

16.8 ASSET MANAGEMENT STRATEGY AND ASSET MANAGEMENT PLANS

Author: Chief Executive Officer

Authoriser: Aaron Johansson, Chief Executive Officer

Attachments: 1. Strategic Asset Management Plan (separately enclosed)

Link to Community Strategic Plan:	25. Our Civic Leadership CL1 Effect resourceful and respectful leadership and attentive representation of the community.
Cost to Council:	Nil
Use of Reserve Funds:	Nil

RECOMMENDATION

That:

1. The report on the Asset Management Strategy and Plans be noted.
2. Council adopt the Asset Management Strategy and associated plans as detailed in this report.
3. The Asset Strategy and Plans be submitted as part of the Special Rate Variation application.

BACKGROUND

Council, as part of the current financial sustainability review and the subsequent proposed SRV, included a review of Council’s financial capacity to fund, the required asset maintenance and renewal expenses. To ascertain the funding requirements to maintain Council’s assets fit for purpose, Council’s current asset management strategy and plans were reviewed and updated accordingly.

The purpose of this report is to present Council with the final Asset Management Strategy and Plans that were reviewed and updated as part of the Special Rate Variation process, for adoption. The outcome of the strategy and plans has been included in the updated Long Term Financial Plan (LTFP) 2023/34.

REPORT

The review and update of Councils Asset Management Strategy and Plans has been completed and are attached at annexure 1. The Asset Management Plans include:

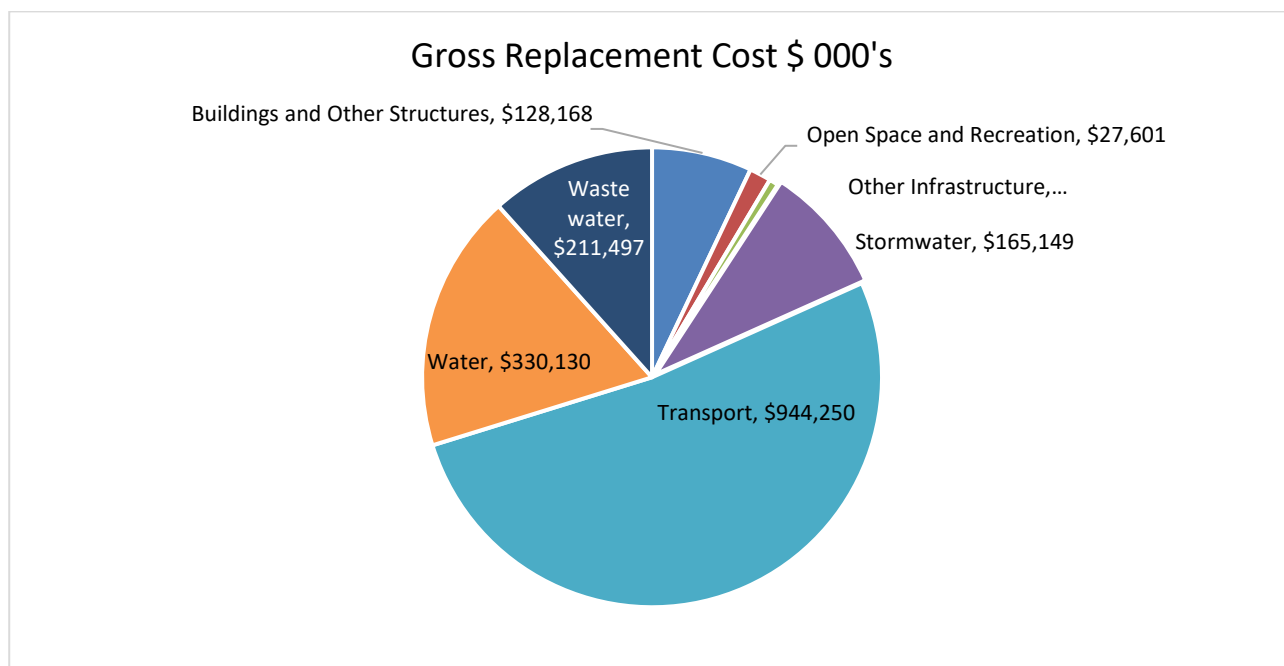
- Buildings
- Transport
- Stormwater
- Open space and recreation
- Water supply
- Wastewater/sewer

ASSET MANAGEMENT OVERVIEW

Local Government plays a significant and essential role in the provision of essential public infrastructure that facilitates the day-to-day activities of the community that they serve. That is no different for Goulburn Mulwaree Council, in fact given the size of the Council the provision of infrastructure and the services associated with these assets is central to the ultimate sustainability of the Council.

Goulburn Mulwaree Council has a diverse range of assets that it owns and operates with a gross replacement value of \$1.82 billion, with an estimated backlog of \$28.2 million to bring assets to a satisfactory standard. The figure below shows a breakup of the Councils current asset portfolio.

Figure 1 Gross asset replacement costs



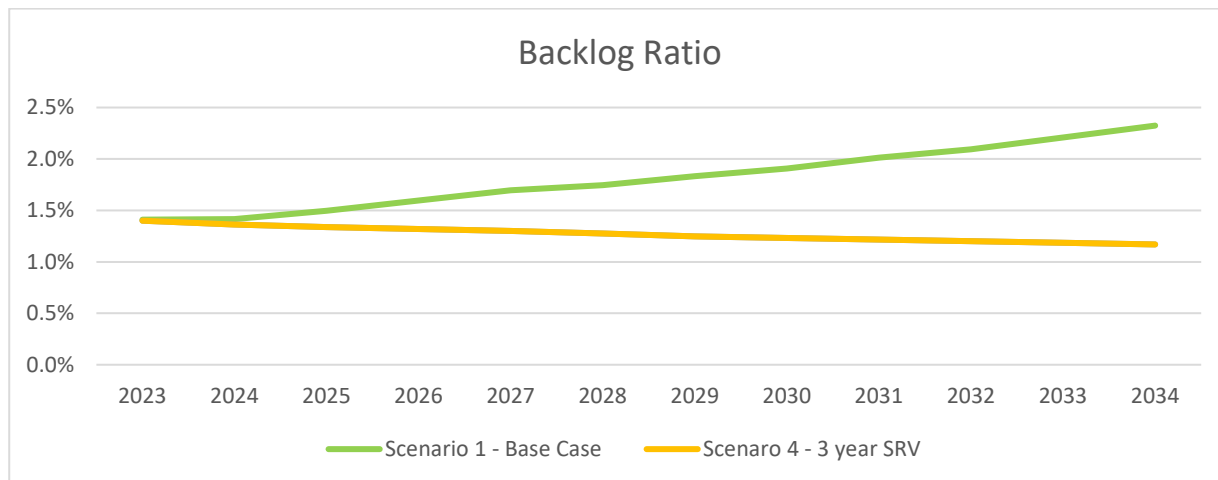
The revised strategic asset modelling identified that the current or planned average capital and maintenance expenditure on council assets over the ten-year forecast period is approximately \$44.5 million per year. This compares to the expenditure which is required to maintain, operate and renew the asset network as required, being \$55 million per year. There is a significant annual gap which, on average, can be attributed to an annual shortfall of \$2.7m in operating expenses and \$7.8m in capital renewal expenditure. The breakdown of the average annual operating and renewal requirements by Fund is detailed in the following table.

Table 1 Annual average asset expenditure

Expenditure Type	General Fund	Water and Sewer Funds	Total Shortfall
Operating and Maintenance	\$3.1m	-\$5.8m	\$-2.7m
Renewal Capital	-\$7.0m	-\$0.8m	-\$7.8m
Total Shortfall	-\$3.9m	-\$6.6m	-\$10.5m

Subsequently the General Fund backlog ratio for the current renewal expenditure increases each year over the forecast period, as detailed in the following figure.

Figure 2 Back Log Ratio – General Fund



This shortfall in renewal expenditure for General Fund has been addressed as part of the financial sustainability review and proposed SRV and will result in improving the back log ratio. Additional funding has also been allowed for Water and Sewer funds to improve the backlog ratios over the forecast period.

The revised asset modelling outcome requirements have been included in the revised Asset Management Strategy and plans.

ASSET MANAGEMENT STRATEGY

The Asset Management Strategy is to enable Council to

- demonstrate how its asset portfolio will meet the service delivery needs of its community into the future
- manage assets in accordance with its Asset Management Policy
- ensure the integration of Council’s asset management with its Community Strategic Plan.

The Asset Management Strategy proposes the following strategies to enable the objectives of the Community Strategic Plan to be achieved.

Table 2 Asset management strategies and outcomes

No.	Strategy	Desired Outcome
1	Further develop and review the Long-Term Financial Plan covering ten years incorporating asset management plan expenditure projections with a sustainable funding position outcome	Sustainable funding model to provide council services
2	Review and update asset management plan financial projections and long-term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks	Council and the community are aware of changes to service levels and costs arising from budget decisions

No.	Strategy	Desired Outcome
3	Continue to Report Council’s financial position at Fair Value in accordance with Australian accounting standards, financial sustainability and performance against strategic objectives in annual reports, ensuring that Asset remaining lives are assessed on an annual basis	Financial sustainability information is available for Council and the community
4	Ensure Council’s decisions are made from accurate and current information in asset registers, on service level performance and costs and ‘whole of life’ costs	Improved decision making and greater value for money
5	Report on Council’s resources and operational capability to deliver the services needed by the community in the Annual Report	Services delivery is matched to available resources and operational capabilities
6	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions	Responsibility for asset management is defined
7	Implement an improvement plan to initially realise ‘core’ maturity for the financial and asset management competencies, then progress to ‘advanced’ maturity	Improved financial and asset management capacity within Council
8	Report annually to Council on development and implementation of asset management strategy and plan and long-term financial plans	Oversight of resource allocation and performance

This is supported by a detailed asset management improvement plan and associated actions.

ASSET MANAGEMENT PLANS

Council’s six asset management plans have been reviewed and updated to include the revised asset maintenance and renewal requirements for the forecast period. The plans are:

- Buildings
- Transport
- Stormwater
- Open space and recreation
- Water supply
- Wastewater/sewer.

The purpose of asset management plans is to develop a strategic framework for the maintenance and renewal of assets for each asset category, and to provide an agreed Level of Service in the most effective manner.

Each plan includes the following scope of management:

- Asset inventory, values and condition
- Asset based levels of service
- Demand and service management
- Renewal and replacement strategy
- Risk management
- Legislative requirements

- Development of the Long-Term Financial Plan (LTFP) funding for the maintenance and renewal of Council's assets
- Performance measures
- Asset category improvement plan
- Capital works program.

All the asset plans are included as appendices to the Asset Management Strategy.

In conclusion, the attached revised Asset Management Strategy and Plans have been updated to include the maintenance and renewal requirements to ensure the assets are fit for purpose for community use. The additional funding requirements have been included in the recently adopted 2023/34 Long Term Financial Plan, as part of the financial sustainability review and the proposed SRV for General Fund.

ANNEXURES:

1. Asset Management Strategy and Plans