



Gunnedah Shire Council

Strategic Asset Management Plan 2015-2025

Contents

1	Executive Summary	2
1.1	Coverage	2
1.2	Purpose	3
1.3	Methodology	4
1.4	Towards Sustainability in Asset Management	4
2	Strategic Asset Management Planning	5
2.1	Purpose of Asset Management	5
2.2	Strategic Approach	5
2.3	Activities Extending the Strategic Approach	6
2.4	Compliance with Integrated Planning and Reporting	6
2.5	Integrating Strategic Asset Management Planning with Financial Planning	7
3	Policy	7
3.1	Policy	7
3.2	Measures and Targets	8
4	Strategy	9
4.1	Asset Management Plans	9
4.2	Current Situation	9
4.2.1	Summary of Current Asset Conditions	9
4.2.2	Asset Values	13
4.2.3	Operating and Maintenance Costs	13
4.2.4	Assets Critical to Council's Operations	16
4.2.5	Risk Management Strategies	16
5	Future Direction	16
5.1	Where Do We Want To Be?	16
5.2	Council's Future Asset Renewal Profile	17
5.3	Preferred Condition of Assets	18
5.4	How Will We Get There?	18
5.5	Monitoring of Performance and Review of the Plan	18
5.5.1	Strategic Asset Management Review Group	19
6	Appendix	23
14.1	Appendix A Gunnedah Shire Council Asset Management Policy	

1. Executive Summary

Gunnedah Shire Council is responsible for assets with a total replacement value of \$469 million. These assets assist Council to deliver services to the community and provide personal and economic benefits for the area. Council is required to make decisions on where to allocate money and resources to provide and maintain assets delivering the services required. The demand for services has always been greater than the funds to provide services and a constant process of evaluation is required. This is not just in the creation of new assets, but how we manage assets already providing a service to ensure that this continues.

Four main considerations for Council in the management of assets are:

- Does the Community want/ need the service?
- Do we have or are we able to obtain the funds to provide the service in the long term?
- What reporting is required ie depreciation of assets, long term financial plan?
- Does the asset support the Strategic Objectives in the Community Strategic Plan?

1.1 Coverage

This Strategic Asset Management Plan identifies 8 asset categories including:

- Category 1:** Transport
- Category 2:** Water
- Category 3:** Sewer
- Category 4:** Buildings
- Category 5:** Recreation
- Category 6:** Drainage
- Category 7:** Waste Management
- Category 8:** Plant
- Category 9:** Other

These categories consist of the following asset classes:

Category 1: Transport	Roads/Culverts & Road Furniture Footpath & Cycleway Bridges Kerb & Gutter Bus & Taxi Facilities Aerodrome Car Parks
Category 2: Water	Water Service
Category 3: Sewer	Sewerage Services
Category 4: Buildings	Commercial Amenities
Category 5: Recreation	Swimming Pool Sporting Fields Parks & Gardens
Category 6: Drainage	Gunnedah Stormwater
Category 7: Waste Management	Waste Management Facilities

Category 8: Plant, Fleet & Equipment Plant
Fleet
Equipment

Category 8: Other Works Depart
Information Technology
Saleyards
Cemeteries
Quarries

1.2 Purpose

The Strategic Asset Management Plan is the summary of data contained in Council's Asset Management Plans and provides a "whole of organisation" view of assets underpinning Council services.

The Strategic Asset Management Plan collates information and recommendations relating to individual assets within categories with the aim to improve suitability and sufficiency, fitness for purpose and value for money, as well as achieving the Council's core aims.

The Strategic Asset Management Plan has been created as a strategic document that identifies the capital investment, asset retention and disposal implications identified from the asset planning process as outlined in individual Asset Management Plans.

Issues in relation to Council's ideal mix of assets, potential new assets, existing assets and disposal are examined throughout the document. Strategies to deal with these issues, over the short, medium and long term are also identified. The supporting information to justify the strategic asset management plan recommendations are discussed in depth in the individual category Asset Plan.

The Strategic Asset Management Plan document is aimed at:

- Maximising the service potential of existing assets by ensuring they are appropriately used and maintained;
- Reducing the demand for new assets through demand management techniques and consideration of alternative service delivery options;
- Achieving greater value for money through a rigorous management and evaluation process which takes into account life cycle costing, value management techniques and partnerships with the Government and Private Sectors;
- Eliminating unnecessary acquisition and holding of assets by ensuring the community are aware of the full costs of holding and using assets; and
- Focusing attention on results by clearly assigning responsibility, accountability and reporting requirements in relation to asset management.

The plan achieves these aims by:

- Clarifying the asset profile of Council;
- Encouraging and supporting discussion on asset management issues;
- Providing a review of the current asset mix;
- Identifying ideal asset mixes that support Council's strategic direction;
- Identify opportunities to alter or combine services delivered by assets;
- Identify the appropriate level of operational performance for assets new and existing;
- Identifies assets for disposal that are surplus to the Councils requirements;
- Addresses asset issues that have high levels of community interest;
- Detailing the appropriate condition of physical assets to meet service delivery objectives.

Maintenance is targeted and prioritised to protect the delivery of our services, and ensure that our assets work for the customers and staff who use them, and that they are safe, secure, accessible for the life of the asset.

Annual reviews are carried out to maximise the benefits that our assets deliver to the community. The Integrated Planning and Reporting Process and both Federal and State strategies provide support the creation, direction, review and implementation of the plan.

1.3 Methodology

Gunnedah Shire Council will apply Council's adopted Financial Management Procedures recognising assets initially by the fair value method and depreciation for accounting purposes, excluding land.

The method for calculating the depreciation on Councils assets shall be straight line depreciation over the assets useful life.

The following are the funding sources identified in the Long Term Financial Plan to fund the infrastructure backlog:

- Fees and charges (In particular discretionary user fees in non-core service areas)
- Grant funding opportunities
- Councils borrowing policy and utilisation of debt
- Council's investment policy and cash flow processes
- Section 94 plans and policies
- Opportunities for entrepreneurial activities
- Opportunities to rationalise asset base
- Review service levels and delivery methods
- Opportunities for collaboration and /or resource sharing
- Special rate variation

Council will determine the appropriate funding mix for the various new works and services programs during review of the Long Term Financial Planning process.

1.4 Towards Sustainability in Asset Management

We define sustainable asset management as everything we have to do to ensure our assets are maintained at a standard that supports the "Your Say, Our Future" Community Strategic Plan and is safe and fit for purpose.

To do this council has programmed actions that demonstrate progress towards sustainability of assets. Actions identified are to bring all Council assets up to the minimum standard required by legislation for each area or activity, gaps in knowledge, and the need to fund the estimated cost of achieving satisfactory levels of service consistent with community expectations.

This requires total lifecycle management to ensure that the social, economic and environmental needs of the community are provided at the least cost, risk and impact in a sound governance and decision making framework.

Lifecycle management includes all aspects associated with managing an asset now and into the future. It covers:

- Maintenance Strategies
- Operational Strategies
- Renewal and or Rehabilitation Strategies
- Expansion Strategies
- Augmentation Strategies; and

- Disposal Strategies

Achieving sustainable asset management, incorporating lifecycle management requires Council to integrate its strategic asset planning with its financial planning informed by the community. The Integrated Planning and Reporting Framework provides the means of achieving this integration.

Preferred asset condition has been discussed with the Community through the community engagement process and will continue to be monitored. The agreed conditions and levels of service will be discussed in relation to future refinement of the Long Term Financial Plan. Financial constraints limits the ability of Council to deliver all the desired services through current asset management practices and clarification will be sought in the choice of one of four scenarios presented in the Long Term Financial Plan.

These strategies set out in the Community Strategic plan have been used to develop Council's Long Term Financial Plan (LTFP), Delivery Plan and Operational Plan.

Council is maintaining dialogue with the Community through the process of involved with the Integrated Planning and Reporting Framework. This discussion continues, to review service levels and revenue required to provide assets that are acceptable to the Community and remain fit for purpose.

2. Strategic Asset Management Planning

2.1 Purpose of Asset Management

The broad aims of the asset management process by Council are:

- provision of value for money in the delivery of services;
- provision of services in line with community desires and expectations;
- accountability for the use of scarce resources; and
- demonstrate responsible and responsive asset management practices.

2.2 Strategic Approach

This plan is the means by which Council aligns its asset portfolio to desired outcomes of the community. It defines the strategic actions that it intends to implement to ensure that its assets best meet its service delivery requirements. The individual approach to determine the appropriate level of detail and complexity of asset management plans is reliant on the asset in question. This is also influenced by the data gaps that have been identified and addressed in the asset management plans.

Asset planning balances the service delivery potential, and cost, of existing assets against the cost of other resources required to achieve Council service objectives within timeframes and budgets. Service delivery solutions not involving Councils assets, such as contracting, are also be considered at this point. Strategies for the management of individual assets and services are based on defined service delivery objectives for each asset and identify the current and ideal asset mix to achieve Councils strategic objectives.

The resulting plan should outline the capital investment, maintenance and asset disposal implications for the agency over the short- to medium-term.

Council's operational approach contains the following elements:

- Condition assessments
- Long Term Financial Planning

- Identification of current and desired levels of service
- Performance measurement
- Continuous improvement

2.3 Activities Extending the Strategic Approach

The maintenance of the Strategic Asset Management Plan is an ongoing process that is continually evolving. The table below outlines activities to be undertaken in future to ensure ongoing improvement of processes and service delivery.

Activity	Project to be undertaken
Condition Reporting	Continue to refine condition reporting of assets and modify data contained in the asset database.
Review current service levels	Continue to seek community consultation on the service levels required.
Maintain data on assets	Continue to review and refine asset management plans.

2.4 Compliance with Integrated Planning and Reporting

This Strategic Asset Management Plan complies with the amendments to the Local Government Act with regard to the Integrated Planning and Reporting legislation. The Strategic Asset Management Plan is supported by Council's Asset Management Policy and individual operational Asset Management Plans.

Legislation provides for planning of all new and existing assets as proposed by the Community Strategic Plan. These assets have been included individually in each class of asset and summarised below:

Requirement	Compliance
Account for and plan for all existing and any new assets proposed in the Community Strategic Plan and delivery plan.	A sustainable assets approach is being investigated and as such no new assets are identified in this plan.
An Asset Management Strategy with a time frame of at least 10 years.	The strategy covers a period of 10 years.
The asset management strategy must include a council endorsed asset management policy.	Council revised the Asset Management Policy in Minute 118.4 - Ordinary Meeting 16 November 2011 and is to be revised every four years.
The strategy must identify assets critical to Council's operations and outline risk management strategies.	All assets critical to Council's operations are covered by the framework and risk management strategies are inherent in the Asset Management Plans and asset categories are summarized in this plan.
The strategy must include actions required to improve Council's asset management capability, resources and timeframes.	Actions and time frames are outlined for each area under performance measures and targets.
The asset management plan must encompass all the assets under Council control.	All assets under Council control are listed in the respective Asset Management Plans and categories are summarised in this document.
The asset management plan must identify service standards.	Service standards are identified by condition for purpose of the asset.
The asset management plan must contain long term projections of maintenance, rehabilitation and replacement cost.	Budget allocation and shortfall is detailed for each asset group, linking back to the Long Term Financial Plan.

2.5 Integrating Strategic Asset Management Planning with Financial Planning and Community Planning

Insight from the community consultations and input in the development of the Asset Plan from relevant business units has identified the costs to bring assets to a satisfactory standard. This knowledge has been incorporated into the Long Term Financial Plan.

The standards and targets set in this Strategic Asset Management Plan enable the delivery of acceptable levels of service from assets, taking into consideration the “Your Say, Our Future” Community Strategic plan outcome of ‘our infrastructure strategically managed’. When defining “satisfactory standard” within the Shire we are referring to funding the maintenance and renewal costs associated with assets currently held, and maintaining a condition rating of between 1 and 3 on the 5-point scale for describing condition. The ratings have been set below and are consistent with the requirements of the IP&R framework.

- Condition 1 – Excellent Condition
- Condition 2 – Good Condition
- Condition 3 – Average Condition
- Condition 4 – Poor Condition
- Condition 5 – Very Poor Condition

The direct links to the Long Term Financial Plan are summarised at the end of each asset section, titled “Maintenance Programs for Sustainable Assets”. This table highlights the total cost of maintenance, asset renewal and asset management activities. The table also identifies funding shortfalls between the Asset Management Plan and the Long Term Financial Plan.

3. Policy

3.1 Policy

Gunnedah Shire Council’s **Asset Management Policy** was adopted by Council with Minute 118.4 - Ordinary Meeting 16 November 2011 (Appendix A). The policy statement ensures sustainable management of assets to meet agreed levels of service, which fulfils both community needs and legislative requirements and provides intergenerational equity, in the most cost effective way to Council and the community at large.

The Policy outlines how and why asset management will be undertaken across council. It is designed to set the broad framework for undertaking asset management in a structured way.

The **Asset Management Plans** outline actions and resources to provide a defined level of service in the individual asset category that forms the basis of the Asset Management Strategic Plan. The asset management plans ensure Council meets community expectations, strategic and corporate goals, and legislative requirements and in accordance with recognised best practice.

These two components have been compiled into a single Strategic Asset Management Plan.

The **Strategic Asset Management Plan** summarises actions and resources to provide a defined level of service in the most cost effective way. It demonstrates Council’s commitment to manage its assets and to assist Council in the achievement of the community vision. Providing and promoting a constructive environment for undertaking asset management.

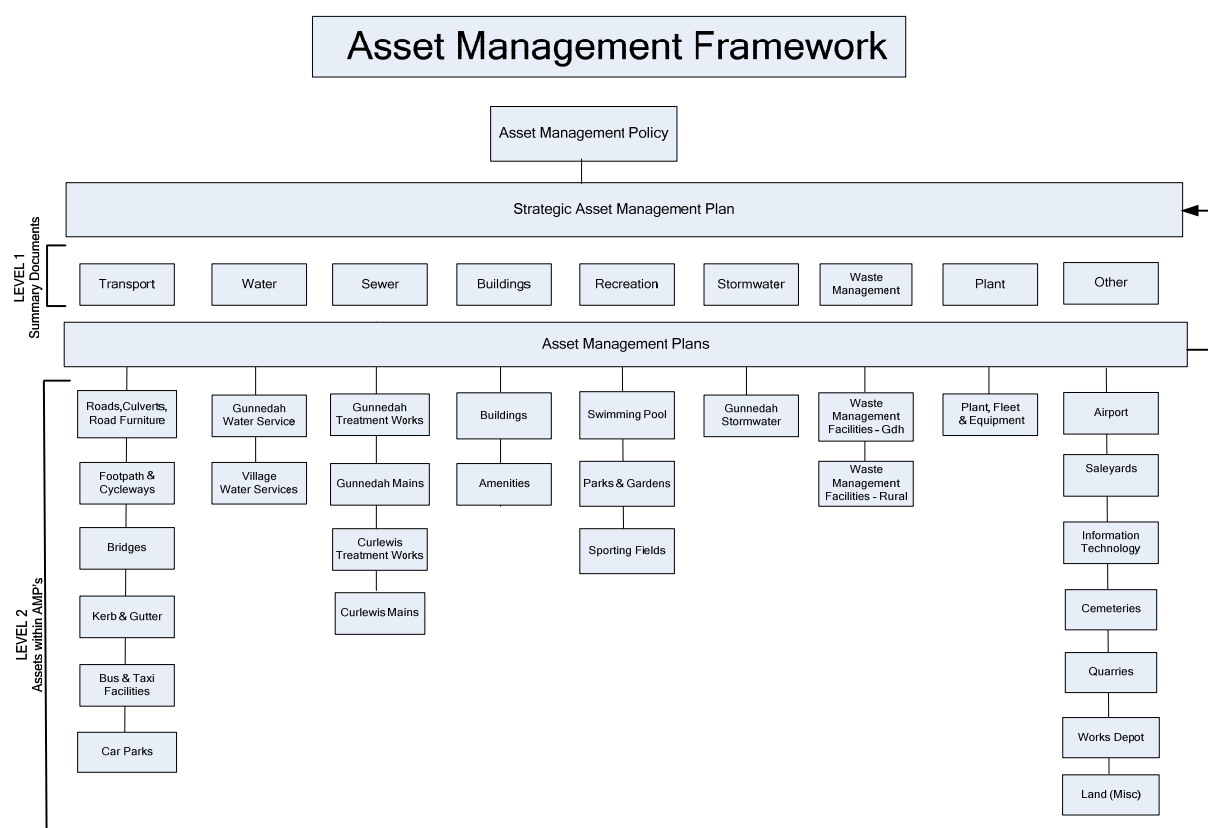
Asset management is a key objective in Council’s overall management and is included in the corporate planning cycle, operational, financial and risk management plans. The asset management framework enables the resourcing strategy and specific asset management objectives, targets and plans to be produced and effective comparisons made.

Its aim is to meet levels of service and funding requirements as well as managing related risks, over the assets useful life. A thorough review of all impacts of proposed actions in relation to assets must be undertaken prior to proceeding with decisions on their implementation, including the impact on service levels, risk assessments, wastage of resources including the impairment of economic life or premature disposal and net benefit comparisons of alternate actions.

The asset management plan creates an environment where all Council employees play an integral role in overall management of Council assets by creating and sustaining the asset management awareness throughout the Council. Asset management is a systematic process to guide the planning, acquisition, construction, operation, maintenance, renewal and disposal of assets.

The asset management framework showing the relationship between Asset Management Policy, Strategy and the individual Asset Management Plans is shown below.

This plan is represented below and provides a summary of category plans in level 1 of the Asset Management Framework.



3.2 Measures and Targets

The success of Council in meeting the objectives of this plan and compliance with the Policy will be measured by the condition of the assets. Our Asset Management Strategy for achieving the asset condition targets is contained in the summary of each asset group. Council’s main priority is to ensure that services can be safely delivered via our assets at the level agreed with the community.

The condition of assets will be monitored regularly through implementation of our Asset Management Plans and other Integrated Planning & Reporting processes. Asset Management activities have been planned out to 10 years, as required under the IP&R framework.

4. Strategy

4.1 Asset Management Plans

Council has developed Asset Management Plans for each category of asset outlined in the asset management framework which is inclusive of all assets under its control.

The Asset Management Plans contain:

- A description of the asset (physical, financial)
- The objective / purpose of the asset (or each key component of it)
- The service levels we currently deliver and future changes if applicable
- Forecasted future demand requirements for service delivery
- Risks associated with assets
- The (expected) lifecycle of the asset
- Financial information
- Assumptions and confidence levels in data presented
- Improvement, maintenance, renewal and disposal program
- Key performance measures
- Annual review cycle.

The level of detail within each individual plan is dependant on the scope and size of the asset contained within the plan. These plans are practical documents that are designed to be easily understood and updated by asset managers. The plans provide the detail to inform the Strategic Asset Management Plan and are modelled on the International Infrastructure Management, Asset Management and Financial guidelines.

Annual review of the Individual Asset Management Plans is required to ensure they provide a useful and up-to-date management tool and reference document. The review of Plans will include changes in objectives, policies, service levels, systems, technology and any other relevant amendment including changes to community expectations.

4.2 Current Situation

Gunnedah Shire Council has undertaken Asset management planning initially to meet minimum legislative requirements and to provide a base for developing a long term financial plan required under the Integrated Planning and Reporting legislation. The approach is referred to as “core” asset management and provides for basic asset management. Over time Council has worked towards modification of asset management plans though a cycle of continuous improvement that will support the changing needs of Council.

4.2.1 Summary of Current Asset Conditions

Condition assessments for assets are undertaken using a five rating scale for assets.

These ratings are:

- Condition 1 – Excellent Condition
- Condition 2 – Good Condition
- Condition 3 – Average Condition
- Condition 4 – Poor Condition
- Condition 5 – Very Poor Condition

Across the different asset categories there are, and will continue to be, differences as to the definition of “condition”. These differences are identified in the individual Asset Management Plans but, do not generally affect the assessment of the condition of assets within a category in a way that would be detrimental to effective planning. Action plans have been developed to improve the condition of assets, regardless of differences about what constitutes “good” or “very poor” at this time.

Asset Condition

Asset Category	Asset Class	% Condition Rating					Comments
		1	2	3	4	5	
Transport	Roads/ Culverts/ Road Furniture	23	31	45	1	0	There is a moderate increase in forecast demand for road upgrades in the next 10 years such as: • There is a trend toward the use of higher mass limit, modern road train vehicles • customer expectations are increasing in terms of road amenity, leading to demand for items such as the sealing of existing gravel roads. However programs such as the yearly resealing, re-sheeting, and maintenance schedules should minimise such impact, and improve assets in time.
	Footpath & Cycleway	56	30	13	1	0	On-road cycle ways need to be better linked with off-road cycle ways for the improved safety of users. Councils existing footpath network is in good condition but is quite immature. Pavers used throughout the CBD are porous and require regular sealing and scrubbing. Currently no renewal program is developed for footpaths however there is a need to develop a program that encompasses integration with existing assets e.g. kerb and gutter. Stages 2 and 2a of the Wandobah Rd cycleway are scheduled following completion of the Blackjack Ck flood mitigation works.
	Bridges	29	36	27	8	0	Council has a limited number of timber bridges left to replace, one of which is Simpson bridge in the 2015/16 year, estimated \$1.3. In future years program the Mooki bridge at Breeza has also been nominated to be replaced.
	Kerb & Gutter	8	83	8	1	0	Annualised maintenance/ renewal cost have been addressed in the present and future year's estimation's. Council continuously address defects in such assets with ongoing maintenance, and renewal program.
	Bus/Taxi Facilities	29	21	0	0	0	Vandalism and Graffiti make up the majority of the maintenance & budget for asset, however council has introduced a strategy to prioritise and undertake repairs, council continues to apply for grants to assist with improvements, and repairs to the asset.
	Airport	7	13	53	27	0	Council continually review and investigate best practice in maintenance and construction methods for the budget at hand and asset maintenance priorities. An Airport Master Plan has been commissioned to identify areas for improvement and cost saving measures as well as to identify other streams of income for the facility.
	Car Parks	40	50	10	0	0	Currently council leases a portion of the Zantiotis car park, this may need to be purchased before the lease expires in 2016 (Estimated \$400,000). Although renewal plan is minor for the next 10 years, useful lives show a higher rate of renewal in the following 10 years
Water	Water Services	20	20	42	12	6	Very few issues exist with the asset given the ability to generate funds to keep it well maintained. Current plans are under way for provision of a new reservoir for increased storage capacity. Ongoing monitoring of capital expenditure and operational costs is carried out annually.
Sewer	Sewerage Works	25	19	47	9	0	Very few issues exist with the asset given the ability to generate funds to keep it well maintained. STP upgrade works will have a significant effect on available funds along with the
Buildings	Buildings	13	27	54	5	2	The current cost to bring conditions up to standard is approximately \$0. Current maintenance funding gap is \$0 Swimming Pool Building has funding allocated to upgrade. A community/Council rental property has been identified for sale when tenant leaves, Emerald Hill Hall will be upgraded in stages over 3 - 4 years to condition level 3, Ghoolandadi hall Identified for disposal due to lack of use
	Amenities	46	27	27	0	0	The current cost to bring conditions up to standard is approximately \$0 Current maintenance funding gap is \$0

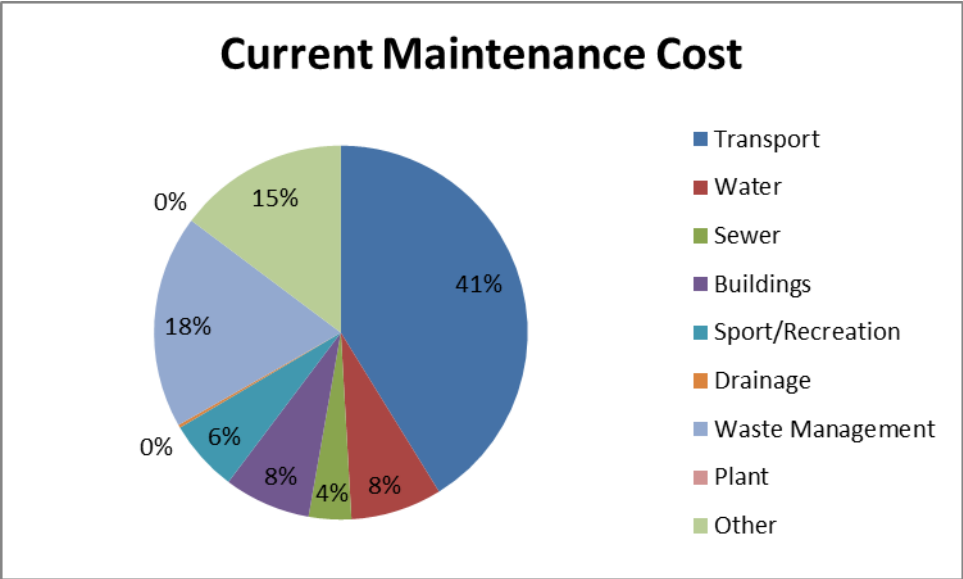
Asset	Asset	% Condition Rating					Comments
Category	Class	1	2	3	4	5	
Recreation	Swimming Pool	0	0	100	0	0	The current cost to replace the pool is approximately \$8.5 mil (allocated funding). Current maintenance funding gap is \$0. The renewal project of the pool complex should reduce the annualised maintenance cost, dependant on replacement like for like, increased facilities and or alterations to existing may increase the annualised maintenance cost. Not undertaking the pool renewal will increase the annualised maintenance cost due to aging infrastructure
	Parks & Gardens	35	45	20	0	0	The current cost to bring conditions up to standard is approximately \$0. Annualised maintenance cost is approximately \$534,709. Current maintenance funding gap is 0.
	Sporting Fields	70	25	5	0	0	The current cost to bring conditions up to standard is approximately \$0. Annualised maintenance cost is approximately \$251,269 Current maintenance funding gap is \$0. Additional funding allocations have been identified for the operational budget to reflect increased maintenance of new and expanded sports fields/infrastructure. Additional funding allocated for the Development of the Namoi Parklands precinct (Donnelly Field & Namoi Playing Field).
Stormwater	Gunnedah Stormwater	38	33	29	0	0	Gap in maintenance/renewal funding has been identified in past years, however strategies and delivery plans for the future years have nominated areas for the upgrade of new infrastructure, such as George street, Ashford watercourse, and Links road.
Waste Management	Waste Management Facilities - Gunnedah	29.6	45.9	23.9	0.57	0	A number of capital works projects are required to be constructed as a result of the Environment Protection Authority (EPA) amending the Gunnedah Waste Management Facility's Environment Protection Licence (EPL).
Plant / Equipment	Plant, Fleet & Equipment	10	30	45	15	0	Restricted asset funded plant replacements are approximately \$ 1.25 Mil p.a.
Other	Works Depot	10	70	20	0	0	
	Information Technology	15	60	20	5	0	Adequate funding available and allocated to meet needs.
	Land (Misc.)	0	50	50	0	0	The current cost to bring conditions up to standard is approximately \$0. Annualised maintenance cost is approximately \$ 110,128 and is combined with the Parks Budget. Current maintenance funding gap is \$0.
	Cemeteries	10	80	10	0	0	The current cost to bring conditions up to standard is approximately \$0. Annualised maintenance cost is approximately \$60,000. Current maintenance funding gap is \$0
	Quarries	12	53	35	0	0	Once established quarries are generally self-funding. Quarry sale prices are assessed annually in line with cost trends as related in Councils management plan. Provision has been made for future funds to investigate and establish new gravel pits. Current maintenance and operational costs for 2013/14 are \$660,078. Current income from holdings in 2013/14 is \$723,532.
	Saleyards	24	46	30	0	0	

4.2.2 Asset Values

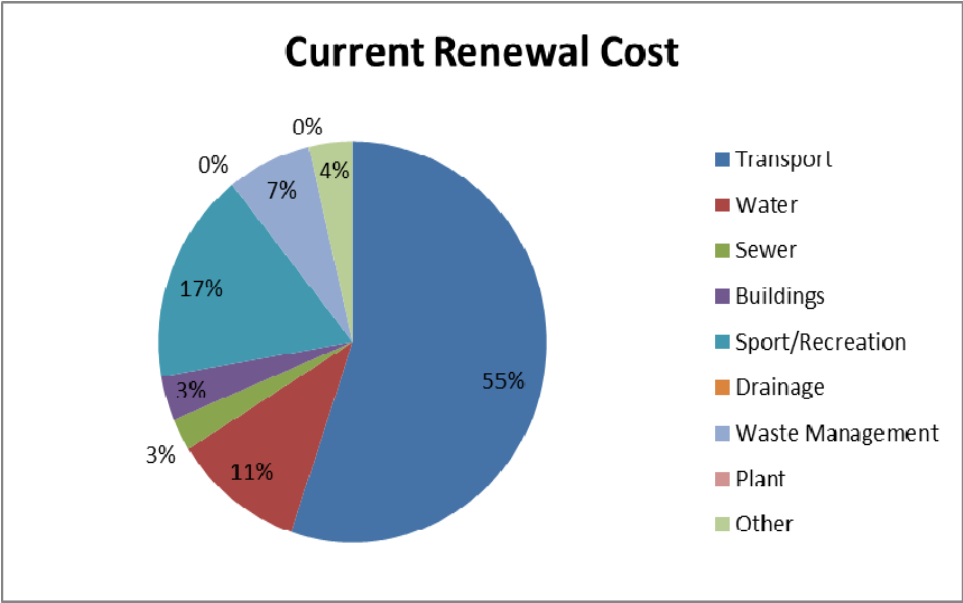
Asset Category	Asset Class	Current Replacement Value \$
Transport	Roads/ Culverts/ Road Furniture	215,371,647
	Footpath & Cycleway	4,166,945
	Bridges	11,992,563
	Kerb & Gutter	23,065,573
	Bus/Taxi Facilities	137,368
	Airport	4,483,600.5
	Car Parks	848,606
Water	Water Services	64,563,793
Sewer	Sewerage Works	50,236,348
Buildings	Buildings	50,060,944
	Other Structures	8,465,952.77
Recreation	Swimming Pool	7,814,000
	Parks & Gardens	3,023,991
	Sporting Fields	1,217,946
Stormwater	Gunnedah Stormwater	22,150,032
Waste Management	Waste Management Facilities	5,207,542
Plant	Plant, Fleet & Equipment	18,452,500
Other	Works Depot	269,996.02
	Information Technology	2,225,293
	Land (Misc)	8,384,051
	Cemeteries	1,543,510
	Quarries	1,065,966
	Saleyards	3,635,000
		\$468,820,191

4.2.3 Operating and Maintenance Costs

Asset Category	Current Maintenance Cost	Current Capital / Renewal Cost
Transport	\$4,191,827.97	\$5,475,229.25
Water	\$803,832.00	\$1,082,000.00
Sewer	\$374,633.00	\$260,000.00
Buildings	\$763,458.00	\$355,081.00
Sport/Recreation	\$634,698.00	\$ 1,698,888.00
Drainage	\$26,929.00	\$ -
Waste Management	\$1,878,132.00	\$695,000.00
Plant	\$ -	\$ -
Other	\$1,502,876.00	\$362,566.00



Graph showing Council's current maintenance expenditure proportions



Graph showing current Capital renewals expenditure.

OPERATIONAL	<p>Operations – regular activities/expenditure to provide services such as running costs, public health, safety and amenity eg street sweeping, grass mowing and utility costs such as street lighting. Generally relates to consumption of resources. (May also include direct asset service related management costs).</p>	<p>These are day to day (often continuous) operational activities that have no effect on asset condition but are necessary to keep the asset appropriately utilised and operating. (Note excludes community service operating costs eg lifeguard staffing of pools or entry counter staff). These activities form part of the asset annual operational budget.</p>
	<p>Maintenance – all periodic or reactive actions necessary for retaining an asset as near as practicable to its original condition, including regular ongoing day to day work necessary to keep assets operating eg road patching but excluding rehabilitation or renewal. Maintenance ensures asset reaches its expected useful life. Can be Planned/Unplanned, Reactive.</p>	<p>Generally these activities fall into two broad categories: Planned (Proactive) maintenance: Proactive maintenance works planned to prevent asset failure. Work carried out to a predetermined schedule or planned in association with other works. Unplanned (Reactive) Maintenance: Reactive action to correct asset malfunctions and failures on an as-required basis, or in response to reported problems (eg. pothole, repairs, emergency repairs).</p>
CAPITAL	<p>Renewal – restores, rehabilitates, replaces existing asset enabling the asset to achieve fully its original service potential, life, performance and capacity (note partial renewal relates to increasing the service potential of an asset but not up to its original intended service potential)</p>	<p>Rehabilitation activities are defined as the major re-instatement or repair of structural component assets (of value greater than \$X) to ensure required levels of service are met and prolonged asset life is achieved.</p> <p>Replacement works are defined as the disposal and substitution (complete replacement) of an asset (of value greater than \$X) generally which has reached the end of its life, with an equivalent standard (or agreed alternate) asset.</p>
	<p>Upgrade - creation of a new asset to meet additional service level requirements. Upgrade work enhances asset to provide higher level of service or extends asset life beyond its original life. Activities or works (generally of value greater than \$X) that enhance an asset to provide higher level of service or extends the asset life beyond its original life.</p>	
	<p>Expansion - creation of a new asset to meet additional service level requirements. Expansion extends an existing asset or a new asset at the same standard currently enjoyed by users to a new group of asset users. Activities or works (of value greater than \$X) which extend an existing asset or provides a new asset to a new group of asset users.</p>	

4.2.4 Assets Critical to Council's Operations

All assets identified pose a risk to Council operations should they fail. Strategies to minimise the risk to Council is the objective of keeping assets at condition 3 or above to reach the useful life. Those assets nearing the end of their useful life pose a risk to Council being able to continue the service provided for by the asset. An example of this is the pool section where the useful life is reduced and the condition is identified as category 3 for most of the asset.

4.2.5 Risk Management Strategies

The individual asset management plans have identified risks by considering the following issues:

- Risk that may delay, reduce or prevent service delivery such as:
 - Structural
 - Capacity/utilisation
 - Levels of service failures
 - Obsolescence
 - Cost to maintain and operate
- Inclusion of risks in infrastructure service provision that are outside Council control.
- Natural Event risks
- External impacts
- Physical Failure
- Operational issues

These issues are looked at in relation to critical assets with a high consequence of failure rather than just a high probability of failure.

The consequences of asset failure can have implications on Social, Economic, Environmental and Civic Leadership areas as discussed in Councils' Enterprise Risk Management Plan. Those risks identified as catastrophic are required to have a risk treatment plan developed to manage the risk associated with the particular asset.

5. Future Direction

5.1 Where Do We Want To Be?

The "Your Say, Our Future" Gunnedah Community Strategic Plan outlines the following outcomes and strategies to be achieved by the management of Council assets:

- 2.2 Our infrastructure strategically managed.
 - 2.2.1 Provide and maintain safe and serviceable public facilities and infrastructure including roads, footpaths and storm water drains.
 - 2.2.2 Provide and maintain efficient sewerage systems that allow for required expansion.
 - 2.2.3 Secure and provide quality water to serviced premises and provide for future expansion.
 - 2.2.4 Develop best practice asset registers and management plans and practices for infrastructure and assets.
 - 2.2.5 Investigate and pursue opportunities to improve the public domain, including Gunnedah and village town entrances, main streets and business areas, parks and open space.
 - 2.2.6 Facilitate improvements to car, bicycle and pedestrian safety.
 - 2.2.7 Identify innovative funding and partnerships to provide for new and upgraded assets and infrastructure.

2.2.8 Implement and maintain developer contribution plans which require appropriate contribution for development impact upon infrastructure so as not to unfairly burden existing ratepayer or future developers.

2.2.9 Develop strategies for sustainable local road network and regional transport, including options for public transport to connect with existing transport services.

The demand for Council to provide, upgrade and renew assets is increasing both in number and value according to many factors. The community expects a variety of services to be available, the cost of providing services is continually increasing, the standard of assets is expected to improve and changes in the number and composition of the shire population are all contributing factors.

Council will continue to assess demand for assets as part of the ongoing development of our Long Term Financial Plan.

Lists of current Capital / Renewal items are available in the Operational and Delivery Programs whilst a list of projected future capital expenditure can be found in Councils Long Term Financial Plan.

5.2 Council's Future Asset Renewal Profile

The Council assets are increasing in number and value due to the following factors:

- Residential growth by developers who construct assets to meet the needs of their development. This also imposes an additional load on existing infrastructure without funds for upgrading for example drainage.
- Council expenditure in providing new assets to service new subdivisions.
- New or improvement of existing assets provided companies to meet the desires of the community. There are a number of significant initiatives such as mining grant funding which may impact on the number, value and/or condition of Council's assets.
- New or improvement of existing assets provided by Council to meet the needs of the community.

The current expenditure on assets falls within the following areas:

New works to create an asset that did not previously exist. This includes new assets created by Council in response to demand, community expectations and future planning.

Operation and Maintenance expenditure has no effect on asset condition but is necessary to keep the asset appropriately utilised. Asset maintenance is the day-to-day work required to keep assets operating at required service levels.

Renewal is the substantial replacement of the asset or a significant asset component to its original size and capacity. Even with good maintenance, assets may deteriorate well before reaching the end of their useful life dependant upon many factors, such as ground conditions and the environment.

Upgrade of asset is related to the extension of an asset in response to growth or an increase in the defined levels of service.

5.3 Preferred Condition of Assets

Council's current position is not to let asset condition to below category 3. However it is recognised that as assets near their End-Of-Life period conditions will drop at a greater rate and therefore as conditions approach condition 4 they are to be re-evaluated and decisions made as to whether to renew the asset, replace the asset or allow it to deteriorate to an unusable state and hence de-commission the asset. The aim is to have all existing assets fulfil their useful life. Further community consultation will be conducted to determine the need for existing and new assets as part of the Integrated Planning and Reporting Process.

5.4 How Will We Get There?

In developing the original long term financial plan, 4 scenarios were developed and considered as part of the Integrated Planning and Reporting framework. The final plan proposed has been amended to secure Council's financial performance and position over the next 10 years.

The proposed Long Term Financial Plan is based on rate growth being limited to the rate pegging percentage as determined by IPART and additional revenue generated from the Special Rate Variation. The variation in income is aimed at addressing Council's asset renewal and replacement backlog and increased asset maintenance spending levels required to ensure assets meet expected performance levels and planned lifecycle. This plan addresses the revenue deficiency that Council faced in terms of sufficiently maintaining assets to required levels and alleviating the pre-existing asset renewal backlog.

This plan provides for additional requirements identified in certain services including the expansion of current services and/or the expansion to the current service capacity of assets as consulted with the community as part of the Special Rate Variation application process. It should be noted that the replacement of a current asset with a modern day equivalent that inadvertently improves capacity has been considered for any current asset that will be replaced.

5.5 Monitoring of Performance and Review of the Plan

Monitoring performance in achievement of the targets contained in this SAMP are undertaken through a process of translating key performance measures into annually revised Operational Plans required under the IP&R framework.

Performance reporting will be undertaken by the IP & R Working Group, who will monitor and report on achievement of outcomes as part of the IP & R reporting process.

The IP&R Working group is comprised of the following organisational staff:

This group includes:

- Manager Mapping, Assets, Design & Development
- Executive Manager, Business Systems and Governance
- Senior Governance and Administration Officer
- Manager Customer and Community Relations
- Manager Community Care
- Chief Financial Officer
- Corporate Accountant

5.5.1 Asset Management Working Group

The IP&R Working Group is assisted in this role by the Asset Management Working Group (AMWG).

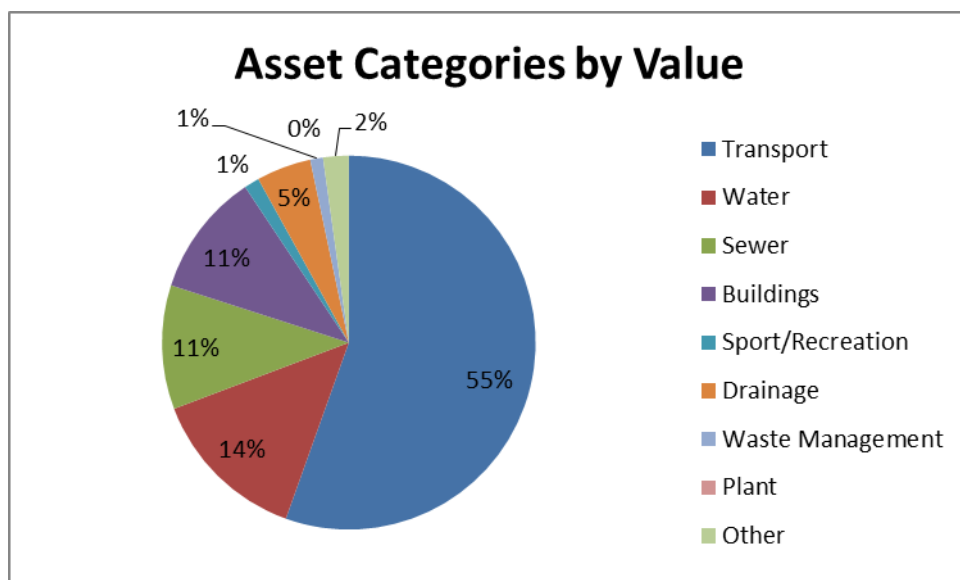
Manager Mapping, Assets, Design & Development
 Corporate Accountant
 Assets Officer

Representatives from each category as required:

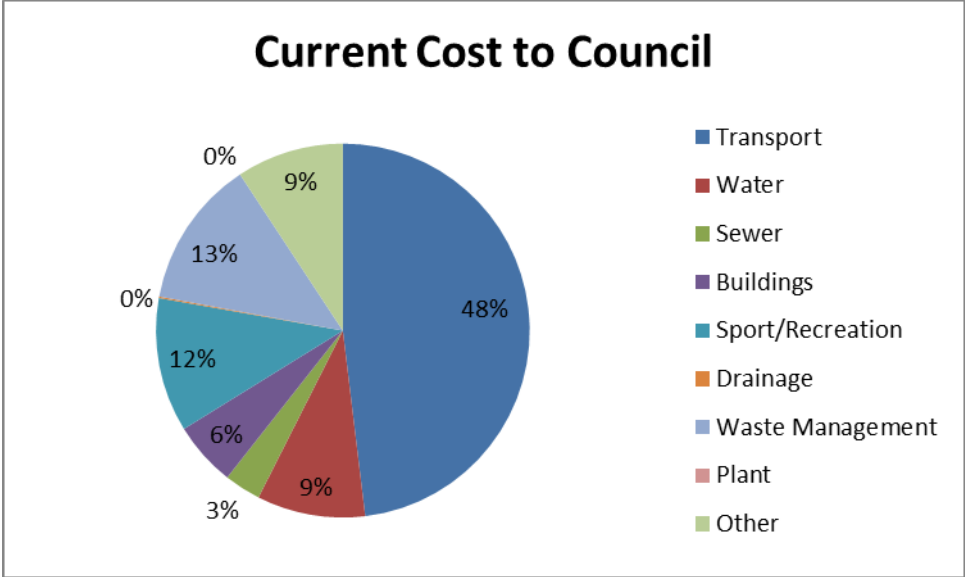
Assets	Role
Transport & Drainage	Manager Works
Water & Sewer	Manager Water/Sewer
Buildings & Recreation	Manager Public Facilities
Waste Management	Manager Building & Environment
Airport	Manager Works
Communication	Executive Manager BSAG
Plant, Fleet & Equipment	Chief Financial Officer
Saleyards	Manager Saleyards
Land	Manager Public Facilities
Cemeteries	Manager Public Facilities
Quarries	Manager Works

The role of the working group is to ensure that the Asset Management Plan reflects the operational activities of Council and meets the Strategic Asset Management Plan.

The Asset Management Working Group and the Strategic Asset Management Working Group contain Council's asset custodians and the majority of management leadership expertise. The Groups are responsible for ensuring the preparation and overview of individual asset management plans that include cost, inspection and maintenance schedules, condition surveys and for the regular monitoring of cost implications. This document provides a summary of the asset categories and provides the platform for the annual strategic planning processes for asset maintenance and capital works in line with community agreed levels of service.



Graph showing Current Replacement Values for assets.



Graph showing Current Expenditure breakdown for Operational/Maintenance and Renewal.

Forecast Expenditure (LTFF) for Maintenance / Renewals ('000)											
Asset Category	Forecast Expenditure	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
<u>Transport</u>	Operational	5079143.3	5229299.8	5388853.4	5470002.1	5742651.1	5929216.6	6109041.7	4858240.5	6496588.8	6705918.6
	Maintenance	3601755.6	3692598	3694459.4	3787700.8	3789637.3	3885302.2	3983368	4083910.6	4187019	4292735.6
	Renewals	6771000.3	6014612	5976132	5929986	6134429	6291305.8	6869040.3	6674392.3	6874798.1	7081207.7
	Capital Upgrade	130000	126500	126472	0	0	0	0	0	0	0
	New Assets	400000	0	0	0	0	0	0	0	0	0
<u>Water</u>	Operational	2180312	2261137	2379048	2427523	2505954	2595667	2685925	2766872	2867774	2977707
	Maintenance	907649	927636	953999	982619	1014913	1045360	1077676	3877739	1143222	1177516
	Renewals	612405	452227	465279	479238	493615	508423	523676	555567	67567	572234
	Capital Upgrade	85000	2065000	0	0	0	0	206500	0	0	0
	New Assets	100000	166500	0	0	2500000	0	0	0	0	0
<u>Sewer</u>	Operational	1401729	1566652	1593312	1654376	1694387	1823480	1952580	1952580	2044971	2099770
	Maintenance	453142	466737	480738	495160	510015	525316	541075	541075	574027	591247
	Renewals	284109	292632	501411	845454	589767	329360	339241	349418	359901	370698
	Capital Upgrade	8000000	0	0	0	0	4000000	0	0	0	0
	New Assets	0	0	0	0	0	1075000	750000	0	0	0
<u>Buildings</u>	Operational	1,689,832	1,702,008	1,787,721	1,847,632	1,906,911	1,969,545	2,032,285	2,096,176	2,165,320	2,236,744
	Maintenance	487,537	458,494	476,273	490,589	505,333	520,521	536,167	552,283	568,885	585,984
	Renewals	4,256,937	2,612,445	17,969	18,508	19,063	19,635	20,224	20,831	21,456	22,099
	Capital Upgrade										
	New Assets										
<u>Sport / Recreation</u>	Operational	902,821	929,229	982,828	1,536,575	1,046,693	1,080,253	1,113,339	1,146,765	1,183,985	1,222,405
	Maintenance	785,979	894,557	921,395	949,035	977,508	1,006,832	1,037,037	1,068,147	1,100,191	1,133,198
	Renewals	116385	58077	340,379	61,614	63,462	65,365	67,327	69,346	71,427	73,569
	Capital Upgrade	180,000									
	New Assets										

Asset Category	Forecast Expenditure	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
<u>Drainage</u>	Operational	269,548	277,423	285,769	295,253	304,268	313,981	323,380	332,917	343,641	354,645
	Maintenance	41,588	42,836	44,121	45,445	46,808	48,202	49,659	51,148	52,683	54,263
	Renewals	0	0	0	0	0	0	0	0	0	0
	Capital Upgrade	583,857	120,000	95,000	0	173,979	143,019	109,049	0	0	0
	New Assets	0	0	0	0	0	0	0	0	0	0
<u>Waste Management</u>	Operational	3102115	3205910	3045530	3137999	3240901	3343286	3429736	3540827	3618891	3720732
	Maintenance										
	Renewals				1651602			1480704		250000	250000
	Capital Upgrade						90000		242000		
	New Assets	815000	100000	195000	700000	380000	250000	200000	100000		
<u>Plant / Equipment</u>	Operational	3214593	3310026	3409864	3513264	3619224	3728548	3840917	3956767	4076143	4199310
	Maintenance	0	0	0	0	0	0	0	0	0	0
	Renewals	1464497	1441279	1450514	1578437	1588243	1608145	1785266	1721586	1931959	1934377
	Capital Upgrade	0	0	0	0	0	0	0	0	0	0
	New Assets	0	0	0	0	0	0	0	0	0	0
<u>Other</u>	Operational	1646494.7	1725058.7	1792470.8	2373892.5	1917200.5	1979334.7	2046598.3	2113328.1	2187461	2266424.5
	Maintenance	305499.88	314663.88	324103.83	333827.35	343842.28	354157.65	364782.7	375725.89	386997.91	398607.67
	Renewals	0	0	0	0	0	0	0	0	0	0
	Capital Upgrade	0	33000	0	34000	10000	0	0	0	10000	0
	New Assets	30000	30000	30000	0	0	0	0	0	0	0

Policy

Function:	CORPORATE SERVICES – STRATEGIC PLANNING – ASSET MANAGEMENT
Policy:	ASSET MANAGEMENT POLICY
Objective:	To ensure sustainable management of asset to meet agreed levels of service.
Adopted:	<i>Minute 118.4 – Ordinary Meeting 16 November 2011</i>
Rescinded:	
Revision:	Minute 33.6 – Ordinary Meeting 25 August 2010
Pages:	3

1. POLICY STATEMENT

The policy statement ensures sustainable management of assets to meet agreed levels of service, which fulfils both community needs and legislative requirements now and provides intergenerational equity, in the most cost effective way to Council and the community at large.

2. OBJECTIVES

The asset management policy, alongside the asset management plan, provides the framework which enables the resourcing strategy and specific asset management objectives, targets and plans to be produced and effective comparisons made.

Asset management is a key objective in Council's management plan and is to be included in the corporate planning cycle, operational, financial and risk management plans.

It demonstrates Council's commitment to manage and care for its assets and to assist Council in the achievement of its vision. Providing and promoting a constructive environment for undertaking asset management.

The asset management plan ensures Council meets community expectations, strategic and corporate goals, and legislative requirement and in accordance with recognised best practice.

3. DEFINITIONS

Asset - A physical item owned by Council which has economic value and enable services to be provided

Asset Management - The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Levels of service – The defined service quality for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, safety, reliability, responsiveness, environmental acceptability and cost.

Risk management – The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Strategic Plan – A plan containing the long term goals and strategies of an organisation.

Useful Life – The period over which a depreciable asset is expected to be used.

4. ASSET MANAGEMENT PRINCIPLES

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

Its aim is to meet levels of service and funding requirements as well as managing related risks, over the assets useful life. A full assessment of whole-of-life costs for any capital projects must be provided to and considered by Council prior to Council proceeding with the acquisition through any means of new or existing assets, and the construction of any new assets.

A thorough review of all impacts of proposed actions in relation to assets must be undertaken prior to proceeding with decisions on their implementation, including the impact on service levels, risk assessments, wastage of resources including the impairment of economic life or premature disposal and net benefit comparisons of alternate actions.

Council will apply to all capital projects under \$10 million the minimum requirements outlined in the “Capital Expenditure Guidelines, December 2010” as issued by the Division of Local Government under s23A of the Local Government Act 1993. The minimum requirements are those as specified at “Section 10: Capital Expenditure Review Minimum Requirements” of those Guidelines. Those requirements, in addition to assessment of whole-of-life costing, form an internal review of the capital projects under consideration and in accordance with the Guidelines will include:

1. An outline of the proposed, including a statement of the objectives which the project is intended to achieve in accordance with Council’s Community Strategic Plan;
2. Justification of the need for the project;
3. An assessment of the capacity of Council to undertake the project and appropriately sustain the asset throughout its economic life and its replacement where appropriate;
4. Determination of the priority of the project;
5. Consideration of the full range of alternatives;
6. Financial implications, including those beyond whole-of-life costing, such as appropriate and efficient funding options and impacts on the sustainability of Council as a whole; and
7. Undertake appropriate public consultation in accordance with Council’s Community Engagement Strategy.

The exemptions available under Section 4 of the Guidelines will not be applied by Council, ensuring that all capital projects are subject to the minimum requirements.

The asset management plan creates an environment where all Council employees play an integral role in overall management of Council assets by creating and sustaining the asset management awareness throughout the Council.

5. SCOPE

The Asset management policy applies to all assets owned and/or controlled by Gunnedah Shire Council. Elected members and staff alike are required to observe the requirements of this policy in the provision of information and consideration of capital projects. No capital project should be proposed or undertaken without having been subjected to at least the minimum requirements in accordance with this policy.

6. POLICY IMPLEMENTATION

Council is responsible for the endorsing of the asset management policy and the responsible officers are to oversee the implementation of the asset management process.

7. REVIEW

The Asset management policy should be reviewed every four years to ensure it meets both Council's needs and legislative requirements.

8. LEGISLATION

Section 8 of the Local Government Act 1993 (NSW) outlines Council's responsibilities for accounting and managing public assets.

Asset Management Planning contributes to the Resourcing Strategy required under section 403 of the *Local Government Act 1993*, which in turn, is part of the Integrated Planning and Reporting requirements.

Section 406 of the *Local Government Act 1993* refers to guidelines for Integrated Planning and Reporting, in which Council must ensure that the requirements imposed in these guidelines are complied with.

Section 428 2(d) of the Local Government Act 1993 (NSW) requires Council report on the condition of its public works each financial year. This includes estimates of costs to bring works up to a satisfactory standard and maintaining them at that standard.

Section 2.12 of the guidelines for Integrated Planning and Reporting states that an overarching Council endorsed Asset Management Policy must be included in its Asset Management Strategy.

Capital Expenditure Guidelines, December 2010 – issued by Director General, Division of Local Government, Department of Premier and Cabinet, under section 23A of the Local Government Act 1993.

