

District Council of Franklin Harbour

Infrastructure & Asset Management Plan 2021 - 2030

Public Consultation Version

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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:

- Infrastructure - Transportation Assets & CWMS
- Buildings & Structures
- Plant & Equipment
- Other Assets

1.1 Asset Values

The current replacement costs of the entire stock of each classification of asset listed above are as follows:

• Infrastructure - Transportation Assets & CWMS	\$ 37.0M
• Buildings & Structures	\$ 17.7M
• Plant & Equipment	\$ 3.9M
• Other Assets	\$ 5.3M
Total Current Replacement Costs	\$ 63.9M

1.2 Forecast Capital Expenditure on Infrastructure, Property, Plant & Equipment for the next ten Years

The forecast total cost per asset category for the next 10 years in relation to replacing existing assets is:

• Infrastructure - Transportation Assets & CWMS	\$ 7.1M
• Buildings & Structures	\$ 0.9M
• Plant & Equipment	\$ 4.6M
• Other Assets	\$ 0.3M
10 year cost of replacing existing assets	\$ 12.9M

1.3 Forecast Expenditure of New Capital Items for the next ten years

Council is near the end of 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 2022 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 2022 at a cost of \$4.5M

No new assets have been identified for construction from the 2022-23 financial year onwards.

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 an agreed 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 responsive management of assets (and services provided from 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 Plan
- District Council of Franklin Harbour Long Term Financial Plan 2021-30
- District Council of Franklin Harbour Annual Business Plan & Annual Budget 2020-21

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 provide our community with:

- A high standard of essential services in a sustainable manner
- Representation of our needs to the wider population
- Stimulus for economic growth
- Sound management of our valuable natural environment

STRATEGIC OBJECTIVES

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

1. Community wellbeing - maximise the benefit to the community from improved community services
2. Economic wellbeing - to foster a diverse and growing economic base that results in an increase in employment and population
3. Natural & built environment - maintain our high quality living environment
4. Governance & organisation - a professional, effective and customer oriented organisation playing the lead role in community development

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.
- Asset management improvement plan

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 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 the 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.

Up to date data is essential as situations change over time, hence the need to update the asset management renewal programs on a timely basis and at least on an annual basis as part of the legislatively required review of the Long Term Financial Plan.

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.

Future iterations of this plan intend to comprehensively record the range and levels of both operating services as well as asset services. This then provides Council with solid decision making data to analyse the impact of various scenarios on Councils long term financial position where services are increased or decreased should the need arise at a future time.

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. Future revision of this asset management plan will include linking required maintenance expenditures with 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 was 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 less 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 & CWMS

7.1 Description

Transportation assets include sealed roads, unsealed roads, footpaths, kerb and guttering. The transportation assets have a total current replacement cost of \$26.1M. The Cowell CWMS has a current replacement cost of \$10.9M.

7.2 Forecast Capital Expenditure on Transportation Assets & CWMS

The following table summarises the annual forecast renewal costs by sub category.

Council has commenced a process to comprehensively review its transportation asset data, hierarchy of roads and the associated construction and maintenance service standards as part of a revaluation of its assets to be applied to the general ledger as at 1 July 2020.

At present the allocations below are based on a combination of known road priorities, the depreciation charge and the average spend on these asset classes over the past 5 years. At the completion of the revaluation the intention is to upgrade this version of the asset management plan to reflect the improved asset data.

Minimal capital renewal costs are forecast for the Cowell CWMS as it is in the first quartile of its total useful life having being constructed in 2017.

Year Ending 30 June:	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000
Road Re-sheeting	500	500	500	500	500	500	500	500	500
Road Resealing	220	220	220	220	220	220	220	220	220
CWMS	10		10			10			10
Total Transportation p.a.	730	720	730	720	720	730	720	720	730

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.

8. Buildings & Structures

8.1 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 \$17.7M.

8.2 Forecast Capital Expenditure on Buildings & Structures

Council has commenced a process to comprehensively review its buildings and structures asset data, as part of a revaluation of its assets to be applied to the general ledger as at 1 July 2020. At present 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. At the completion of the revaluation the intention is to upgrade this version of the asset management plan to reflect the improved asset data.

Year Ending 30 June:	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000
Buildings	100	100	100	100	100	100	100	100	100
Structures	25	25	25	25	25	25	25	25	25
Total Buildings & Structures	125	125	125	125	125	125	125	125	125

The requirement to undertake any significant work on buildings and structures are 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

9 Plant & Equipment

9.1 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.

9.2 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 2021-30:

Year Ending 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
MAJOR PLANT									
Cat 12M Grader			380						
Cat 12M Grader									
Cat 950H							290		
Cat IT28G Loader				250					
Cat 432F Backhoe					200				
Cat 320GC Excavator									200
OTHER PLANT									
Cat 257B Skidsteer			50						
JCB Fastrac Tractor	105								
John Deer Tractor	50								
Hyster Forklift									
Cobber Kerbing Machine									
Dingo Digger						40			
Cat 256B Vibrating roller, both items have cabin rust Vibe Roller									180
Ingersol Rand Vibe Roller		30							
ROLLERS									
Wiseweld Combination Roller									70
Wiseweld Roller									
Edillillie stone roller				50					
Catford Combo Roller	70								
Edillillie stone roller cross rib						50			
SEMI TRAILERS									
Freight master drop deck trailer								60	
Haulmark Side Tipper				60					
Haulmark Side Tipper							60		
Semi Water Tanker tri					90				
Semi Water Tanker Tri						90			
TRUCKS									
Hiace Bus				30					
Hino 500 series FC1022 (Tipper)							83		
Mitsubishi Canter Truck									53
Nissan CW445 Truck		180							
Isuzu Giga CX455					180				

Year Ending 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
TRUCKS con't									
Isuzu Giga CX455								180	
LIGHT VEHICLES									
Prado (CEO)		56		56		56		56	
Hilux D-Cab (WS)		42	36						
Hilux D-Cab (TS)	36		36			36			36
Toyota Landcruiser (Mechanic)								50	
Hilux D-Cab (WS)		42			42			42	
Hilux S-Cab (Grader)	33			33			33		
Hilux D-Cab (WM)	49		49		49		49		49
Total (gross) Plant & Equipment	343	350	551	479	561	272	515	388	588
Less Forecast Trade in value	91	92	185	121	145	101	153	110	108
Total (net) Plant & Equipment	252	258	366	358	416	171	362	278	480

10 Other Assets

10.1 Asset Class Description & Value

The current replacement cost of this class of assets as is \$5.3M.

This class of assets includes the following significant assets:

- Office Furniture & Equipment
- Other Community Assets

10.2 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