



District Council of Franklin Harbour

Infrastructure & Asset Management Plan 2023-32

Adopted: 10 August 2022

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1. Executive Summary

This section is intended to give the reader a snapshot of the key items that are covered by this plan.

The plan covers the following four categories of assets:

- Transportation Assets
- Community Wastewater Management System
- Buildings & Structures
- Plant & Equipment
- Other Assets & Infrastructure

1.1 Asset Values

The current replacement costs of the entire stock of the following asset classifications are:

- | | |
|--|----------|
| • Transportation Assets | \$ 22.0M |
| • Community Wastewater Management System | \$ 10.8M |
| • Buildings & Structures | \$ 16.2M |
| • Plant & Equipment | \$ 3.9M |
| • Other Assets & Infrastructure | \$ 9.7M |

Total Current Replacement Costs	\$ 62.6M
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1.2 Forecast Capital Expenditure on Infrastructure, Property, Plant & Equipment for the next ten Years

The forecast total cost per asset category funded by Councils 2023-32 Long Term Financial Plan (LTFP) for the next 10 years in relation to replacing existing assets is:

- | | |
|--|---------|
| • Transportation Assets (including DRP) | \$ 7.1M |
| • Community Wastewater Management System | \$ 0.1M |
| • Buildings & Structures | \$ 1.0M |
| • Plant & Equipment | \$ 4.9M |
| • Other Assets & Infrastructure | \$ 0.2M |

10 year cost of replacing existing assets	\$ 13.3M
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1.3 Forecast Expenditure of New Capital Items for the next ten years

Council has recently completed a series of projects that have constructed a number of new assets with the costs of these project being significantly subsidised from various grants provided by the state and federal governments.

Recent & current projects costing a total of \$23.1M include:

- Cowell CWMS – Constructed in 2017 at a cost of \$10.9M
- Sealing of Beach Road – Constructed from 2019 to 2023 at a cost of \$2.9M
- Coolanie Water Scheme at Millers Point – Constructed in 2020 at a cost of \$1.6M
- Cowell Marina Upgrade - Constructed from 2020 to 2021 at a cost of \$3.2M

- Franklin Harbour Foreshore Redevelopment – Constructed from 2021 to 2023 at a cost of \$4.5M

The following new asset capital projects have been funded in the LTFP at a total cost of \$4.5M:

- LRCIP – Phase 3 Project
- Final Stage of Beach Road Upgrade
- SLRP funded – Cowell-Kimba Road Upgrade

2. Introduction

2.1 Background

The requirement to have an asset management plan is outlined in the following extract from the Local Government Act 1999

122—Strategic management plans

- (1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt—
- (a) a long-term financial plan for a period of at least 10 years; and
 - (b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years,
- (and these plans will also be taken to form part of the council's strategic management plans).

Asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.

An asset management plan details information about infrastructure assets including actions required to provide a planned level of service in the most cost effective manner. The Plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

This asset management plan is to demonstrate responsible management of assets (and services provided from these assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service.

The asset management plan is to be read with the following associated planning documents:

- District Council of Franklin Harbour Strategic Management Plan
- District Council of Franklin Harbour Long Term Financial Plan 2023-32
- District Council of Franklin Harbour Annual Business Plan & Annual Budget 2022-23

2.2 The Purpose of Asset Management

The Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by 'purchase', by contract, construction by council staff and by donation of assets constructed by developers and others to meet increased levels of service.

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future consumers.

The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.

2.3 Council Strategy

The strategic management plan considers regional, state and national objectives and strategies relevant to the social, physical, environmental development and management of Council's area of responsibility. The strategic management plan identifies the strategic objectives and principal activities that have informed the goals, objectives, activities and services included in this Infrastructure & Asset Management Plan.

Council's strategic management plan includes the following vision and mission statements, believing it reflects Council's aspirations for the community.

VISION

A proud, growing and unified community benefiting from a diverse and environmentally sustainable economic base

MISSION

The District Council of Franklin Harbour will be recognised for its leadership, customer service, ethical behaviour, high staff satisfaction, contribution to community, continuous improvement, teamwork.

STRATEGIC OBJECTIVES

Council's Strategic Management Plan is based on four 'pillars' or Strategic Focus Areas.

- Community Welfare – Continue to maintain & improve community services
- Economic Development – Actively promote economic growth and development
- Natural & Built Environment – Maintain and improve infrastructure & environment
- Governance & Organisation – Transparent and accountable decision making across Council

2.4 Asset Management Plan Framework

Key elements of the plan are

- Levels of service
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how the organisation 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 plan will be monitored to ensure it is meeting the organisation’s objectives.

2.5 Information Flow Requirements and Processes

The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- Service requests from the community,
- Network assets information,
- The unit rates for categories of work/materials,
- Current levels of service, expenditures, service deficiencies and service risks,
- Projections of various factors affecting future demand for services and new assets acquired by Council,
- Future capital works programs,
- Financial asset values.

The key information flows *from* this asset management plan are:

- The projected Works Program and trends,
- The resulting budget and long term financial plan expenditure projections,
- Financial sustainability indicators.

These will impact the long term financial plan, annual budget and departmental business plans and budgets.

2.6 Importance of accurate asset management data to long term financial sustainability

Financial asset data has two types of use. Firstly, it is used to calculate depreciation in the Statement of Comprehensive Income (Operating Statement) as well as the fair value of Property, Plant & Equipment in the Statement of Financial Position (Balance Sheet). The second use for financial asset data is to determine how much an asset will cost to replace and which year it is likely to need to be replaced.

In summary the financial statements use the financial data to report current consumption of assets and current values and also use the data from a future perspective when preparing asset management renewal programs.

Depreciation is one of the largest numbers in the operating statement, fair value of Infrastructure, Property, Plant & Equipment is the largest value in the balance sheet and the capital renewal expenditure (as contained in the asset management capital renewal programs) are usually the most material cash outflows contained in the Long Term Financial Plan. There is an obvious connection between these items and long term financial sustainability.

If the asset data that underpins the depreciation charge, fair value and the asset renewal expenditure is inaccurate then Council will by default also have an inaccurate assessment of its future likely levels of financial sustainability.

3. Levels of Service

This plan has been prepared on the assumption that current service standards are adequate to meet the expectations of the community. Further to this the LTFP indicates that Council is in a financially sustainable position. Accordingly, scenario analysis has not been undertaken at this stage to determine the relative increases or decreases in costs associated with providing increased or decreased service ranges and levels.

Service levels will be defined in two terms:

3.1 Community Levels of Service

Relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance.

Community levels of service measures used in the asset management plan are:

Quality	How good is the service?
Function	Does it meet users' needs?
Safety	Is the service safe?

3.2 Technical Levels of Service

Supporting the community service levels are also technical measures of performance. These technical measures relate to the allocation of resources to service activities that the council undertakes to best achieve the desired community outcomes.

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as opening hours, cleansing frequency, mowing frequency, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to its original condition (e.g. road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. frequency and cost of road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),
- Upgrade – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

4. Future 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, etc.

The view taken in the preparation of this plan as well as the LTFP is that there will be minimal shifts either upwards or downwards in current population levels. Should this change over time then both the AMP & LTFP will need to be updated.

5. Routine Maintenance Plan

Routine maintenance is the regular on-going 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 specific maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, etc. This work generally falls below the capital/maintenance threshold but may require a specific budget allocation.

Current maintenance expenditure levels are considered to be adequate to meet required service levels.

Assessment and prioritisation of reactive maintenance is undertaken by operational staff using experience and judgement.

6. Types of Capital Expenditure. Renewal / Replacement vs New / Upgrade

Renewal expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential.

e.g. Re-sheeting a road to its previous width & depth.

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 assets at a cost less than replacement cost.

New works are those works that create a new asset that did not previously exist or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs.

e.g. Installing a CWMS for the first time

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary estimate.

It is possible for capital expenditure to be a combination of renewal as well as upgrade.

e.g. the replacement of a road that was initially a 6 metre wide sheeted surface with an 8 metre width sheeted surface can be considered part replacement and part upgrade.

The important point to understand is that if Council is not able to replace its existing assets in a timely manner then new assets should not be built unless essential. By building new assets Council is effectively building new liabilities as the assets usually don't generate revenue (e.g. roads) cannot be sold and will need to be maintained and eventually replaced.

7. Infrastructure - Transportation Assets

7.1 Description

Transportation assets include sealed roads, unsealed roads, bridges, stormwater, footpaths, kerb and guttering. The transportation assets have a total current replacement cost of \$22M.

Council have implemented a Disaster Recovery Program (DRP) in response to extensive storm damage to Councils transportation network from storms experienced in early 2022. The cash flows relating to this will be treated separately from Councils ongoing resealing and re-sheeting programs in the sections that follow.

7.2 Forecast Capital Expenditure on Transportation Assets

Council has undertaken a comprehensive review of its sealed and unsealed roads data including condition assessments. The following renewal and maintenance expenditure is based on this review and is funded in the 2022-23 Annual Budget and the 2023-32 Long Term Financial Plan (LTFP).

The following table summarises the annual forecast renewal costs included in the 2023-32 LTFP:

Asset Class/ FYE	2023 \$,000	2024 \$,000	2025 \$,000	2026 \$,000	2027 \$,000	2028 \$,000	2029 \$,000	2030 \$,000	2031 \$,000	2032 \$,000
Unsealed	186	164	143	307	378	277	214	174	302	319
Sealed	100	454	263	473	242	288	249	251	283	181
Other	-	30	30	30	30	30	30	30	30	30
Renewal - excl DRP	286	618	406	780	620	565	463	425	585	500

Management have compiled detailed road/ segment based annual lists that total the amounts included each year in the above table. These lists will be reviewed on an annual basis as part of the budget development process with amendments made based on the conditions of the roads at that time. In all possibility some roads will be pushed out to a later year whilst other roads brought into an earlier year due to changed road condition. Further to this the year just completed will be removed from the ten year program and a new year ten forecast included, with the LTFP updated accordingly.

7.3 Road Service Level Hierarchy

Each road in the network is allocated to a level within a hierarchy based on that roads' level of strategic significance. The higher the level in the hierarchy then the higher the associated service level.

Service levels are an important mechanism available to Council to influence its long term financial sustainability. There is a connection with capital outlays, as the higher the service level then the greater the cost per kilometre to re-sheet or construct. Accordingly, by amending the specifications or the number of kilometres of road in a particular category of road, Council has the ability to increase or decrease future capital expenditure levels upwards or downwards.

Service levels also impact on depreciation calculations. In general, the lower the category rating then the longer is the total useful life of the section of road and accordingly the lower the depreciation charge. Further to this the lower the category the lower is the cost of construction.

Finally, service levels also determine volume of road maintenance required which impacts on the level operating expenditure included in the budget.

The road classification table below describes each class of road, its typical use and respective service level:

Road Classification	Road Criteria	Typical uses	Service level
1	Sealed roads, formed and sheeted unsealed major freight routes. Effective drainage established	Major township roads, freight (RAV routes), links between localities & towns to regional centres, school bus/tourist routes.	Should be passable comfortably at speed limit in most weather conditions. Unsealed – 8m wide graded 2 times/year, re-sheeted as required 15-25 years. Sealed – reseal 15-20 year intervals. Vegetation clearance envelopes well maintained along alignment.
2	Minor sealed roads, secondary unsealed roads (formed and sheeted) with some drainage established	Sealed - town back streets (local traffic only). Unsealed feeders linking farms to freight routes (RAV collectors, not thru routes). School bus routes, service roads for 10 or more rural properties/residences, minor tourist routes.	Should be passable comfortably at 80% of speed limit in dry conditions. Unsealed - 8m wide, graded 3 times in 2 years, sheeting patched as required re-sheet 25-30 years. Vegetation spot cleared as required.
3	Tertiary unsealed roads, formed and patch sheeted	Service roads for <10 rural properties/residences	6-8m should be passable comfortably at 50% of speed limit in dry conditions, graded once a year if required. May be 4wd only in wet.
4	Access tracks, unformed	Fire tracks, service tracks for power, water etc	4wd only, not graded unless absolutely necessary.

7.4 Disaster Recovery Program

The following table summarises the whole of life cash flows involved with Councils Disaster Recovery program referred to in section 7.1 above.

Council have successfully lobbied the state government who have provided generous financial support to assist Council in restoring its transportation network to the standard it was in prior to the flood damage incurred in January 2022.

Whole of Life Cost Summary	2021-22 \$,000	2022-23 \$,000	2023-24 \$,000	Total \$,000
Reimbursement	1,000	1,749	691	3,440
Capital Expenditure	977	1,466	418	2,861
Operating Expenditure	160	521	368	1,049
Net Cost to Council	136	238	94	469

As with Councils sealed and unsealed ten year renewal programs included in section 7.2, management has itemised lists by road, road segment and type of remedial work required for all parts of the transportation network that were damaged.

Reimbursements will be based on 88% of the actual expenditure incurred. The timing, type and costs of this work will be continually monitored and reviewed with appropriate amendments made in 2022-23 Budget Reviews and future years of the LTFP as required.

7.5 Cowell-Kimba Sealed Road Upgrade

Council have been successful in obtaining significant funding to upgrade this key grain transport route. A total of \$2.8M of Special Local Roads Program (SLRP) funding has been obtained to subsidise total forecast capital expenditure of \$4.2M. Council are particularly grateful for this funding as the work would have been required to be undertaken regardless as the road now carries increased levels of traffic from areas outside of Councils' boundaries bringing grain to the T-Ports operation in Luck Bay.

The following table summarises the cash flows relating to this project:

Item/ Year	2022	2023	2024	2025	2026
SLRP Funding	490	794	645	374	485
Total Capex	731	1,185	962	559	723
Cost to Council	241	391	318	184	239

This project will be continually monitored and reviewed with appropriate amendments made in 2022-23 Budget Reviews and future years of the LTFP as required.

8. Community Wastewater Management System

Council is responsible for maintaining and replacing key components of the CWMS that services the township of Cowell and parts of Port Gibbon.

The CWMS assets have a current replacement cost of \$10.8M.

8.1 Forecast Capital & Maintenance Expenditure on CWMS Assets for the next 10 years

The following costs for the renewal of various components of these assets have been estimated by staff in consultation with qualified engineers and are funded in the Long Term Financial Plan.

Item/ FYE	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Power	18	18	19	19	19	19	19	19	19	19
Labour & Overheads	92	92	93	93	93	94	94	94	95	95
Drain Flushing	-	-	10	-	-	-	10	-	-	-
Operating Expense	110	111	121	112	112	112	123	113	114	114
Pumps/Aerators	10	20	20	20	-	-	-	-	-	-
Liners	-	-	-	-	-	-	-	-	-	50
Filters	-	-	-	-	5	5	-	-	-	-
Capital Renewal Expense	10	20	20	20	5	5	-	-	-	50

9. Buildings & Structures

9.1 Asset Class Description & Value

Buildings include Council owned buildings such as the depot, administration, town hall, and staff accommodation. Structures include items such as playground equipment, shelters for picnic areas, seating, fencing and sheds. This class of asset has a current replacement cost of \$16.2M.

9.2 Forecast Capital Expenditure on Buildings & Structures

Council has commenced a process to comprehensively review its buildings and structures asset data. The allocations below are based on a combination of known priorities, the depreciation charge and the average spend on these asset classes over the past five years.

Year Ending 30 June:	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	50	50	50	50	50	50	50	50	50	50
Structures & Other Community Assets	25	25	25	25	25	25	25	25	25	25
	75	75	75	75	75	75	75	75	75	75

The requirement to undertake any significant work on buildings and structures is reviewed on an annual basis, with appropriate amounts being included in the Annual Budget as required.

The operating budget also contains an allocation of funding to cater for the ongoing annual maintenance requirements of these buildings

10 Plant & Equipment

10.1 Asset Class Description & Value

Plant & Equipment are a significant class of asset and include large pieces of equipment such as graders and tractors as well as the small fleet of Council cars and utilities. The current replacement cost of this class of assets as recorded in the financial statements is \$3.9M.

10.2 Forecast Capital Expenditure on Plant & Equipment:

Council's plant & equipment replacement program has been used to populate the following table. The amounts below have been funded in the relevant year of the Long Term Financial Plan 2023-32:

The following summary is taken from Council's plant & equipment replacement program. The value of expenditure is significant but also extremely hard to accurately forecast into the future as there are so many variables that impact on the cost of plant & equipment as well as the trade in value received for the item being replaced. There are also many different brands/ options to consider at the time of purchase. The data that follows is Councils' best estimate based on current market conditions. Prior to any purchase a detailed report goes to Council demonstrating compliance with Councils' tendering policy as well as a report on the strategic analysis undertaken prior to the tender process. The annual budget development process focuses on updating the costs and need for items due for replacement. The ten year replacement program is updated annually as a result.

Item/ FYE	2023	2024	2025	2026	2027	2028	2029	2030	2031	2031
Purchase Cost	167	765	563	561	305	482	388	535	693	388
Trade in Value	39	176	166	145	119	135	110	108	146	108
	128	589	397	416	186	347	278	427	547	547

11 Other Assets & Infrastructure

11.1 Asset Class Description & Value

The current replacement cost of this class of assets as is \$9.7M.

This class of assets includes the following significant assets:

- Office Furniture & Equipment
- Other Community Infrastructure

11.2 Forecast Capital Expenditure on Other Assets for the next 10 years

Council has allocated in its long term financial plan an amount of \$25k per annum for the renewal of various components of these assets

Many of the assets included in this classification have been constructed in recent years, accordingly even though the current replacement cost included in Councils' financial statements is large, significant renewal costs are not expected to be incurred for some time yet.