requiring renewal are identified from condition data obtained from the asset register. Assets are inspected to verify accuracy of condition and to develop a preliminary renewal estimate based on adopted unit rates. Assets identified for renewal are ranked by priority and available funds and scheduled in future works programs. As part of this process, it is essential to make appropriate adjustments within the Long Term Financial Plan to accommodate for any changes.

Renewal will be undertaken using 'low-cost' renewal methods where practical. The aim of 'low-cost' renewals is to restore the service potential or future economic benefits of the asset by renewing the asset at a cost less than replacement cost where possible. Renewals are to be funded from Council's capital works program and grants where available.

ASSET DISPOSAL

Disposal, retirement or rationalisation of assets generally will occur due to changes in community demands or needs. Assessment of the need for assets is a part of the Council review process that determines whether it is meeting the needs and expectations of the community. Challenging the status quo and investigating innovative options for meeting the community service needs is all part of this process. Extensive community consultation is required to confirm community acceptance of disposal.

As with acquisition decisions, to dispose of an asset requires thorough examination and must be taken within the integrated planning framework of Council that takes account of service delivery needs, corporate objectives, financial and budgetary constraints and the overall resource allocation objectives. Disposal options including demolition should be considered at the outset when completing the acquisition plan.

The preservation of some assets means that, while the asset lifecycle applies to all assets, some may not be considered for disposal for cultural or heritage reasons. There must be a defined relationship between the growth of Council's asset base, its income capacity to maintain the service delivery of that asset base to meet community expectation, whilst continuing to deliver all the services required of Council.

Currently there is no defined relationship between the growth of Council's asset base and the subsequent funding to maintain the asset. This shortfall will be addressed by:

- Improving the distribution of funds to these assets
- Funding asset renewal and maintenance based on condition
- Rationalising assets as required
- Managing assets to meet community service expectations.

ASSET RATIONALISATION

The reassessment of an asset's usefulness to Council should be made on a regular basis, on two criteria. They are:

1. **The need for the asset.** Does the organisation have a continuing need for the asset? Is the asset still providing a required service to the community? Is that service provision what the customers expect? Is there a more cost-effective way to provide a service?
2. **The useful life of the asset**. At acquisition, the asset will have been designed for a useful life, dependent on the factors outlined in the section on useful life. Where factors change, the useful life of the asset should be reassessed. Usage of the asset may have been more or less than planned. The condition of the asset may be better or worse than expected at this point in its life. Any change in the expected useful life of an asset will have accounting implications. This means the value of the asset may need to be adjusted within the LTFP.

FINANCIAL FORECASTING

FINANCIAL STATEMENTS & PROJECTIONS

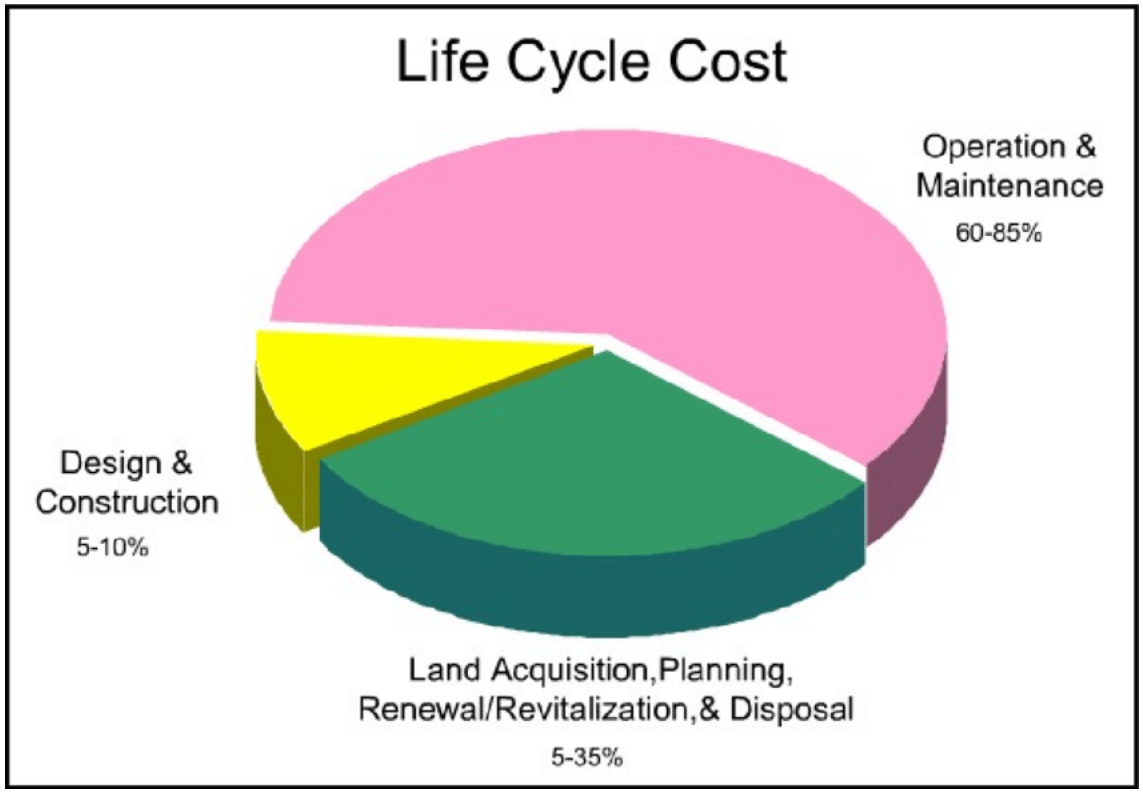
The financial projections are developed using graphs for projected operating expenditures (renewal, maintenance and depreciation) in line with scenario 1 (standard scenario) in the Long Term Financial Plan. This scenario is the same as that outlined in Council's Fit for the Future Plan. Major capital works will be funded from reserves and additional grant funding.

LIFECYCLE COSTS

The lifecycle cost of an asset is defined as 'the total cost of that asset throughout its useful life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs'. This value must be used in the development of estimates for the delivery of new assets for Council.

The introduction of lifecycle costing will dramatically change the forecast capital expenditure listed above as capital costs. Capital costs will no longer reflect just 'build' cost but will include whole of life.

The following image is an indication of what an assets lifecycle costs represent.



VALUATION FORECASTS

Asset values are forecast to remain steady as there will be very few additional assets added to the asset base from construction and acquisition by Council.

The carrying amount of the asset categories (depreciated replacement cost or fair value) will vary depending on the rate of addition of new assets, disposal of old assets and consumption and renewal of existing assets.

The revaluation of Council's asset base has been met on a rolling basis.Council is continuing this major assets project and has verified and updated the assets register, undertaken an asset condition assessment for all classes as well as completing revaluations of asset classes. This project is still being undertaken with the raw data collection phase complete, the cleansing, development and GIS work still being undertaken with assistance from Assetic. When complete, this will place Council in an extremely good position in relation to knowing its assets and being able to maintain, renew and manage the same. With regard to ongoing funding to deduce the infrastructure backlog, the asset team (including assets, engineering and finance staff) is working together to ascertain the best way forward.

KEY ASSUMPTIONS MADE IN FINANCAL FORECASTS

Key financial assumptions made in the Strategy are:

1. UNIT RATES

Council has quantified unit rates for all assets for the construction or purchase cost of each asset. In some cases, these unit rates are simply the purchase price of an asset for example a pit lid, or as complex as the inclusion of a variety of materials, plant and labour rates combined to create a single unit rate for an asset.

2. ANNUAL MAINTENANCE COST PER UNIT

In addition to the above, Council has determined an annual maintenance cost or rate per asset unit to create the direct and quantifiable link between the quantity of the asset and the funds required on an annual basis to maintain the asset, and the delivery of that asset's service level or standard.

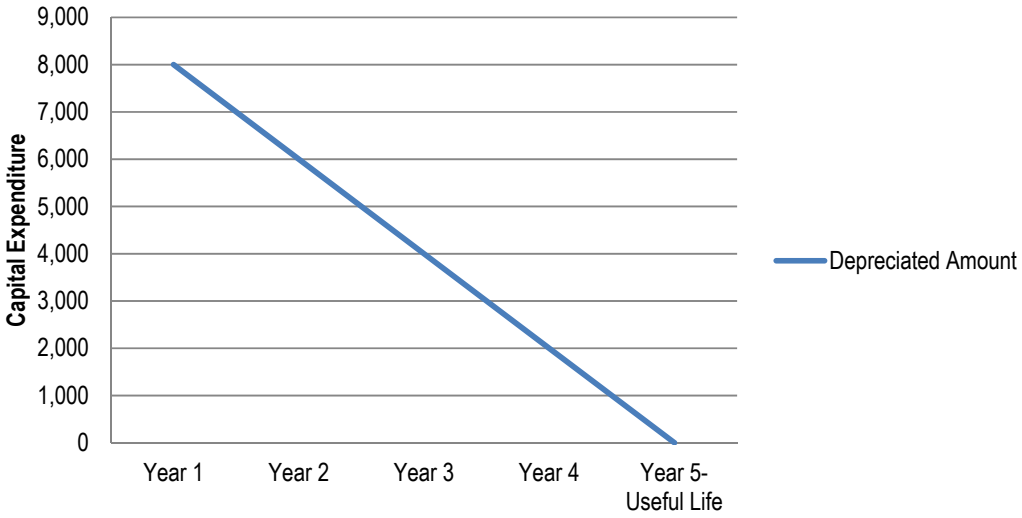
There is the potential for error to exist in these maintenance unit rates as the complex nature of the development of these rates can lead to the over or under stating of a particular element of a particular maintenance event. For example, pot holing in sealed roads is quantified at a rate of $\$881.34m^3$. This figure is extrapolated from the per tonne rate of the material divided by the potential depth and area of average pot holes to create a unit rate.

3. DEPRECIATION METHODOLOGY

Council adopted a depreciation methodology used to develop the fair value of its assets as required by the Office of Local Government.

The depreciation methodology adopted is a Straight Line Depreciation Method. The methodology can be diagrammatically represented as follows:

STRAIGHT LINE DEPRECIATION



Essentially, the asset lifecycle is divided into five distinct phases. These phases are categorised by the condition of the asset.

Due to the significant uncertainty about predicting the eventual total life of an asset there is only small room for error using the traditional straight line approach. A miscalculation of 5% in total life will drive a 5% (material) error in the annual calculation of depreciation.

N.B. Ongoing studies are being completed on whether a mix of straight line and actual depreciation models may give a better financial outcome.

IMPROVEMENTS TO KEY ASSUMPTIONS

Accuracy of future financial forecasts may be improved by the following actions.

1. IMPROVING UNIT RATE ACCURACY

As described above, Council has quantified unit rates for all assets for the construction or purchase cost of each asset. Whilst the complexity of the development of these unit rates may allow an element of error to be included in the original rate, the continual review of these rates, based on financial data captured against each asset, will see a reduction of error in the unit rates. The Asset Management 'system', by capturing the necessary data to supply the legislated financial reporting requirement, will itself redefine the unit rates as more and more data is captured to refine the values.

2. IMPROVING MAINTENANCE RATE ACCURACY

As with the unit rate above, there is the potential for error to exist in these maintenance unit rates as the complex nature of the development of these rates can lead to the over or under stating of a particular element of a particular maintenance event.

A periodic review of these figures utilising the information captured against each asset will refine these unit rates.

3. IMPROVING CONDITION DATA

As the depreciation associated with each asset is determined by the asset condition, a continual 'live' update of asset condition and the continual surveillance of the community's assets will improve the financial information of the organisation.

ASSET MANAGEMENT SYSTEM

Council will maintain all future asset data in Assetic software with the high level data being encapsulated in Council's Corporate System, Technology One. This data will be linked to Councils Geospatial Information System (MapInfo). This data is readily available to be exported from that format into a variety of formats to suit a variety of needs. These needs include:

- Works programming
- Current asset fair value data
- Expenditure forecasting
- Condition summary
- Extrapolation/manipulation of data; and
- Asset location and details.

INFORMATION PROCESSES

The key information sources for Asset Management Plans are:

- The asset register data on size, age, value, remaining life of the asset
- The unit rates for categories of work/material
- The adopted service levels
- Depreciation rates etc
- Projections of various factors affecting future demand for services
- Correlations between maintenance and renewal, including consumption models
- Data on new assets acquired by Council.

The key information sources from these Asset Management Plans are:

- The assumed Works Program and trends
- The resulting budget, valuation and depreciation projections
- The useful life analysis
- Current condition ratings; and
- Business rules associated with Asset Management for any infrastructure asset category as contained in this Plan.

These will impact Council's Long-Term Financial Plan, Delivery Program, Operational Plan, strategic business plans, annual budget and departmental business plans and budgets.

PERFORMANCE MEASURES

The effectiveness of the infrastructure Asset Management Plans can be measured in the following ways:

- The degree to which the required cash flows identified in this infrastructure Asset Management Plan are incorporated into Council's Long-Term Financial Plan and Strategic Plan
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the Asset Management Plan.

MONITORING AND RENEWAL PROCEDURES

The Asset Management Plans will be reviewed after every Council election and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process.

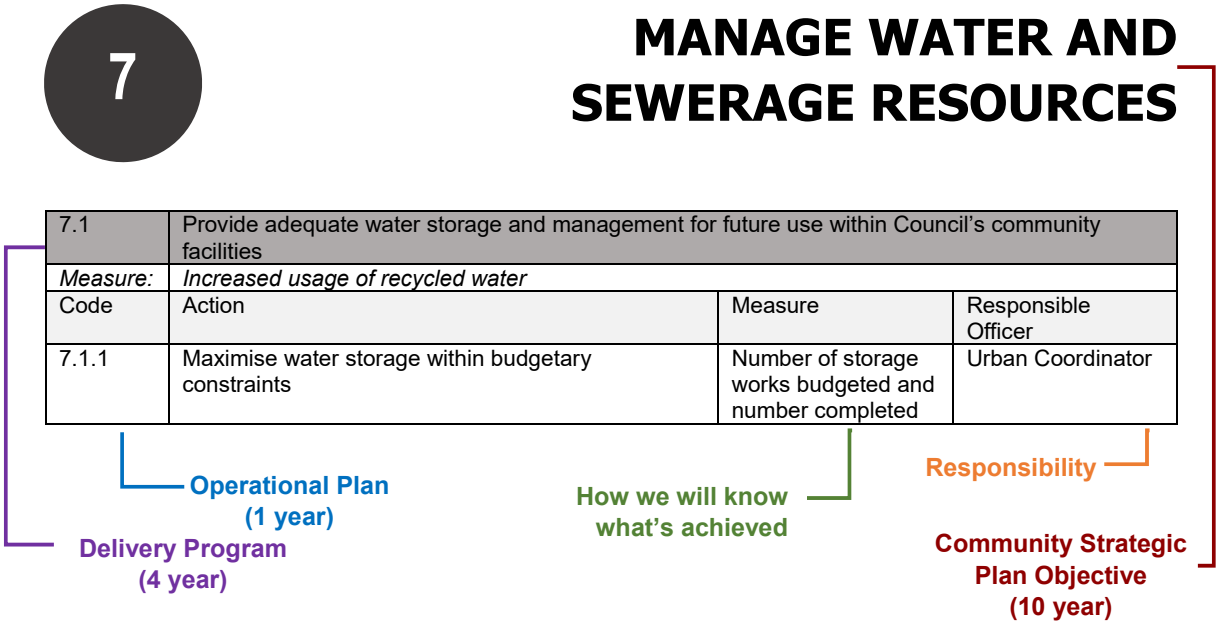
READING THE PLAN

The Delivery Program is a four year plan that covers the term of an elected Council. To create the program, we looked at the Community Strategic Plan and asked what we could achieve to bring us closer to the community's vision and values.

The Delivery Program is reviewed annually to determine which objectives set out in the Community Strategic Plan can be achieved within Council's available resources, and the Operational Plan of actions for the coming financial year is created. This ensures that Council's long-term planning is consistent with the current and future needs of the community.

The Operational Plan outlines the actions that will be undertaken, measures for each action, responsible officer and reference to the Community Strategic Plan strategies to which the action is contributing.

The Asset Management Plan, which is one of the three key elements of the Resourcing Strategy developed to support the Integrated Planning and Reporting program, consists of the specific asset management actions identified within the Delivery Program and Operational Plan.



ASSET MANAGEMENT ACTION PLAN

5.2	Work with the heavy transport industry and road related organisations to cooperatively improve access to road infrastructure		
Measure:	*Improved road conditions across the Shire*		
Code	Action	Measure	Responsible Officer
5.2.1	Process heavy vehicle road usage applications.	Number of applications processed. Report on number received, approved or refused	Asset & Engineering Projects Officer
6.1	Consult with the community and relevant stakeholders regarding waste management options throughout the Shire		
Measure:	*Increase community participation in sustainability initiatives*		
Code	Action	Measure	Responsible Officer
6.1.1	Investigate, review and monitor viable recycling options in liaison with recycle organisations and other appropriate organisations.	Report on number of contacts and outcomes	Facilities Foreman
6.2	Reduce reliance on landfill by increasing resource recovery, waste minimisation and community education		
Measure:	*Reduction in waste to landfill*		
Code	Action	Measure	Responsible Officer
6.2.1	Provide waste management operations inline with the implementation of Council's waste strategy.	Report on tonnage	Coordinator Assets
6.2.2	Work in partnership with neighbouring councils and REROC to implement and improve waste programs.	Attendance at REROC Waste Forum, report on meetings attended and key outcomes	Facilities Foreman
6.2.3	Work in partnership with community relations to increase awareness of recycling and waste reduction options within the Shire.	Number and means of promotion of recycling options	Facilities Foreman
6.2.4	Comply with EPA requirements during operation of the landfill.	Licence requirements met and reports submitted to EPA as per reporting schedule	Facilities Foreman
6.2.5	Monitor littering and illegal dumping.	Number and nature of illegal dumping incidents reported or observed	Manager Development & Regulatory Services
6.2.6	Explore grant opportunities for future development and improvement of waste management services.	Number of opportunities identified and applications lodged	Facilities Foreman
7.1	Provide adequate water storage and management for future use within Council's community facilities		
Measure:	*Increased usage of recycled water*		
Code	Action	Measure	Responsible Officer
7.1.1	Maximise water storage within budgetary constraints	Number of storage works budgeted and number completed	Urban Coordinator
7.2	Effectively manage and maintain existing stormwater and sewerage infrastructure		
Measure:	*Sewerage inspections completed*		
Code	Action	Measure	Responsible Officer
7.2.1	Undertake Sewerage System Inspections	Number of inspections undertaken, number of breaches recorded	Coordinator Assets
8.1	Users of Council's facilities comply with agreements		
Measure:	*Increase in consultation with user groups*		
Code	Action	Measure	Responsible Officer
8.1.1	Contact User Groups on receiving complaints	Completion of any actions required	Director Technical Services
8.2	In collaboration with users provide facilities that are accessible to acceptable standards		
Measure:	*Inspections undertaken and standards and community satisfaction maintained or improved*		
Code	Action	Measure	Responsible Officer
8.2.1	Undertake work health and safety audits including external sites and facilities with relevant staff.	Number of audits undertaken, number of risks recorded and report on remedial actions undertaken	WHS Officer
8.2.2	Review "Signs as Remote Supervision" in public places.	Reviews undertaken and report damage	Risk & Insurance Officer

		and/or repairs required to appropriate officer	
8.2.3	Work with the Risk and Insurance Officer to implement Signs as Remote Supervision.	Number and location of signs installed/repaired	Coordinator Assets
8.3	Collaborate with transport providers to facilitate access within the shire and regional centres		
Measure:	*Transport operators and government lobbied regarding service*		
Code	Action	Measure	Responsible Officer
8.3.1	Lobby Government for increased funding for road maintenance.	Number of opportunities utilised.	Director Technical Services
9.1	Responsibly manage asset renewal and maintenance for current and future generations		
Measure:	*Council's asset condition maintained or improved*		
Code	Action	Measure	Responsible Officer
9.1.1	Monitor and implement the Annual Capital Works Program	Report on nature and value of works undertaken	Director Technical Services
9.1.2	Review and implement Roads to Recovery Program	Percentage of works completed for program and for year; completed projects undertaken	Manager Engineering Services
9.1.3	Review Technical Services Policies and Strategies	Report on policies and strategies reviewed each quarter	Director Technical Services
9.1.4	Administer Council's plant and fleet by conducting effective light and heavy plant replacement programs.	Maintain 10 year fleet replacement program	Workshop & Plant Coordinator
9.1.5	Council's plant is repaired, maintained and serviced in accordance with maintenance schedule and manufacturer's requirements.	All repairs logged into the fleet management program	Workshop & Plant Coordinator
9.1.6	Review and monitor risks/incidents in relation to safe footpaths.	Number of incidents occurred and risks reported to Council and notify appropriate officer	Risk & Insurance Officer
9.1.7	Work with the Risk and Insurance Officer to provide safe footpaths through the implementation of a footpath maintenance program.	Number and location of maintenance requests received and works conducted	Urban Coordinator
9.2	To manage and enhance the pool facilities within the Shire		
Measure:	*Increased pool usage and maintenance program undertaken*		
Code	Action	Measure	Responsible Officer
9.2.1	Undertake maintenance and repairs to pool facilities within approved budget in consultation with Contractor and in accordance with the contract.	Report on works undertaken	Urban Coordinator
9.3	Maintain Street Trees		
Measure:	*Maintain or increase number of street trees*		
Code	Action	Measure	Responsible Officer
9.3.1	Maintain the health of street trees by planting in appropriate locations and removing/replacing unhealthy trees, trees that are damaging infrastructure and trees planted in inappropriate locations.	Report on number of trees removed and number of trees replanted	Urban Coordinator
9.4	Maintain parks, ovals and recreational facilities to approved standards		
Measure:	*Cemeteries and open spaces utilised and maintained within standards*		
Code	Action	Measure	Responsible Officer
9.4.1	Inspect parks, ovals and recreational facilities.	Number and location of inspections undertaken	Urban Coordinator
9.4.2	Conduct playground inspections for all playgrounds within the Shire.	Number and location of inspections undertaken	Urban Coordinator
9.4.3	Coordinate maintenance with regard to seasonal use of sporting fields.	Report on sporting field activity by bookings. Report on number in comparison to previous years	Urban Coordinator
9.4.4	Carry out maintenance in Wyalong Cemetery.	Number and types of requests received and purpose of requests	Urban Coordinator
9.4.5	Inspect and maintain village cemeteries regularly.	Number and types of requests received and purpose of requests	Urban Coordinator
9.5	Identify and plan for new infrastructure		
Measure:	*New infrastructure identified and planning progressed*		

Code	Action	Measure	Responsible Officer
9.5.1	Allocate funds to undertake investigation, designs, business plans and obtain costings for proposed projects.	Report on amount allocated within budget for investigation and preparation of shovel ready projects	General Manager
9.5.2	Investigate grant opportunities to improve infrastructure at Council's depot.	Number of opportunities identified and applications lodged	Workshop & Plant Coordinator

REFERENCES

- International Infrastructure Management Manual, Institute of Public Works Engineering Australia, Sydney, IPWEA, 2015
- Institute of Public Works Engineering Website: www.ipwea.org.au
- Bland Shire Council Community Strategic Plan
- Bland Shire Council Risk Management Policy and Enterprise Risk Management Framework
- Bland Shire Council Long-Term Financial Plan
- Bland Shire Council Ancillary Asset Assessments, Business Process Manual and cheat sheets.

ATTACHMENTS

- Attachment 1 – Road Classification Hierarchy
- Attachment 2 – Service Levels
- Attachment 3 – Asset Management Policy

ATTACHMENT 1: ROAD CLASSIFICATION HIERARCHY

Class 1	
State Highway	Classified main road fully funded and maintained by the State Government
Class 2	
Arterial Roads (Heavy Traffic)	Roads distributing traffic directly between towns and villages inside and outside the shire
Class 3	
Arterial Roads (Medium Traffic)	Roads distributing traffic directly between towns and villages inside and outside the Shire.
West Wyalong CBD	Main traffic route(s) through town
West Wyalong Industrial Road	Provides direct access to industrial properties from main feeder roads
Class 4	
Arterial Roads (Low Traffic)	Roads distributing traffic directly between towns and villages inside and outside the Shire
Principal Rural Road	Road that provides connection to towns/villages and or Arterial Roads
Rural Collector Road (heavy-medium traffic)	A road that provides connection between rural access roads and/or Principal Rural Roads and/or Arterial Roads
Urban Streets	Access Street in urban areas that provide direct access to the front of adjoining residential properties
Class 5	
5.a	
Rural Collector Road (low traffic)	A road that provides connection between rural access roads and/or Principal Rural Roads and/or Arterial Roads includes school bus routes
Rural Access Road (properties)	Road that provides direct access to adjoining rural and/or residential properties includes school bus routes
Urban Lanes	Provides secondary (or minor primary) access to adjoining residential properties (includes lanes connecting access to Bland Shire Council facilities
5.b	
Rural Access Road (max one property)	Road that proivdes diret access from one road to another
Class 6	
6.a	
Tracks/Roads not listed for regular maintenance.	
6.b	
Unmaintained tracks, which are usually un-named	

ATTACHMENT 2: SERVICE LEVELS (MINIMUM)

Service Levels- Road Hierarchy	1	2		3		4	5		6
		Urban	Rural	Urban	Rural		Urban	Rural	
Design Speed KPH	100	50	100	50	80	70	50	60	NA
Surface	Sealed	Sealed	Sealed		Sealed / Gravel				NA
Travel lanes	2 lane	2 lane	2 lane		2 lane	2 lane		1 lane	NA
Lane Width (metres)	3.5	3	3		3	3		4	NA
1m sealed shoulder	Yes	Yes	No		No	No		No	NA
500mm sealed shoulder	Yes	Yes	Yes		No	No		No	NA
1m gravel shoulder	Yes	No	Yes		Yes	Yes		Yes	NA
Line marking	Yes	No	Over crests		Over crests				NA
Guideposts	Yes spaced 150m	No	Yes spaced 250m	No	Yes spaced 250m Sealed	Only at culverts & curves		Only at dangerous locations	NA
Roughness Counts / intervention	4		5		4-6	6-8		8-9	NA
Signs-Crests	Yes	NA	Yes	NA	Yes	Yes	NA	No	NA
Signs-Curves	Yes	NA	Yes	NA	Yes	Yes	NA	No	NA
Signs-Speed advisory	Yes	NA	No	NA	No	No	NA	No	NA
Vegetation clearance-shoulder	6m	NA	4m	NA	4m	4m	NA	2m	NA
Vegetation clearance-heights	5.5m	NA	4.6m	NA	4.6m	4.6m	NA	4.6m	NA
Shoulder grass sprayed annually	Yes	NA	Yes	NA	Yes Sealed	No	NA	No	NA
Roadside slashing	If required	NA	If required	NA	If required	If required	NA	If required	NA
Pothole patching response time	2 days	1 week	1 week	NA	1 month	3 months	NA	4 months	NA
Guideposts defect response time	1 month	NA	3 months	NA	3 months	6 months	NA	6 months	NA
Warning sign defect response time	24 hours	NA	1 week	NA	1 week	2 weeks	NA	2 weeks	NA
Vegetation defect response time	1 month	NA	3 months	NA	6 months	6 months	NA	9 months	NA

ATTACHMENT 3:

BLAND SHIRE COUNCIL
west wyalong

POLICY STATEMENT

ASSET MANAGEMENT

AUTHORISATION

POLICY TYPE: *(Council or Operational)*	Council
POLICY LOCATION: *(eg. Corporate, Engineering, etc.)*	Engineering
RESPONSIBLE OFFICER: *(by position title)*	Director Technical Services
AUTHORISED BY: *(GM or Director Title)*	Director Technical Services
DATE ADOPTED:	18 February 2021
ADOPTED BY: *(Manex or Council)*	Council
MINUTE NO: *(If required)*	
REVIEW DUE DATE: *(Four years unless statutorily required sooner)*	February 2025
REVISION NUMBER:	4

DOCUMENT HISTORY

VERSION NO.	DATE	DESCRIPTION OF AMENDMENTS *Include names of former policies that this policy will replace if applicable*	AMENDED BY *(Where required)*
0	20/12/2005	Original document	Director Technical Services
1	21/03/2006		Director Technical Services
2	27/05/2011		Director Technical Services
3	18/02/21		Director Technical Services
4	30/11/2021	Reformat to new policy template only. No policy changes made.	Director Technical Services

REVIEW OF THIS POLICY

This Policy will be reviewed within four (4) years from the date of adoption or as required in the event of legislative changes. The Policy may also be changed as a result of other amendment that are to the advantage that Council and in the spirit of this Policy. Any amendment to the Policy must be by way of a Council Resolution for all policies categorised as “Council” policies or the approval of the General Manager for all policies categorised as “Operational” policies.

1. Purpose:

Bland Shire Council recognises that care and management of its infrastructure assets is an essential element in achieving the organisations stated mission and to meet the present and future needs of the shire community.

2. Scope:

The importance of effectively and efficiently managing Council’s assets for the present and future generations is clearly recognised by Council and the community, in accordance with the Guiding Principles for Councils under Section 8 of the Local Government Act 1993 (as amended).

To reinforce Councils commitment to ensuring a sustainable future, whilst complying with the Local Government Amendment (Planning and Reporting) Act 2009.

To provide a systematic method of identification, evaluation and prioritisation of maintenance works on Council’s road network that will assist Council’s decision making process in its annual budget formulation.

3. Outcomes:

This policy aims to provide the overall framework to guide the strategic management of Bland Shire Council’s Infrastructure assets in a co-ordinated and structured manner whilst complying with the Local government Amendment (Planning and Reporting) Act 2009 and the Roads Act 1993 by;

- Establishing corporate and community objectives for asset management based on service delivery needs
- Account and plan for all of the existing assets and any new asset solutions proposed in council’s Community Strategic Plan and Delivery Program
- Prepare an Asset Management Strategy and relevant Asset Management Plans to support the Community Strategic Plan and Delivery Program
- Provide resources to capture asset data and integrate asset information as a core component of Council’s corporate database in order to provide support for the implementation of Integrated Planning and Reporting legislation
- To establish procedures that provide a simple, systematic and readily usable risk management approach to the maintenance of public roads and infrastructure
- Maximising value for money by adoption of life – cycle costing, combined with disciplined performance management and review of asset utilisation and service levels
- Assigning accountability and responsibility for service delivery together with asset management
- Provide relevant information for the annual financial statements in line with the Local Government Code of Accounting Practice and Financial Reporting
- Promoting sustainability to plan for the needs of future generations

- Provide the framework for asset capitalisation and disposal.

Overview

Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over the entire life of the asset.

The importance of infrastructure assets to the Bland Shire community and their significance for Council budgets means that asset management is an essential component to support the Community Strategic Plan and Delivery Program of Council.

Infrastructure assets are fundamental to Council's overall service delivery and planning and responsibility for them requires strong and informed Councillor and management oversight. This oversight is crucial to achieving the change management essential for effective strategic asset management.

The long lived nature of many assets and the need for their ongoing renewal means that planning must be based on an understanding of the full costs throughout each assets life cycle, and address both short and long term planning needs.

Infrastructure costs consume a large part of Council's budget and dependent on their timing the impact will vary greatly on planning for and allocation of financial, human and capital resources.

Accordingly, infrastructure asset management planning must be integrated with Council's overall financial and integrated planning process in order for Council (and the community) to properly account for each asset's full life cycle costs.

This policy provides the overall framework to guide the strategic management of Bland Shire Council's infrastructure assets and will be supported with the development of a more detailed Asset Management Strategy and Asset Management Plan – The Corporate Approach.

Asset Management Principles

Council acknowledges the following principles in determining its approach to asset management:

- ***Service delivery*** forms the basis for asset management
- Asset management will be integrated with ***corporate, financial, business and budgetary planning and will form an essential component 9of the Integrated Planning and Reporting Process***
- ***Informed decision making,*** incorporating a life cycle approach to asset management whilst minimising public liability exposure and providing a best value service to the community
- ***Establishing accountability and responsibility*** for asset condition, use and performance
- ***Sustainability,*** providing for present needs while sustaining resources for future generations.

Philosophy Underlying the Policy

Council's stated outcome for Community Works and Services is:

"We will work with the community to provide services and facilities that support our lifestyles and economy and make the shire and region an attractive place to live, work and visit"

Council's stated indicator to this end is to provide and maintain infrastructure assets in accordance with legislative requirements, agreed standards, budgetary constraints and to exceed community expectations where possible.

Policy in Expressed Terms

In order to achieve Council's stated corporate and community objectives, Council is committed to:

- Achieving financial sustainability of its assets over a period of time through the following measures;
    - That the asset base is not increased without considering the impact on Councils ability to fund future maintenance and renewal of the asset
    - Not replacing those assets that are determined to be underutilised, at the end of their useful lives, following consultation with the community and determining the impact of not replacing the asset will have on the community
    - Continually improving Council's maintenance and renewal practices and adopting best practice wherever possible
    - Increasing grant, contributions and other funding to ensure that assets are maintained in an optimum condition
    - Utilising technology advances and innovative solutions that assist and are relevant to asset preservation, maintenance and reducing overall life costs.
- Maintaining and renewing Council's existing assets in a manner which is acceptable to Council and the community in terms of safety, access, quality, impact on the environment, meeting community needs and Council's ability to fund those works.
- Maximising resources to achieve the best outcome for the community.
- Regularly consulting with the community to determine whether its needs are being met.
- Preparation and review of detailed asset management plans for all major classes of assets and using these plans to assist Council to determine the priorities for capital, renewal and maintenance expenditure.

Asset Management Program

The Asset Management Program consists of this Asset Management Policy, Asset Management Strategy, Asset Management Plans – The Corporate Approach supported by Statements of Operation that are endorsed through Councils Community Strategic Plan and Delivery Program, and further supported by documented procedures, work instructions and checklists and any other documentation that may be deemed necessary for the effective implementation, training, operations and monitoring of the Asset Management Program within Bland Shire Council.

4. Roles and Responsibilities:

Council will:

- Act as responsible custodians and trustees for infrastructure assets and maintain accurate and reliable asset registers
- Approve the Asset Management Policy and monitor its outcomes

- Set the corporate Asset Management Strategy and Plan
- Approve the annual budget and provide appropriate resources for Asset Management activities
- Evaluate Asset Management improvement and utilise Councils Audit Committee to assist in regular reviews.

General Manager

- Develop and agree on the corporate Asset Management Policy with Council
- Develop and implement the corporate Asset Management Strategy and Plan with agreed resources
- Deliver council's "best value" services review program
- Monitor, review and report performance of the organisation in achieving the Asset Management Strategy
- Set levels of service, risk and cost within available resources
- Ensure that accurate and reliable information is presented to Council for decision making.

Directors and Managers

- Assis the General manager to develop the Corporate Asset Management Policy, Strategy and Plan
- As asset "owners" develop and take responsibility for asset management plans for individual asset groups, using the principles of life cycle analysis
- Develop and implement asset improvement plans for individual asset groups
- Implement improvement plans (maintenance programs, capital works programs) in accordance with Asset Management Plan and Council's Delivery Program and Budget targets
- Deliver services to agreed levels, risk and costs standards
- Present information to the General Manager and Council in terms of asset life cycle risks and costs.

5. Definitions:

Asset Management; is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets.

Infrastructure Assets; includes roads, footpaths, kerb and gutter, street trees, bridges, public buildings and amenities, drainage, playgrounds, land under Council's ownership, control or management including open space, community parks and gardens, ovals and recreation reserves, cemeteries, street signs, street furniture, parking areas, sewerage systems, saleyards caravan park, aerodrome, swimming pools, Council vehicle and plant fleet and Council owned housing and buildings, Information Technology (IT) computer networks and equipment.

Sustainability; is achieved when Council allocates sufficient resources to the maintenance and renewal of its assets to ensure that they can be replaced, renewed or removed at the end of the assets useful life.

6. Legislation and Supporting Documents:

- Local Government Act 1993
- Local Government Amendment (Planning and Reporting) Act 20089
- Roads Act 1993

- Civil Liabilities Act 2002
- Bland Shire Council Community Strategic Plan
- Bland Shire Council Risk Management Policy
- Guiding Principles for Councils – Section 8 NSW Local Government Act 1993 (as amended)
- NSW Government Integrated Planning and Reporting Guidelines
- NSW Government Integrated Planning and Reporting Manuals
- Department of Local Government Integrated Planning and Reporting Workshop
- Bland Shire Council Management Plan
- IPWEA NAMS Plus Guidelines
- International Infrastructure Management Manual
- StateWide Mutual best Practice Manuals
- AustRoads Guide and RTA specifications and guidelines
- AS/NZS ISO Standards
- ARRB Transport research and publications

7. Relationship to Community Strategic Plan:

This Policy supports Council's Community Strategic Plan, Objective 9: Develop, implement and monitor appropriate programs, plans and budgets for the effective and efficient management of Council's assets and infrastructure, and Delivery Program Strategy 9.1: Responsibly manage asset renewal and maintenance for current and future generations.

8. Attachments:

NIL

BLAND SHIRE COUNCIL
west wyalong

RESOURCING STRATEGY
PART B: ASSET MANAGEMENT PLAN

Endorsed for Public Exhibition: 17 May 2022
Adopted: 28 June 2022