



STRATEGIC ASSET MANAGEMENT PLAN

Break O'Day Council

Strategic Asset Management Plan 2020 – 2029

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Contents

EXECUTIVE SUMMARY	1
Context 1	
Current situation	1
What does it Cost?	1
The objectives	1
Managing the Risks	2
Confidence Levels	2
The Next Steps	2
 2. ASSET MANAGEMENT STRATEGY	 3
2.1 Asset Management System	3
2.2 What Assets do we have?	7
2.3 Our Assets and their management	8
2.4 Where do we want to be?	13
2.6. How will we get there?	19
2.7 Asset Management Improvement Plan	19
2.8. Potential consequences should actions not be addressed	19
 3. LEVELS OF SERVICE	 21
3.1 Consumer Research and Expectations.....	21
3.2 Organisational Objectives.....	21
3.3 Legislative Requirements.....	21
3.4 Level of Service	21
 4. FUTURE DEMAND.....	 23
4.1 Demand Drivers	23
4.2 Demand Forecast.....	23
4.3 Demand Impact on Assets	23
4.4 Demand Management Plan	25
4.5 Asset Programs to meet Demand.....	26
 5. LIFECYCLE MANAGEMENT PLAN	 27
5.1 Background Data	27
5.2 Routine Operation and Maintenance Plan	27
5.3 Renewal/Replacement Plan.....	28
5.4 Creation/Acquisition/Upgrade Plan.....	31

5.5	Disposal Plan	32
5.6	Service Consequences and Risks.....	33
6.	RISK MANAGEMENT PLANNING	34
6.1	Risk Assessment.....	34
7.	FINANCIAL SUMMARY	36
7.1	Financial Indicators	36
7.2	Financial Strategy Objectives.....	36
7.3	Valuation Forecasts	37
7.4	Key Assumptions made in Financial Forecasts	38
7.5	Forecast Reliability and Confidence.....	38
8.	PLAN IMPROVEMENT AND MONITORING	40
8.1	Status of Asset Management Practices	40
8.2	Improvement Plan	41
8.3	Monitoring and Review Procedures	41
8.4	Performance Measures	41
9.	REFERENCES	43

EXECUTIVE SUMMARY

Context

Break O'Day Council is responsible for the acquisition, operation, maintenance, renewal and disposal of an extensive range of physical infrastructure assets.

This Strategic Asset Management Plan takes the organisational objectives in our Strategic Plan, develops the asset management objectives, principles, framework and strategies required to achieve our organisational objectives. The plan summarises activities and expenditure projections from individual asset management plans listed below only to achieve the asset management objectives.

- Aerodrome (St Helens) – runway including lighting, taxiway, apron, fencing and buildings.
- Bridges – bridge structures and major culverts.
- Stormwater – stormwater mains, manholes, side entry pits and minor culverts.
- Buildings - halls, sporting facilities, toilet blocks community centres, all other Council owned buildings.
- Mountain Bike Trails
- Transport assets – including road carriageway, road shoulders, urban footpaths, shared pathways and kerb.

Current situation

Council's aim is to continuously improve its asset management processes and practices. Effort continues to working towards achieving a 'core' maturity over time for asset management activities and continued maturity improvement where the benefits exceed the costs. Improvement tasks with costs and target dates have been identified and documented in Table 8.2.

What does it Cost?

In October 2021, the ownership of Binalong Bay Road (replacement value \$5.062million) was transferred from the Council to the Tasmanian State Government by proclamation. Asset classes managed by Council and tabled in this plan have an updated replacement value (at 2021) of \$201.337 million.

Projected operating (operational and maintenance) outlay necessary to support and provide asset services

covered by this Plan over the ten year period 2020 to 2029 is on average \$1.666 million per year.

Projected capital outlay (including the renewal / replacement, upgrade of existing assets and acquisition of new assets) over the 10 year planning period is \$3.192 million on average per year.

To ensure the continued long-term financial sustainability of the Council, it is essential to balance the community's expectations for services with Council's capacity to pay for the infrastructure assets used to provide those services.

Although individual class asset management plan provide the basis for asset replacement, the Long Term Financial Plan tempers the ideal solution with the capacity to pay and remains the basis for all service and budget funding decisions by the Council.

The objectives

The objectives of this strategic asset management plan and which support this position are to:

- Ensure that Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to our financial sustainability.
- Safeguard assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Meet legislative requirements for all our operations.
- Ensure resources and operational capabilities are identified and that responsibility for asset management is allocated.
- Ensure that both operational and service delivery risks are adequately managed and mitigated.
- Continually mitigate asset risks and improve financial management and service delivery performance. This action may mean the reduced maintenance, renewal, upgrade and the deferral of new asset acquisitions and possible disposal of assets.
- Provide high level oversight of financial and asset management responsibilities through Councils'

General Manager and in the reporting to both the Council's Audit Committee and the Council on the development and implementation of the Strategic Asset Management Plan, Asset Management Plan(s) and Long-Term Financial Plan.

What we will do

Our aim is to provide services needed by the community in a financial sustainable manner. Achieving financial sustainability requires balancing service levels and performance with cost and risk.

It may not be possible to meet all expectations for services within current financial resources. We will continue to engage with our community to ensure that needed services are provided with appropriate service level at an affordable cost while managing risks.

Managing the Risks

There are potential risks associated with providing the service to the Council and the organisation not being able to complete all identified initiatives and projects, such as;

- Public safety risk – a risk posed through the use of degraded assets or an introduced lower level of service.
- Reputational risk – risk associated with degraded assets, inability to access facilities and services (including Council's response to mobility access) and asset aesthetics.
- The quantum of financial assistance grant (FAGs) funding and other funding sources - Essential for existing asset base renewal and maintenance. Insufficient funding may result in the reduction of service standard.
- Cost implications associated with community expectation of greater levels of service and asset over-servicing.
- Increased demands on Council's transport system - Increased traffic volume and heavy vehicles (Oversize & over Mass) operating on the municipal road network due to increased tourism, forestry and more limited, mining activity.
- Risks associated in responding to Climate Change and resultant severe weather events that generate demand to minimise service interruptions and for more resilient communities and infrastructure.

We will endeavour to manage these risks within available funding by applying treatments noted in each of the supporting asset management plans and in the context of Council's Risk Management framework. Generally, this means prioritising resources across all the activities of Council, and not asset management alone given the overall fiscal constraints under which the Council operates.

Confidence Levels

This plan has been written based on medium-high level of confidence information.

The Next Steps

The actions resulting from this asset management plan are:

- Implement the improvement plan in Section 8.2.
- Improve our consultation methods to increase awareness of service performance, risk and cost pressures we are facing and to better define and understand demand drivers.
- Investigate ways to extend the operational life of assets without affecting performance and safety risk (public safety and asset failure risks).
- Review asset renewal and replacement options in an effort to identify opportunities to reducing service delivery life-cycle costs.
- Continue to develop and improve Council's understanding of asset risks.

2. ASSET MANAGEMENT STRATEGY

2.1 Asset Management System

Asset management enables an organisation to realise value from assets in the achievement of organisational objectives, while balancing financial, environmental and social costs, risk, quality of service and performance related to assets.¹

An asset management system is a set of interrelated and interacting elements of an organisation to establish the asset management policy and asset management objectives, and the processes, needed to achieve those objectives. An asset management system is more than 'management information system' software. The asset management system provides a means for:

- Coordinating contributions from and interactions between functional units within an organisation,²
- Consistent application of the asset management processes to achieve uniform outcomes and objectives.

The asset management system includes the:

- Asset management policy
- Asset management objectives
- Strategic asset management plan required under the Local Government Act, sections 70B, 70C and 70D.
- Asset management plans, which are implemented in
 - Operational planning and control
 - Supporting activities
 - Control activities
 - Other relevant processes.³

The asset management system fits within the organisation's strategic planning and delivery process as shown in Figure 1.

¹ ISO, 2014, ISO 55000, Sec 2.2, p 2

² ISO, 2014, ISO 55000, Sec 2.5.1, p 5

³ ISO, 2014, ISO 55002, Sec 4.1.1, p 2.

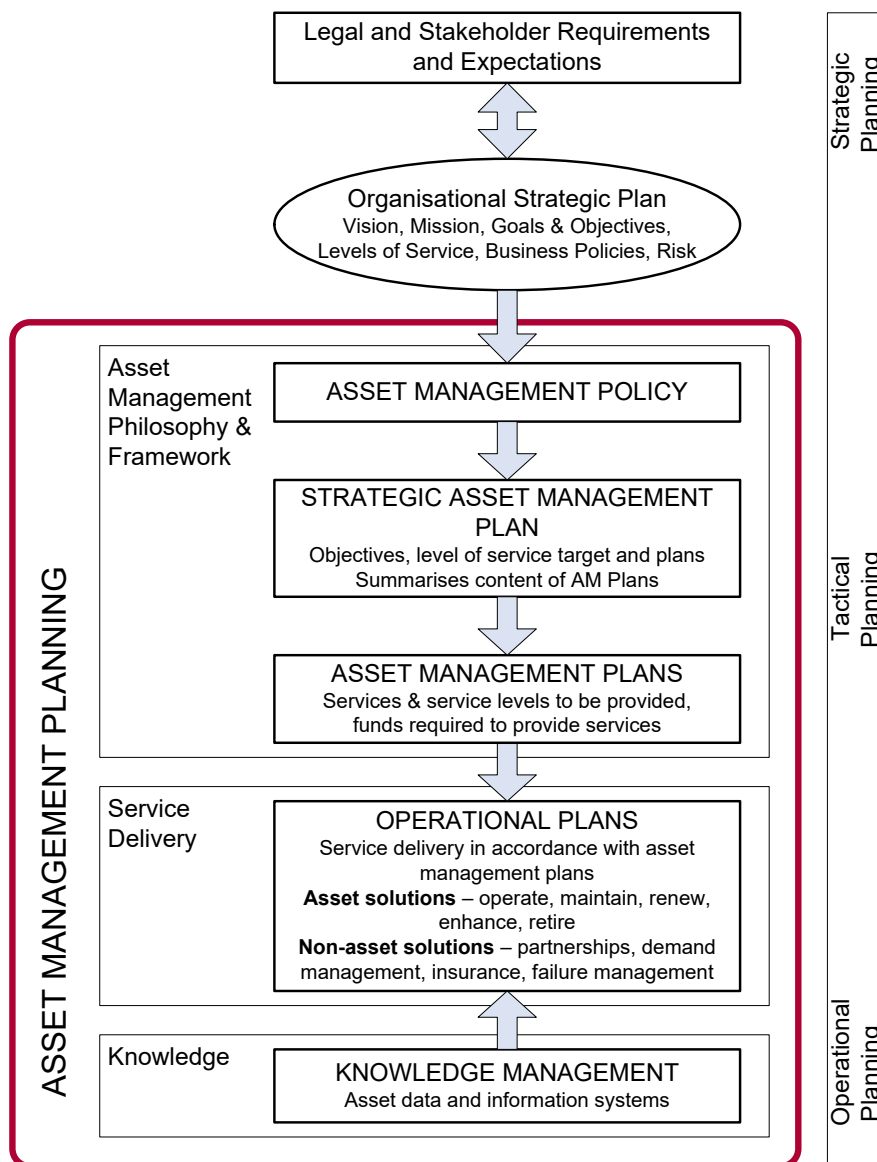


Figure 1: Strategic Asset Management Plan fit in Planning Process

2.1.1 Asset Management Policy

Council's asset management policy sets out the principles by which the organisation intends applying asset management to achieve its organisational objectives.⁴ Organisational objectives are the results the organisation plans to achieve, as documented in its Strategic Plan. The policy can be viewed and downloaded from Council's website <https://www.bodc.tas.gov.au/>.

2.1.2 Asset Management Objectives

Council's asset management objectives are to fundamentally:

- Provide visibility of the costs and advantages linked with providing agreed service levels/standards.

⁴ ISO, 2014, ISO 55002, Sec 5.2, p 7.

- To understand and reduce the whole-of-life cost, that involves the operation, replacement and maintenance or disposal of each asset owned by the Council.

Council's asset management policy sets out four goals:

Goal 1: To develop and maintain detailed Asset Registers of all assets owned or under Council's control and Long-term Asset Management Plans:

- Roads, bridges (including culverts) and traffic infrastructure.
- Storm water infrastructure.
- Buildings.
- any other class of assets, except land, where the total value of all assets within that class held by council is 5% or more of the total asset base of council
- any other class of assets Council chooses to manage over and above the requirements of legislation.

Goal 2: To ensure Council's assets are managed in an appropriate and financially sound manner, enabling the provision of appropriate levels of service delivery and maximising the sustainable use of available resources.

Goal 3: to seek innovative and cost effective means of improving work practices and processes to ensure Council's assets are managed in accordance with best practice principles.

Goal 4: To minimise Council's exposure to risk in regard to asset failures.

The asset management objectives developed in Section 2.4.3 in this plan provide the essential link between the organisational objectives and the asset management plan(s) that describe how those objectives are going to be achieved. The asset management objectives transform the required outcomes (product or service) to be provided by the assets, into activities typically described in the asset management plans. Asset management objectives should be Specific, Measurable, Achievable, Realistic and Time bound (i.e. SMART objectives).⁵

2.1.3 Strategic Asset Management Plan

The purpose of this strategic asset management plan is to document the relationship between the organisational objectives set out in the Break O' Day Strategic Plan 2017-2027 and the asset management (or service) objectives and define the strategic framework required to achieve the asset management objectives.⁶

Asset management objectives must be aligned with the organisation's strategic objectives set out in its strategic plan.

This strategic asset management plan encompasses the following assets:

- Aerodrome (St Helens) – runway including lighting, taxiway, apron, fencing and buildings.
- Bridges – bridge structures and major culverts.
- Stormwater – stormwater mains, manholes, side entry pits and minor culverts.
- Buildings - halls, sporting facilities, toilet blocks community centres, all other Council owned buildings.
- Mountain Bike Trails.

⁵ ISO, 2014, ISO 55002, Sec 6.2.1, p 9.

⁶ ISO, 2014, ISO 55002, Sec 4.1.1, p 2.

- Transport assets – including road carriageway, road shoulders, urban footpaths, shared pathways and kerb.

The strategic asset management framework incorporates strategies to achieve the asset management objectives. The strategies are developed in 4 steps:

- What assets do we have?
- Our assets and their management.
- Where do we want to be?
- How will we get there?⁷

2.1.4 Asset Management Plans

Supporting the strategic asset management plan are asset management plans for major service/asset classes. The asset management plans document the activities to be implemented and resources to be applied to meet the asset management objectives. The strategic asset management plan summarises the key issues from following asset management plans:

- Break O' Day Council Transport Asset Management Plan
- Break O' Day Council Stormwater Asset Management Plan
- Break O' Day Council Buildings & Facilities Asset Management Plan
- Break O' Day Council Bridges & Major Culverts Asset Management Plan
- Break O' Day Council Aerodrome Asset Management Plan
- Break O' Day Council MTB Asset Management Plan (currently under development).

Asset Management Plans are to include, or will have developed for inclusion:

- agreed service levels
- information on those assets
- resourcing for those assets
- compliance with all applicable legislation
- enable continual improvement in the management of those assets
- promote sustainability and community resilience
- planning for climate change adaptation and mitigation
- adoption of whole of life costing and linking to Council's Long Term Financial Plan
- assignment of responsibility for service delivery and for the management of relevant assets

The Strategic Asset Management Plan is part of the organisation's strategic and annual planning and reporting cycle as shown in Table 2.1.4.

⁷ LGPMC, 2009, Framework 2, Sec 4.2, p 4.

Table 2.1.4: Strategic Asset Management Plan within the Planning and Reporting Cycle

	Plan	Planning Cycle	Performance Reporting	Reporting to Council
Municipal Management Planning	Municipal Management Plan	10 - 20 years	The Plan inputs to Strategic Planning, Annual Planning, Operational Planning and Annual Planning & Budget.	Via Annual Planning process, covering Economic Development, Residential Growth, Community and Sense of Place, Asset Management, Recreation and the Environment, Tourism Development, Leadership and Governance.
Strategic Planning	10 year Strategic Plan	10 years	Meeting of Organisational Objectives	Annual Report
	10 year Long-Term Financial Plan	10 years and updated annually	Financial Indicators	Reported and updated at annual budget preparation cycle.
	Strategic Asset Management Plan Asset Management Plans	10 years, and updated every 4 years.	Asset Management Objectives and Actions.	Reported to Council in alignment with scheduled review.
Operational Planning	Four Year Capital Works Plan	4 years and updated annually	Input to annual Capital budget by endorsement of the Council.	Annual reporting to Council
Annual Planning & Budget	Operational and Capital Works budgets	Annually	Actual expenditure vs Budget	Monthly briefing reporting to Council and Annual Report.
	Annual Plan	Annually	Annual Plan is structured to link Strategic Plan strategies to Key Focus Areas and Actions.	Quarterly update reporting to Council that includes Goal completion and updates to Key Focus Areas and Actions.
	Departmental Work Plans	Monthly	Work Plan Tracking	Information provided in Departmental Reports to Council monthly.
	Individual Work Plans	Continuous	Work Plan Tracking	Not applicable – internal management role and responsibility.

2.2 What Assets do we have?

Council manages a range of assets to provide services to our community. The assets provide the foundation for the community to carry out its everyday activities, while contributing to overall quality of life.

Table 2.2 tables the assets covered by this Plan. The table was updated prior to release of this plan to reflect the handover of Binalong Bay Road assets to the Tasmania State Government, with handover proclaimed and gazetted at 20 October 2021.

Table 2.2: Assets covered by this Plan

Asset Class/Category	Unit	Quantity at Plan Commencement 2020	Post-handover of Binalong Bay Road to the Tasmanian Government – October 2021
Unsealed roads	km	324.64	324.64
Sealed roads	km	226.11	217.29
MTB tracks (overall length)	km	111	111
Kerb & Channel	km	79.95	79.95
Stormwater mains	km	51.56	51.56
Footpaths/bikeways	km	45.81	45.81
Bridges & major culverts	#	145	138
Culverts (minor)	#	2,178	2,127
Stormwater manholes	#	717	717
Stormwater Side entry pits including gross pollutant traps	#	658	658
Buildings	#	109	109
Toilet blocks	#	24	24
Aerodrome runway	m ²	17,550	17,550

2.3 Our Assets and their management

2.3.1 Asset Values

The infrastructure assets covered by this strategic asset management plan are shown in Table 2.3.1. These assets are used to provide services to the community.

Table 2.3.1: Assets covered by this Plan

Asset Class	At Plan Commencement - 2020			2021 (adjusted for Binalong Bay Road assets disposal)		
	Replacement Cost (\$'000)	Carrying Value (\$'000)	Annual Depreciation (\$'000)	Replacement Cost (\$'000)	Carrying Value (\$'000)	Annual Depreciation (\$'000)
Transport	113,236	72,689	1,714	111,536	71,031	1,669
Bridges & Major Culverts	32,065	23,375	453	28,949	20,909	422
Stormwater	30,665	19,391	375	30,419	19,253	372
Buildings	24,711	8,912	418	24,711	8,912	418
MTB Infrastructure	4,965	1,269	84	4,965	1,269	84
Aerodrome	757	592	13	757	592	13
TOTAL	206,399	126,228	3,057	201,337	121,966	2,978

Asset Class Management Plans provide information on cost/value, depreciation, residual value, and useful life. Plans also provide detail on operational and maintenance cost information and have a role in providing detail for informed financial planning and reporting.

The replacement cost is the amount that Council would need to pay for assets that are priced at the same or equal value. The cost to replace an asset can change depending on variations in the market value of the components used to reconstruct the assets and includes other costs needed to prepare an asset ready for use.

The carrying value is the cost of an asset less accumulated depreciation. Council utilises straight line methodology to derive the annual depreciation amount. For the current asset base this equates to 1.48% of replacement cost.

For a local government entity to be financially sustainable, the Council needs to be able to maintain the condition of its infrastructure and non-current assets at chosen levels to deliver services to the community over the longer term. The general asset management principal that applies, is that consumption of assets should not exceed asset renewal or replacement on Fair Value. Investment in new assets when existing assets are not being maintained adequately should be avoided.

Figure 2 shows the replacement value break down of Council's assets at 2021 (excluding Binalong Bay Road Assets)

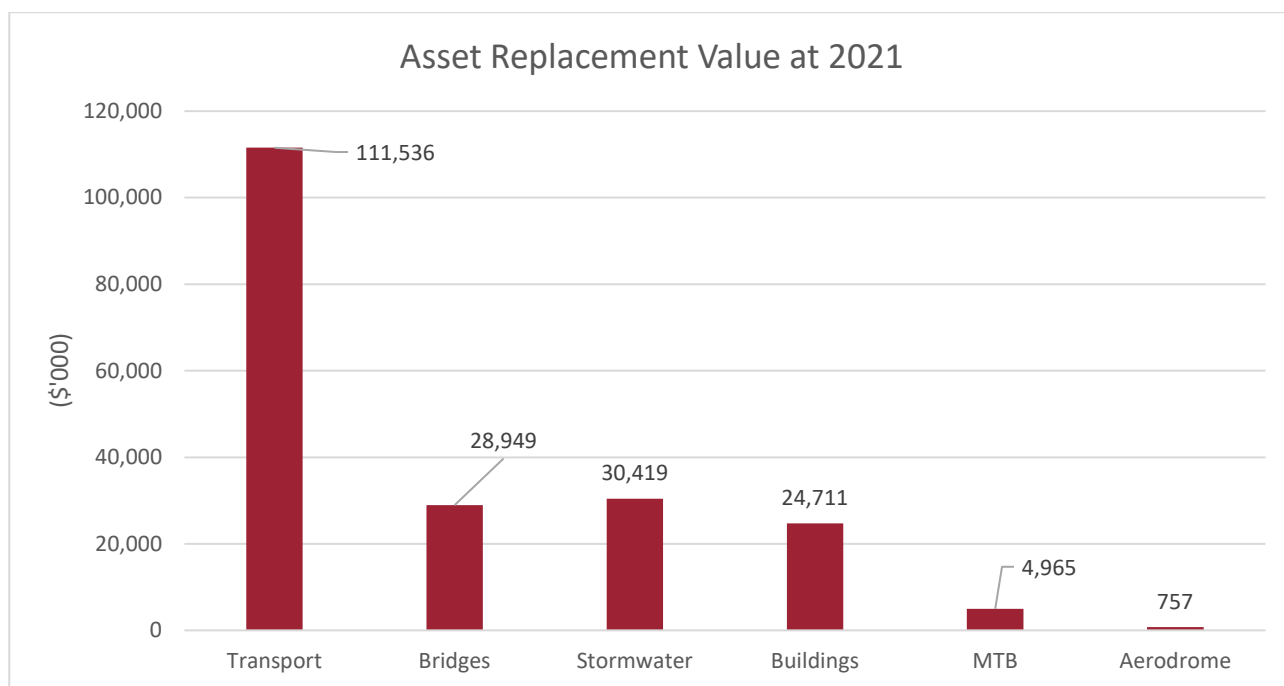


Figure 2: Asset Replacement Values

2.3.2 Asset Condition, Function and Capacity

Council monitors the performance of its assets through:

- Condition monitoring – how good is the service?
- Consideration of asset function - does an asset meet users' needs?
- Capacity/utilisation measurement – is the service usage appropriate to capacity?

Detail relevant to Council's assets is included in respective asset management plans.

2.3.3 Lifecycle Costs

Lifecycle costs (or whole of life costs) are the average annual costs that are required to sustain the service levels over the longest asset life. Lifecycle costs include operation and maintenance expenditures plus asset consumption (depreciation). Life cycle costs can be compared to lifecycle expenditure to give a comparison of current expenditures to lifecycle costs of services.

Lifecycle expenditures include operation and maintenance expenditures (excluding depreciation) plus capital renewal expenditure. The capital renewal component of lifecycle expenditure can vary depending on the timing of asset renewals.

The lifecycle costs and expenditures averaged over the 10-year planning period are shown in Table 2.3.3.

Table 2.3.3: Asset Lifecycle Costs (excludes Binalong Bay Road assets)

Asset Class/Category	Lifecycle Cost (\$'000)/year (A)	Lifecycle Expenditure (\$'000)/year (B)	Lifecycle Gap (\$'000)/year (B-A)	Lifecycle Indicator (B/A)
Transport	2,900	2,332	(568)	0.80
Bridges & Major Culverts	481	62	(419)	0.13
Stormwater	434	306	(128)	0.71
Buildings	340	245	(95)	0.72
MTB	326	358	32	1.1
Aerodrome	64	60	(4)	0.94
TOTAL	4,545	3,363	(1,182)	0.74

Comparing life-cycle cost and life cycle expenditure highlight differences between present outlays and the average cost of providing the service over the long term.

A shortfall between life-cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in in asset management and long-term financial planning, noting that total life-cycle expenditure may reasonably be higher/lower than lifecycle costs in periods of above/below average asset renewal/replacement activity. The lifecycle indicator is a measure of estimated need over the long-term. It is dependent on the age profile of the assets, with older or higher wearing assets expected to have a higher life-cycle indicator and newer assets a lower life-cycle indicator.

Lifecycle gaps may be addressed through:

- A review of levels of service in consultation with the community
- Implementation of efficiency improvement strategies or plans and include adoption of new engineering technologies and approaches in construction.
- Increased revenue (by example, via rates, grants, sale of assets).

Section 5.4 provides additional detail of renewal/replacement funding needs over the period of this plan.

2.3.4 Asset Management Indicators

An asset management objective is to provide the services that the community needs at the optimum lifecycle cost in a financially sustainable manner. The objective includes providing visibility of the costs and advantages linked with providing agreed service levels/standards and to reduce the whole-of-life cost that involves the operation, maintenance, purchase, renewal or disposal of each asset owned by the Council. Figure 3 shows the projected life-cycle costs; operation & maintenance, acquisition, renewal expenditure balanced with financial outlays in the 10-year long-term financial plan.

Council will continue to review its operational and maintenance activities and to make informed decisions relating to asset acquisition, renewal, and disposal. Deferral of acquisitions and renewal of assets to subsequent years may occur from time-to-time to allow further consideration of service level needs and financing options.

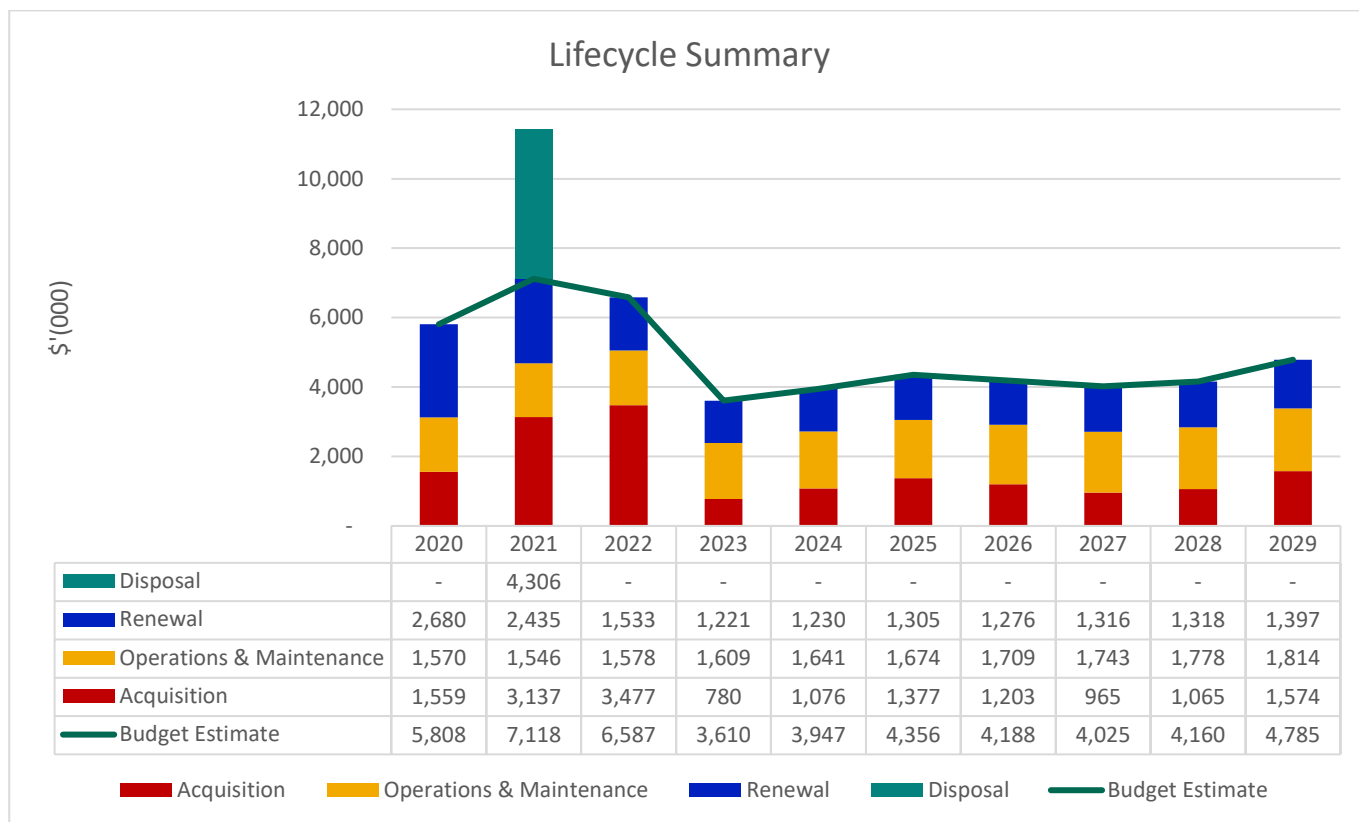


Figure 3: Projected Operating and Capital Expenditure

Note: Asset disposal in 2021 reflects the handover of Binalong Bay Road (road, bridges and culverts) to the State Government, effective 20 October 2021.

2.3.5 Opportunities and Risks

We have identified opportunities relevant to the services included in this strategic asset management plan including:

- Technological advancement - the emergence of improved engineering design and construction practices (modern equivalent asset) to provide longer asset life and better value for money for ratepayers/stakeholders.
- Compare the Annual Report against the strategic objective and examine and document the basis of variations where they occur between the budget and long term financial plan.

Relevant risks to the strategic asset management plan in the future are:

- Public safety risk, the risk associated with the use of degraded assets or an introduced lower level of service.
- Reputational risk, the risk to the Council associated with degraded assets, inability to access facilities and services (including Council's response and approach to mobility accessibility) and asset aesthetics.
- The quantum of Financial Assistance Grants funding and other funding sources - Essential for existing asset base renewal and maintenance. Insufficient funding may result in the reduction of service standard.
- The cost implications associated with community expectation(s) of greater levels of service and asset over-servicing.

- Increased demands on Council's transport system - Increased traffic volume and heavy vehicles (B-Double and Oversize & over Mass) operating on the municipal road network due to forestry and some mining activity.
- Climate Change risk that result from severe weather events that generate demand to minimise service interruption, for resilient communities and infrastructure.

Infrastructure risk management plans for those listed above, other relevant risks are summarised with risk management activities, and resource requirements incorporated in the relevant asset management plans.

2.3.6 Asset and Financial Management Maturity

We have taken steps to improve our asset and financial management performance including assessing alignment of our asset management maturity with ISO 55001 Asset Management – Management Systems – Requirements. Figure 4 shows the current and target alignments with the seven elements of ISO 55001.

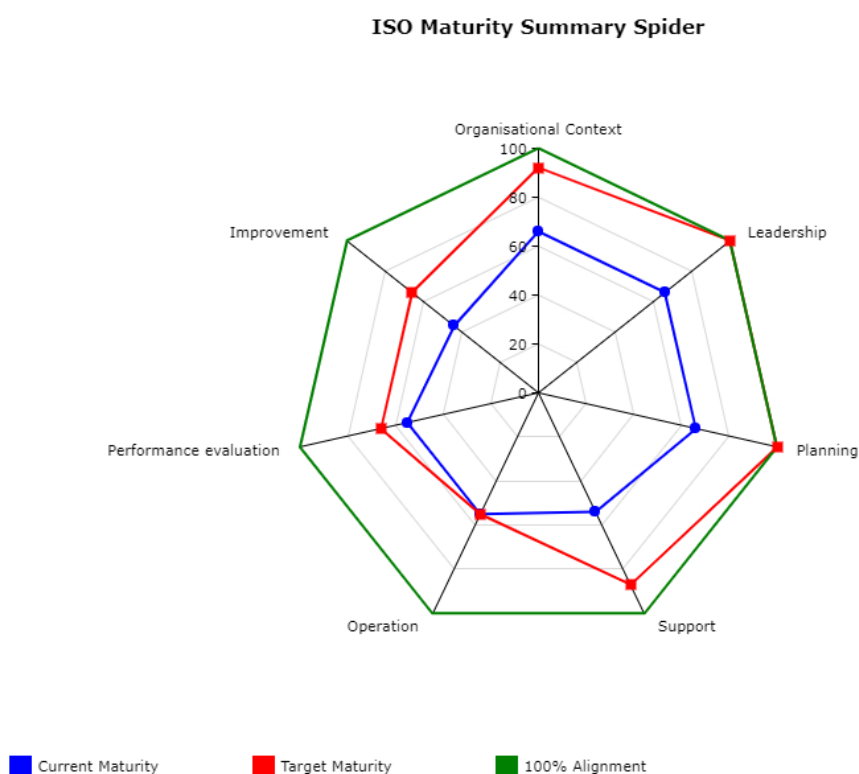


Figure 4: Maturity Assessment

Improvement in maturity is indicated by movement of the blue (current maturity) line to the red (target maturity) and green line (full alignment with ISO 55001 requirements). A continuous improvement approach is adopted by Council to improve the deployment Councils risk-based asset management. Refer to Section 8.2 to view identified improvement actions.

2.3.7 Strategy Outlook

The strategy outlook is for the Council to:

1. Manage within Councils Risk Management framework the desired current levels of service for the next ten years based on current knowledge and projections in Asset Management Plans and Long-Term Financial Plan.

2. Fund infrastructure lifecycle costs utilising Council, Financial Assistance Grants other grants and revenue streams. The current level of funding is considered to be adequate over the next 10 years.
3. Review services and the service levels (and all associated costs) that will need to be carried out over the next 10 years to identify and monitor changes in demand for services and affordability over the longer-term.
4. To, over time, achieve core level maturity (asset and financial management maturity) and investment needed to improve information management, lifecycle management, service management and accountability and strategic direction.

2.4 Where do we want to be?

2.4.1 Community Expectations

Council's current understanding of community expectations is based on the type and frequency of Customer Service Requests, complaints received, asset related requests, engagement with elected members, meetings with community groups/sporting clubs and local communities via periodic drop-in session where community is invited to discuss and record asset and service needs.

It is probable that the level of service may be higher than necessary in some areas of service delivery.

A future action will involve the refinement of service levels. This will necessitate some form of formal engagement with the community with the objective of assessing the impact and implications of changes or reductions to the level of service.

2.4.2 Organisational Objectives

The development of a 10 Year Strategic Plan is a legislative requirement of Local Government. The current plan was developed through extensive conversation with the local community on the basis that strategic planning and implementation is both a council and community responsibility and that the plan had to be deliverable.

The Strategic Plan 2017-2027 sets out the Vision, the plan for achieving the Vision, the Values and Goals, Strategies and Key Focus Areas for Community, Economy, Environment, Infrastructure and Services. Website links to view the 10 Year Strategic Plan and Transparency Document are:

- www.bodc.tas.gov.au/wp_content/uploads/2018/06/bod_strategicplan_final.pdf
- www.bodc.tas.gov.au/wp_content/uploads/2018/06/Transparency_Doc.pdf

Links to our asset management approach are tabled, Table 2.4.2.

Table 2.4.2: Ten Year Strategic Plan Goals and the link to Asset Management

Community Goal To strengthen our sense of community and lifestyle through opportunities for people to connect and feel valued.		
Strategy	Key Focus Area	Assessing Progress
1. Create an informed and involved community by developing channels of communication.	Communication: Improve and develop communication processes that lead to the community feeling more informed and involved.	<ul style="list-style-type: none"> • Improvements to communication processes. • Participation through surveys
4. Foster a range of community facilities and programs which strengthen the capacity, wellbeing and cultural identity of our community.	Community and Council Collaboration: Work within a community engagement framework which defines the relationship between the community and Council in decision making and project delivery.	<ul style="list-style-type: none"> • New and upgraded community facilities • New and expanded programs within the community

Economy Goal To foster innovation and develop vibrant and growing local economies which offer opportunity for employment and development of business across a range of industry sectors.		
Strategy	Key Focus Area	Assessing Progress
4. Support and encourage innovation and growth in the economy through local leadership; infrastructure provision; support services and customer focussed service delivery.	Opportunities: Prepare and maintain an economic prospectus which details opportunities; infrastructure and land availability; and local resources.	<ul style="list-style-type: none"> • Decreased unemployment • Contribution to economic output

Environmental Goal

To balance our use of the natural environment to ensure that it is available for future generations to enjoy as we do.

Strategy	Key Focus Areas	Assessing Progress
<p>1. Ensure the necessary regulations and information is in place to enable appropriate use and address inappropriate actions.</p> <p>3. Undertake and support activities which restore, protect and access the natural environment which enables us to care for, celebrate and enjoy it.</p> <p>4. Recognise and alleviate the issues and risks to the environment from our use, and the risk to us from a changing environment. (For example flood and fire.)</p>	<p>Land Management: Develop the financial and human resources to undertake projects and activities which address environmental issues such as weeds and land degradation.</p> <p>Water: Develop and implement strategies and activities to improve water quality and health within our rivers, estuaries and coastal areas and reduce the risks from flooding, inundation and erosion.</p> <p>Appropriate Development: Encourage sensible and sustainable development through sound land use planning, building and design.</p>	<ul style="list-style-type: none"> • Sustainable land use strategies • Community awareness activities • Land management projects and activities undertaken • Grant funding • Flood mitigation projects and activities undertaken

Infrastructure Goal To provide quality infrastructure which enhances the liveability and viability of our communities for residents and visitors.		
Strategy	Key Focus Areas	Assessing Progress
<ol style="list-style-type: none"> 1. Be proactive infrastructure managers by anticipating and responding to the growing and changing needs of the community and the area. 2. Work with stakeholders to ensure the community can access the infrastructure necessary to maintain their lifestyle. 3. Develop and maintain infrastructure assets in line with affordable long-term strategies. 	<p>Towns: Create townships that are vibrant and welcoming through improvements to infrastructure such as, streetscapes, parking, safety and signage.</p> <p>Waste Management: Provide access to services and facilities which support a sustainable lifestyle.</p> <p>Roads and Streets: Develop a well maintained road network that recognises the changing demands and requirements of residents and visitors.</p> <p>Community Facilities: Provide community facilities that encourage participation and supports the lifestyle of residents and growing visitor numbers.</p> <p>Telecommunications: Ensure residents and visitors can access telecommunication services such as NBN and mobile phone coverage where they are living and visiting.</p> <p>Recreational Facilities: Support an outdoor, active and healthy lifestyle for residents and visitors through a range of recreational facilities including walking trails, bike trails and other identified infrastructure.</p>	<ul style="list-style-type: none"> • Asset renewal levels • Landfill usage levels • Streetscape upgrades • Provision of walking and bike trails • Requests for service and complaints • Asset condition assessments • Mobile phone coverage • Community facility improvements • Road network quality

Services Goal To provide quality infrastructure which enhances the liveability and viability of our communities for residents and visitors.		
Strategy	Key Focus Areas	Assessing Progress
2. Work collaboratively to ensure services and service providers are coordinated and meeting the actual and changing needs of the community. 3. Ensure Council services support the betterment of the community while balancing statutory requirements with community and customer needs.	Transport: Facilitate a range of transport options that support movement within and outside the Break O' Day area.	<ul style="list-style-type: none"> Community and public transport availability

2.4.3 Asset Management Objectives

Council's asset management objectives are fundamentally:

- To provide visibility of the costs and advantages linked with providing agreed service levels/standards.
- To reduce the whole-of-life cost, that involves the operation, replacement and maintenance or disposal of Councils assets.

2.5 Strategic Asset Management Vision

To ensure the long-term financial sustainability of the organisation, it is essential to balance the community's expectations for services with Council's capacity to pay for the infrastructure assets used to provide those services.

Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, we aspire to develop and maintain asset management governance, skills, process, systems and data in order to provide and maintain the level of service that is appropriate to meet community need, in the most cost-effective and fit for purpose and safe manner.

To align with this vision, the corresponding objectives of the strategic asset management plan are to:

- Ensure that Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to our financial sustainability.
- Safeguard assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Integrate and complement this plan with Council's Long Term Financial Plan (LTFP) and where individual class Asset Management Plan provide the basis for asset replacement and where the LTFP tempers the ideal solution with the capacity to pay and is the basis for all service and budget funding decisions.
- Meet legislative requirements for all of our operations.

- Ensure resources and operational capabilities are identified and that responsibility for asset management is allocated.
- Ensure that both operational and service delivery risks are adequately managed and mitigated.
- Continually improve our asset risks, financial management and service delivery performance. This action may mean the reduced maintenance, renewal, upgrade and the deferral of new asset acquisitions and possible disposal of assets.
- Provide high level oversight of financial and asset management responsibilities through Councils General Manager and in the reporting to both the Audit Committee and the Council on the development and implementation of the Strategic Asset Management Plan, Asset Management Plan(s) and Long-Term Financial Plan.

Strategies to achieve this position are outlined in Section 2.6.

2.6. How will we get there?

The strategic asset management plan proposes strategies to enable the organisational objectives and asset management policies to be achieved.

Table 2.6: Asset Management Strategies

No	Strategy	Desired Outcome
1	Incorporate Year 1 of long term financial plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations and the long term implications of all services are considered in annual budget deliberations.
2	Report our financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against organisational objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
3	Develop and maintain a long term financial plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide our services.
4	Develop and annually review asset management plans and strategic asset management plan covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
5	Review and update asset management plans, strategic asset management plan and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	We and the community are aware of changes to service levels and costs arising from budget decisions.
6	Develop and maintain a risk register of operational and service delivery risks showing current risk levels, risk management treatments and report regularly to Council on current high level risks.	Risk management of operational and service delivery risks is an integral part of governance.
7	Ensure Council decisions are made from accurate and current information on 'whole of life' costs and which can be supplemented with information contained within in asset registers, service level performance analysis, condition monitoring including engineering assessment where necessary.	Improved and informed decision making and greater value for money.
8	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
9	Implement an improvement plan to realise 'core' maturity for the financial and asset management competencies within 4 years.	Improved financial and asset management capacity within the organisation.
10	Report annually to Council on development and implementation of strategic asset management plan, Asset Class asset management plans and long term financial plan. Includes a review by Councils Audit Panel.	Oversight of resource allocation and performance.

2.7 Asset Management Improvement Plan

The tasks required achieving a 'core' financial and asset management maturity are shown in priority order in the asset management improvement plan in Section 8.2

2.8. Potential consequences should actions not be addressed

Potential consequences for the Council if the improvement actions are not completed may include:

- A hindering to fully achieve strategic and organisational objectives.

- Difficulty in achieving financial sustainability for the organisation's operations over time.
- Risks to infrastructure service delivery may not be managed effectively and where response actions may not be appropriately managed leading to asset failure and or increased public risk.
- Council may become compromised in being able to accommodate and/or manage changes in demand for infrastructure services.

3. LEVELS OF SERVICE

3.1 Consumer Research and Expectations

The expectations and requirements of various stakeholders were considered in the preparation of asset management plans summarised in this strategic asset management plan.

Council has not undertaken a formalised or broad community consultation at this stage regarding the various services it provides. However, based upon interaction with users of facilities, service requests and type, complaints, interactions with community groups, elected member feedback, it is believed that Council understands the needs and expectations related to the assets it manages and services it provides and caters for expectations in an affordable and appropriate manner.

An action in this space is for the Council to consider the merits and resourcing implications associated in undertaking service level reviews as asset class management are reviewed and updated.

3.2 Organisational Objectives

The Strategic Plan 2017-2027 sets out the Vision, the plan for achieving the Vision, the Values and Goals, Strategies and Key Focus Areas for Community, Economy, Environment, Infrastructure and Services. Refer Section 2.4.1.

The asset management objectives provide focus for the community and technical level of service tables in Section 3.4.

3.3 Legislative Requirements

Council is required to meet many legislative requirements including Australian and State legislation and regulation, and applicable Australian Standards. These are detailed in asset management plans summarised in this strategic asset management plan.

3.4 Level of Service

Level of Service (also known as Service Level) is defined as the service quality for a given activity. Levels of Service are documented within individual asset class Asset Management Plans as a commitment of the Council to carry out a given action or actions within a specified time frame in response to an event or asset condition data. More broadly, Service Levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability, and cost.

Community Service Level

A community service level (community level of service) is a service level that specifies the level of service that is to be provided to the community. Council utilises a Service Request process that can measure and provided information on our performance on service delivery. The number of customer requests or complaints is used to measure if a customer service level is being met and corresponding and timely corrective action implemented.

Technical Levels of Service

A technical service level is a service level associated with the physical characteristics of an asset. Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that the organisation undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Technical service measures are linked to annual budgets covering:

- Operational & Maintenance – the regular and expected activities, such as the provision of waste management services, parks, reserves, recreational facilities and playground upkeep, nature strip mowing, tree trimming, road patching, unsealed road grading, building and structure repairs, etc.

- Renewal – the activities that return the service capability of an asset similar to that which it had originally, for example; road resurfacing and pavement reconstruction, footpath resurfacing, bridge and stormwater system replacement and building component replacement) or to a lower service level.
- Acquisition – the activities to provide a higher level of service, such as widening a road, sealing an unsealed road, replacing a pipeline with a larger size), provision of new buildings, footpaths, car parks or a new service that did not exist previously (e.g., a new amenity building).

Service managers plan, implement and control technical service levels to influence the customer service levels.⁸

Together the community and technical levels of service provide detail on service performance, cost and whether service levels are likely to stay the same, get better or worse.

⁸ IPWEA, 2011, IIMM, p 2.22

4. FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include population change, changes in demographics, seasonal factors, climate change, vehicle ownership rates, consumer preferences and expectations, government decisions, technological changes, economic factors, tourism growth, agricultural practices, environmental awareness, plus others as identified.

4.2 Demand Forecast

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets were identified and are documented in Table 4.3.

4.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in Table 4.3.

Table 4.3: Demand Drivers, Projections and Impact on Services

Projection	Impact on services
Funding	
Funding may increasingly need to be targeted to renewal works to ensure that the asset base is maintained.	Service standard may alter should adequate funding be unavailable. Asset life-cycle principles and approach should be deployed to forecasting and projections of existing and new assets to ensure that assets may be maintained and serviced at a satisfactory level.
Grant funding (government) more likely to become tied to sustainable asset management practices.	
Population	
It is expected that the municipality will experience a decline in population over the next 10 - 20 years	May result in a reduction in the capacity of the community to pay for maintenance and renewal and lead to a lowering of standard of services
Demographics	
The percentage of older population will continue to increase in the Break O’ Day municipality. Population continues to age with increased proportion of persons over 65 years of age	Increased use of footpaths. Increase demand to widen and upgrade footpaths and provide disability compliant access ramps, including retrofitting of existing infrastructure.
Community Expectations	
As the community is more informed of the services it receives or changes in population occur (bringing with it knowledge of how services are provided elsewhere) expectations of quality, safety, variety and the like increase.	Desire/demand for improved or additional facilities. Increased cost and ability/inability to fund will require consideration. Community tolerance for defects in assets that impact on use may become less and subsequently lead to increased pressure on operational, maintenance and asset renewal costs.
Climate Change	
Changes in weather patterns may impact on maintenance and construction practices as well as the ability to use various facilities and assets	Possible increase is Service interruptions. Existing facilities may require upgrade or relocation to cope with changing weather patterns.
Increasing community awareness of climate change and resultant severe weather events.	Demand for more resilient communities and infrastructure may increase. New design standards likely to apply with increased frequency of inspection regimes and increased cost of construction.

Ageing infrastructure	
Some of Councils asset stock (various classes) in the latter stages of predicted useful lines	Service disruptions or reallocation of funding streams. Unplanned asset failure redirecting funds from planned works. Disruption to the Community.
Consumer Preferences	
Building amenities	Change of use of buildings therefore requiring upgrades
Technology	
Changes in vehicle types and mode of operation will require asset upgrade / changes	Refocusing of funds to meet new demand levels. Degradation of assets due to over loading or use impacting established levels of service. Electric vehicle – increasing number of vehicles and demand for local charging stations in towns across the municipality.
Materials and construction methodologies will reduce time and cost of construction	Refocusing of funds to meet new demand levels. Degradation of assets due to over loading or use impacting established levels of service.
	Changing skill sets in workforce, transition may have service implications i.e. lack of trained staff
	Opportunities to improve operational services by applying less invasive / cost effective new technologies.
Economic Growth/Tourism Growth	
It is expected that the MTB trails will continue to increase the number of tourists and investment to the area.	Impact of services: Increase of mountain bikers will require continued maintenance and upgrading of the trails. Existing facilities may also require upgrading to manage demand. Demand for additional MTB trails and related developments will require an increase of financial resources and infrastructure. Maintenance cost and ability/inability to fund will require consideration.

4.4 Demand Management Plan

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

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures⁹. Examples of non-asset solutions include providing joint services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified for demand management are shown in Table 4.4.

Table 4.4: Demand Management Plan Summary

Demand Driver	Projection	Service Impact	Demand Management Plan
Continued Financial Assistance Grants and other grant funding	Maintain in short-term, possible decrease over medium to longer term.	Increasing importance as maximising service delivery that can be delivered within funding limitations may become under pressure.	The Council make informed decisions on new and asset upgrade (based on asset life-cycle cost analysis) to minimise financial impact on rate payers.
Higher community expectation and demand created from urban development.	Expectations expected to continue to increase, but slowly. Infill development in established urban areas likely to create a significant load on existing and aged infrastructure.	Increased load on existing and aged infrastructure, increasing over time.	Council has modelled stormwater catchment level and flow for 1 in 100-year storm events for all catchments within the municipality. Information is made available to developers for the design of stormwater systems for all new subdivisions.
Climate Change	High intensity and prolonged rainfall events and under capacity stormwater network. Trend is a move towards consideration of 1 in 200-year storm events from current approach of considering 1 in 100-year storm events.	Increased load on existing and aged infrastructure and unable to carry forecast stormwater volume or flow – possible localised flooding events becoming more frequent adversely impacting on residential properties.	Stormwater model and mapping to be updated within 10 years to cater for future 1 in 200-year storm events.
Main growth in urban area to increase traffic volume	Construction of new control measures such as lighted intersections & roundabouts	Localised congestion on local road and State network in higher density residential areas and business precincts at St Helens and St Marys.	Monitor current traffic flows in urban areas and consider future traffic flow demand based on development and outcome of Traffic Impact Assessments. Plan for alterations to existing road infrastructure including consideration of new control measures such as lighted intersections & roundabouts to assist traffic flow.

⁹ IPWEA, 2015, IIMM, Sec 2.3.6, p 2 | 53.

Heavy vehicles	Trend is for higher productivity and oversize/over mass vehicles to operate on designated freight networks than include Councils Road Network	Increased damage potential to road pavements and lower service life leading to increased road maintenance and renewal costs to Council. Several bridge assets are limited to 44tonne loads or nearing end of life with low load limits applied. Overloading will reduce service life.	Replace existing pavements over time with high load pavements. Replace bridges on heavy vehicle routes with structure that meet AS5100 – SM1600 design loads. Utilise available Roads to Recovery and Bridge Renewal funding opportunity and lobby for increased financial assistance grants.
Health and well-being	Promotion of community activity and increased sporting activity.	Demand for more walkways, park, and recreational facilities.	Identify need by undertaking pathway and recreational facility audit and develop relevant open space strategies and Plans.
Technology	Changes in asset management technology, such as remote load sensors on bridges, automatic traffic flow monitoring, stormwater system monitoring of live flow and water level in pipelines. Utilise internet of things.	New technology offers the opportunity for ongoing cost savings and protection of assets, asset users and the environment.	Technical factors to be addressed in determining and scoping capital and maintenance work requirements.

4.5 Asset Programs to meet Demand

The new assets required to meet growth will be acquired free of cost from land developments and constructed/acquired by the organisation. New assets constructed/acquired by the organisation are discussed in Section 5.4.

Acquiring these new assets will commit the organisation to fund ongoing operation, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operation, maintenance and renewal costs in Section 6.

5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the organisation plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while optimising life cycle costs and managing risks (Section 6).

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this strategic asset management plan are shown in Tables 2.2 and 2.3.1.

5.1.2 Asset capacity and performance

The organisation's services are generally provided to meet design standards where these are available.

5.2 Routine Operation and Maintenance Plan

Operation include regular activities to provide services such as public health, safety and amenity, e.g. Cleansing, utility services, street sweeping, grass mowing and street lighting. Break O'Day Council does not separate operations and maintenance costs/budgets.

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.

5.2.1 Operation and Maintenance Plan

Operation activities affect service levels including quality and function, such as cleanliness, appearance, through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal.

Maintenance expenditure levels are considered to be adequate to meet projected service levels, which may be less than or equal current service levels. Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in the respective asset management plan and service risks considered in the Council's Risk Management register.

5.2.2 Operation and Maintenance Strategies

We will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- Scheduling operations activities to deliver the defined level of service in the most efficient manner.
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 – 70% planned desirable as measured by cost).
- Maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and the Council.
- Review current and required skills base and implement workforce training and development to meet required operation and maintenance need.

- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options.
- Maintain a current hierarchy of critical assets and required operation and maintenance activity.
- Develop and regularly review appropriate emergency response capability.
- Review management of operation and maintenance activities to ensure we are obtaining best value for resources used.

5.2.3 Summary of future forecasted operation and maintenance expenditures

Future operation and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 5. Expenditures shown are current dollar values.

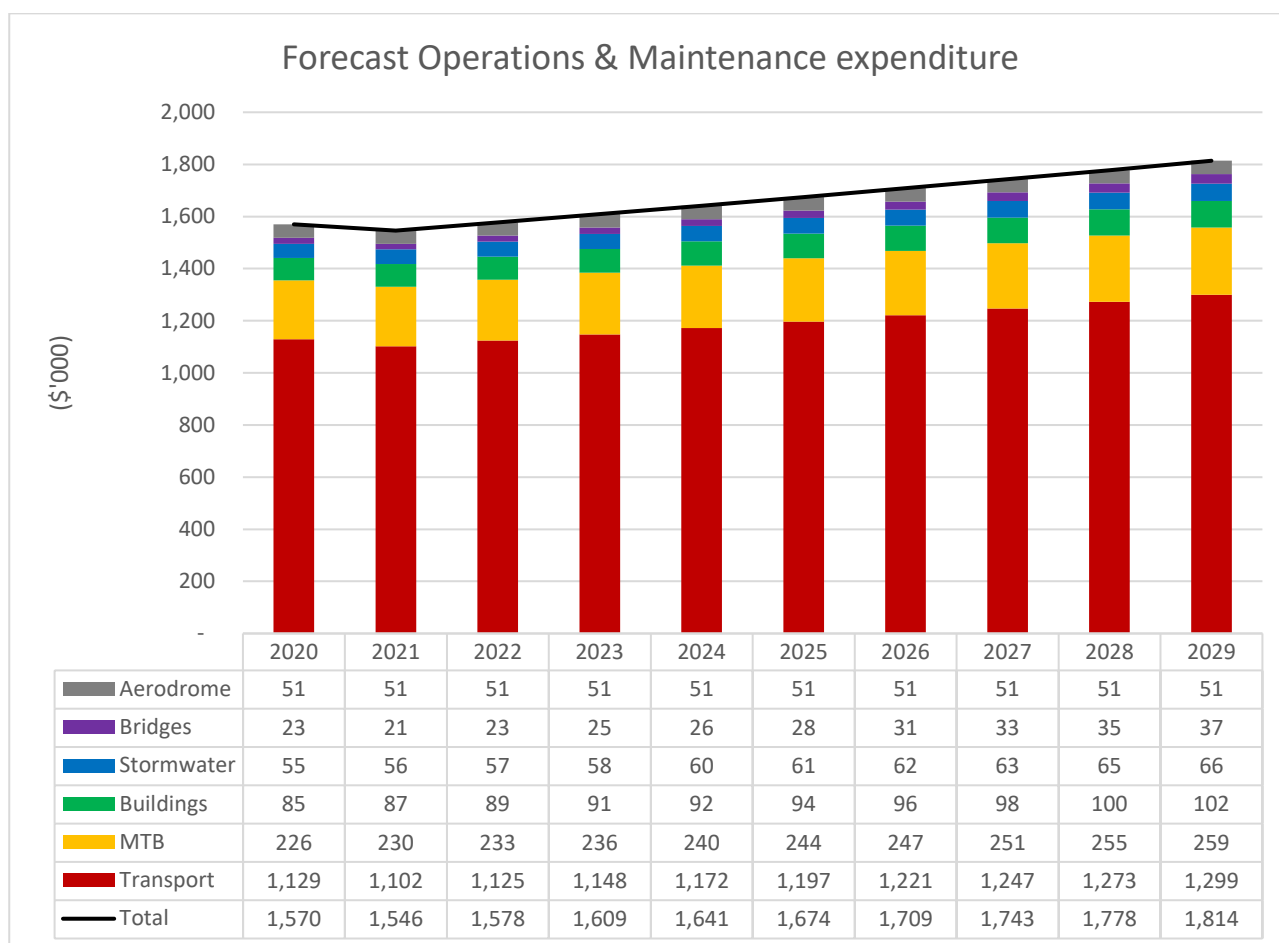


Figure 5: Projected Operation and Maintenance Expenditure and LTFP Outlays

The consequences of deferred maintenance, i.e., works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the infrastructure risk management plan.

5.3 Renewal/Replacement Plan

Renewal and replacement 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 or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

5.3.1 Renewal and Replacement Strategies

We will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner
- Undertaking project scoping for all capital renewal and replacement projects to identify:
 - the service delivery 'deficiency', present risk and optimum time for renewal/replacement
 - the project objectives to rectify the deficiency
 - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency
 - and evaluate the options against evaluation criteria adopted by Council/Board, and
 - select the best option to be included in capital renewal programs.
- Using *optimal* renewal methods (cost of renewal is less than replacement) wherever possible.
- Maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and report Very High and High risks and Residual risks after treatment to management, Audit Committee and Council/Board.
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs.
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required.
- Review management of capital renewal and replacement activities to ensure we are obtaining best value for resources used.

Renewal ranking criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate or
- To ensure the infrastructure is of sufficient quality to meet the service requirements.

Capital renewal and replacement priorities are indicated by identifying assets or asset groups that:

- Have a high consequence of failure.
- Have a high utilisation and loss of service would have a significant impact on users.
- Have the highest average age relative to their expected lives.
- Are identified in the AM Plan as key cost factors.
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in the individual asset class asset management plans referenced within this document.

5.3.2 Summary of future renewal and replacement expenditure

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock ages. The forecast expenditures are shown in Fig 6. Expenditures shown are current dollar values.

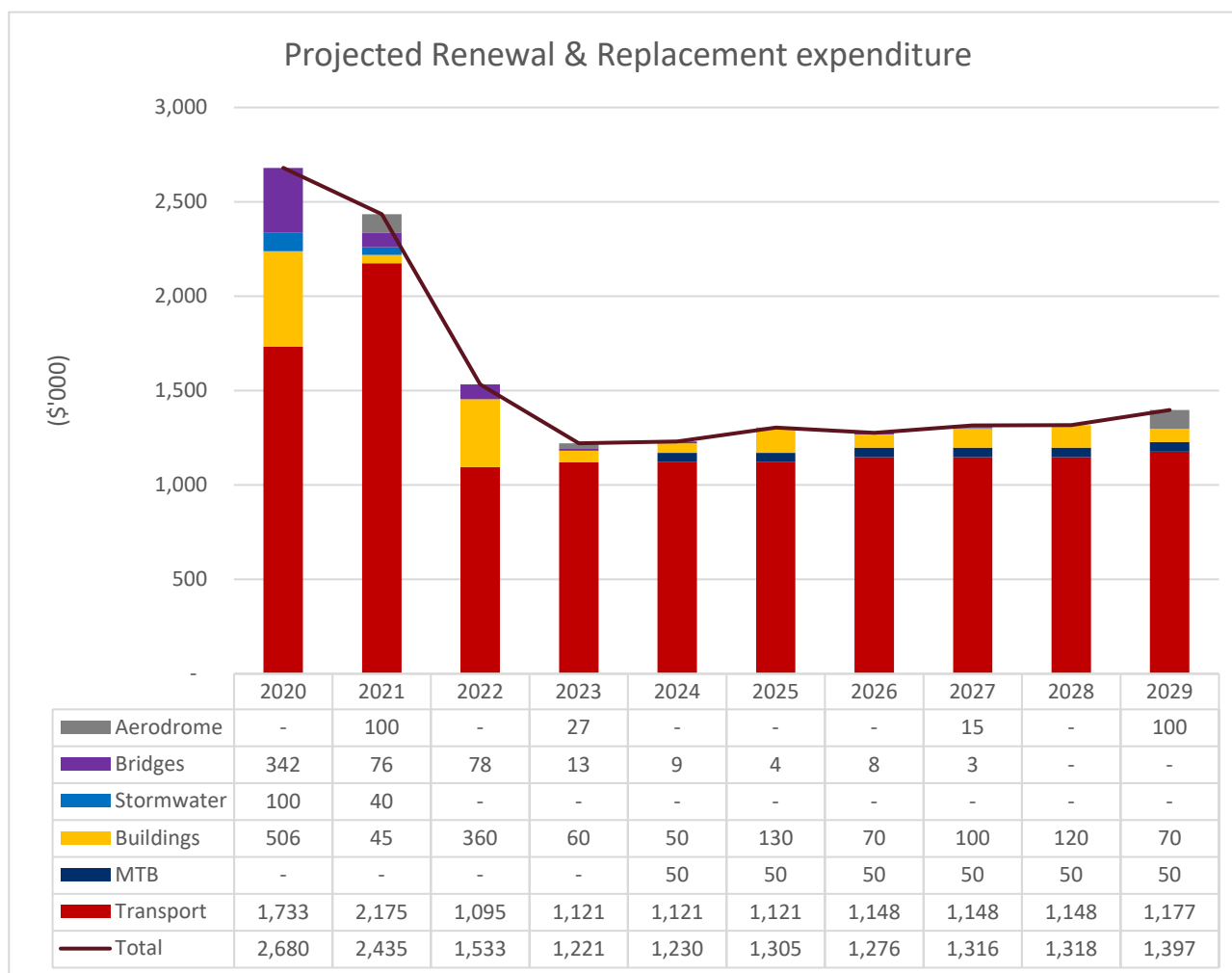


Fig 6: Projected Capital Renewal and Replacement Expenditure

Notes:

- Increased expenditure in 2021 and 2022 due to grant funding for asset renewal and replacement.
- MTB Trail - provision for potential trail refurbishment works.

The overall fundamental asset management objectives are to:

- Provide visibility of the costs and advantages linked with providing agreed service levels/standards.
- To reduce the whole-of-life cost, that involves the operation, replacement and maintenance or disposal of each asset owned by the Council.

And where the basis for asset replacement is matched with the long-term financial planning process and plan that acts to temper the ideal solution with the capacity to pay and is the basis for all service and budget funding decisions.

Asset renewal and replacement projections presented in figure 6 are based typical useful lives documented within individual asset class asset management plans. Council does not replace assets when a typical or even a theoretical useful life limit has been reached. In practice asset renewal/replacement is considered in the context of asset condition, usage demand and risk.

Assets will not be renewed or replaced if the assets condition does not warrant replacement and the asset continues to provide agreed service levels and standards.

Council can defer asset replacement or to extend useful life of its assets through altered maintenance regime or to dispose of assets no longer required.

5.4 Creation/Acquisition/Upgrade Plan

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. Assets may also be acquired at no cost to the organisation from land development and the Tasmanian State Government. These assets from growth are discussed in Section 4.5.

5.4.1 Selection criteria

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 renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in the respective asset management plans.

5.4.2 Capital Investment Strategies

We will plan capital upgrade and new projects to meet level of service objectives by:

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner.
- Undertake project scoping for all Renewal projects to identify
 - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset.
 - the project objectives to rectify the deficiency including value management for major projects.
 - the range of options, estimated capital and life cycle costs for each option that could address the service deficiency.
 - management of risks associated with alternative options.
 - and evaluate the options against evaluation criteria adopted by Council/Board, and
 - select the best option to be included in renewal programs.
- Review current and required skills base and implement training and development to meet required construction and project management needs.
- Review management of capital project management activities to ensure we are obtaining best value for resources used and that those activities are in alignment with Councils Long Term Financial plan and are affordable.

Standards and specifications for maintenance of existing assets and construction of new assets and upgrade and/or expansion of existing assets are detailed in relevant asset management plans.

5.4.3 Summary of potential future upgrade/new assets expenditure

Projected upgrade/new asset expenditures and estimated long-term financial plan outlays are summarised in Fig 7. Forecast expenditures beyond 2021 in this plan have not yet been accommodated in Councils long-term financial plan.

New assets include the transfer of new subdivision roads and stormwater assets to Council, state government assets, and asset upgrades included in annual capital budgets and four year capital plan approved by the Council.

Expenditures shown are current dollar values.

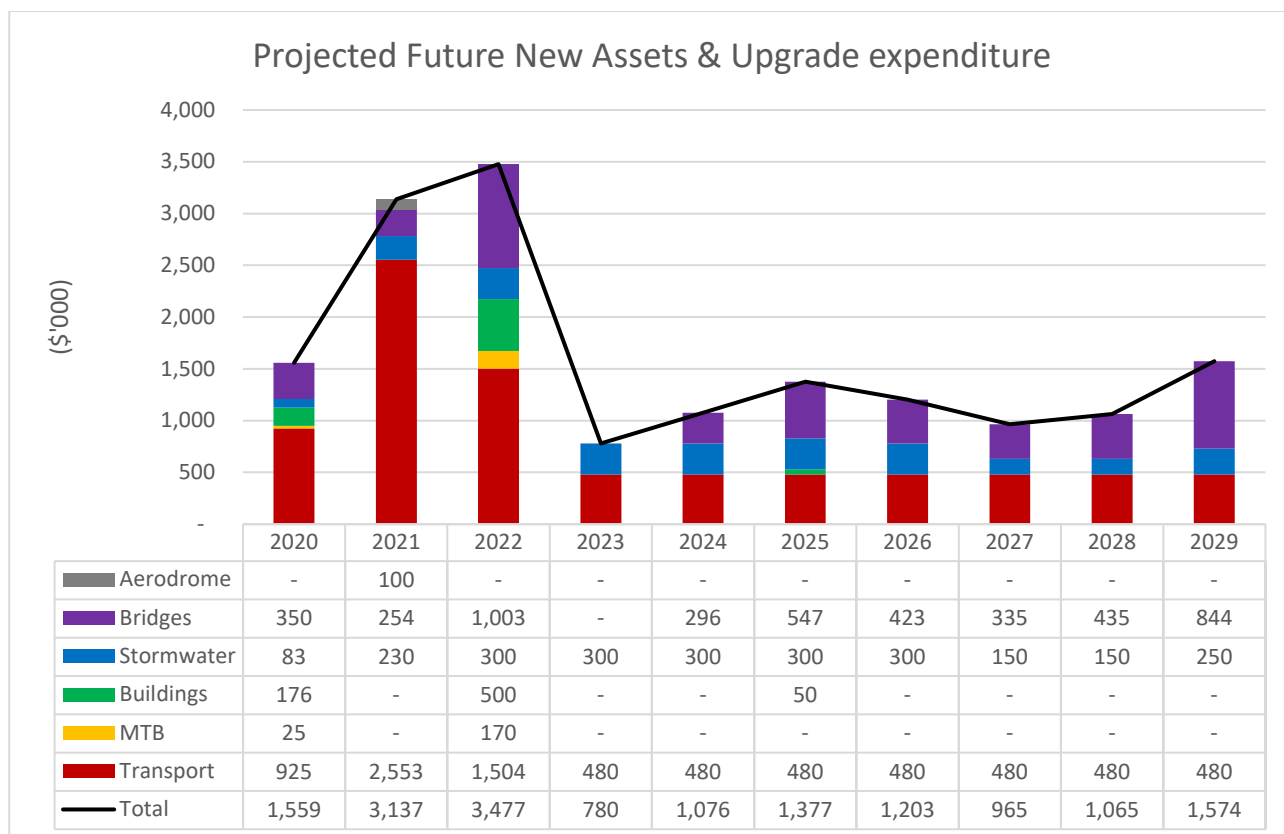


Fig 7: Projected Future New Assets & upgrade expenditure

Funding sources for projected upgraded and new assets for the period 2022 to 2029 are yet to be fully determined and confirmed and may include funding by the council, Australian and State government grants and subsidies and in preference to borrowing.

Increased expenditure for the period 2020 to 2022 reflects the construction of new and upgrade of assets largely enabled by funding accessed by the Council via the Roads to Recovery Program, Black Spot Road Program, Local Roads and Community Infrastructure Program, Regional Airport Program and other State Government grants.

5.5 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Council policy: AM16 Asset Disposal Policy is the guiding document.

Assets identified for possible decommissioning and disposal are shown in the respective asset management plans listed in this strategic asset management plan. Decisions on asset disposal will be typically made as a resolution of the Council after consideration has been given to demand and risk management and life cycle cost analysis.

In October 2021, the Tasmanian State Government proclaimed a change in ownership to the State of Binalong Bay Road and associated assets (written down value at 30 June 2021 = \$4.306 million) comprising:

- Road Assets at \$ 1.700 million.
- Bridge Assets at \$2.466 million.
- Stormwater – minor culverts at \$0.14 million

5.6 Service Consequences and Risks

The organisation has prioritised decisions made in adopting the asset management plans summarised in this strategic asset management plan to obtain the optimum benefits from its available resources.

The asset management plans are based on balancing service performance, cost and risk to provide an agreed level of service from available resources in our long-term financial plan

5.6.1 Deferred initiatives and projects

Council has some operation and maintenance initiatives and capital projects that have been deferred due to the reassignment of priorities. Initiatives include:

- The extension of stormwater reticulation into currently un-serviced urban areas.
- Culvert upgrades.
- Upgrade of roadside guardrails to latest Australian standards.
- Ensure all new building work and upgrades to publically accessible buildings are compliant with the *Disability Discrimination Act 1992*.

Council is yet to complete a prioritisation plan and as such is listed as an action for completion in this plan.

5.6.2 Service consequences

Operation and maintenance initiatives and capital projects that have been deferred will maintain or create service consequences for users. The major service consequences include:

- No stormwater connections available therefore reduced level of service.
- Older type guardrails may not protect motor vehicle occupants.
- Undersized/defective culverts can cause flooding of roads.
- Existing building are not compliant with Disability Discrimination Act and applicable Australian Standards.
- Assets may pose a threat to health and safety to the public or users and/or occupants of buildings/land.

5.6.3 Risk consequences

The operation and maintenance initiatives and capital projects that cannot be undertaken may maintain or create risk consequences for the organisation. The major service risks include:

- Lack of stormwater connection may result in increased risk of inundation and localised flooding.
- Guardrail non-compliance may increase the severity of injury sustained by motor vehicle occupants in the event of a collision with the guardrail.
- Undersized culverts may lead to localised flooding causing erosion of roads and possible motor vehicle accidents.
- Risk of lodgement of a complaint against Council for discrimination under the Disability Discrimination Act 1992 for non-complying assets.
- Risk of legal ramifications against Council for exposing public/users to health and safety hazards.

6. RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2009 Risk management – Principles and guidelines.

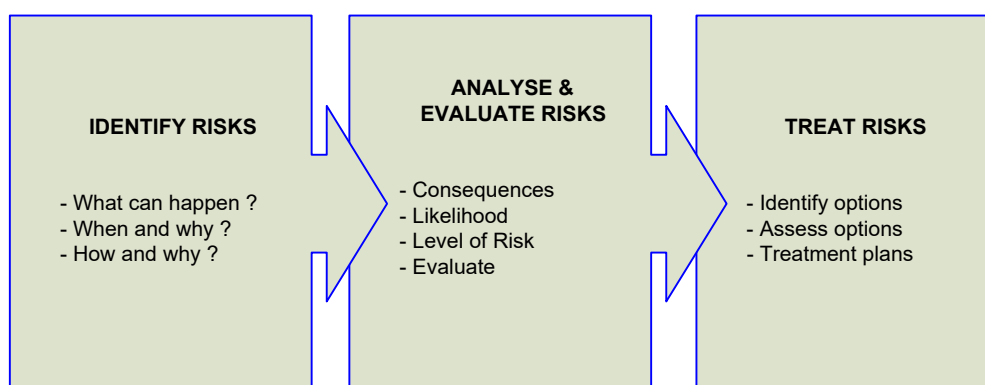
Risk Management is defined in ISO 31000:2009 as: ‘coordinated activities to direct and control with regard to risk’¹⁰.

An assessment of risks associated with service delivery will identify critical risks that will result in loss or reduction in service from infrastructure assets or a ‘financial shock’. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluate the risks and develop a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Risk Assessment

The risk management process used in this project is shown in Figure 8 below. It is an analysis and problem solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks. The process is based on the fundamentals of the ISO risk assessment standard ISO 31000:2009.

Figure 8 Risk Management Process – Abridged



The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

An assessment of risks associated with service delivery from infrastructure assets will identify the critical risks that will result in significant loss, ‘financial shock’ or a reduction in service.

Critical risks are those assessed with ‘Very High’ (requiring immediate corrective action) and ‘High’ (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan.

The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.1.

Reporting, consideration and implementation of effective risk mitigation action is of importance to the Council.

¹⁰ ISO 31000:2009, p 2

Table 6.1: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating	Risk Treatment Plan	Residual Risk *	Treatment Costs
Stormwater Network	General ageing of the network resulting in structural and capacity failures	Moderate	Assess adequacy of inspections, particularly in aged network areas. Keep data up to date so renewals can be planned and take into account future demand need such as subdivision developments.	Low	Staff time
Stormwater Network	Flooding due to blockages	Moderate	Problem areas are known. Council has invested heavily in correcting a number of known network deficiencies. Continue to monitor network and continuously improve system cleaning and maintenance management of assets.	Low	Staff time
Sealed road network	Increase in pavement failures and road roughness due to wearing of sealed surfaces and prolonged wet weather events.	Moderate	Address resealing frequencies and develop pavement rehabilitation plan, updating annually.	Low	Engineering resource time and cost.
Unsealed road network	Reduction in number of roads with all-weather access	High	Review road hierarchy and match service levels to road use and available funding.	Low	Staff time
Building portfolio	Growth in building portfolio and ageing of existing building assets with higher maintenance requirement.	Moderate	Although grants may be available for the capital cost of new or expanded facilities, due consideration should be made to ensure sufficient ongoing operation and maintenance funds can be provided to support these additional assets.	Low	Staff time

Note * The residual risk is the risk remaining after the selected risk treatment plan is implemented.

7. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this strategic asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

7.1 Financial Indicators

Council's strategic plans including the Long Term Financial Plan (2020-2030) state the measures (financial and non-financial) that are to be used to monitor and assess the performance of the Council against its objectives.

In general, Council will report using legislated Management (Asset and Finance) Ratios, consistently for all financial and budget reporting, supplemented by other indicators as appropriate.

For the purposes of Section 84(2A) of the Local Government Act, Local Government (Management Indicators) Order (S.R.2014, No.36) has specified the following indicators: the Tasmanian Audit Office has identified benchmarks for each, Table 7.1.

Table 7.1: Benchmark Indicators

Benchmark	Break O'Day Council Long Term Financial Plan 2020-2030
Asset consumption ratio: greater than 60% (in total and possibly by asset class).	The ratio highlights the aged condition of Council' assets. If a Council is responsibly maintaining and renewing and replacing its assets, then the ratio would be relatively high. In practice, it makes no sense financially to replace perfectly serviceable assets on the basis that those assets may be aged. Providing a Council is operating sustainably, it will be in a strong financial position to be able to fund the future renewal or replacement of assets when necessary. That is Council's assets have between 80% and 40% of their useful life remaining.
Asset renewal funding ratio: at least 90%.	Target range is 90% to 110%.
Asset sustainability ratio: at least 100%.	Target is 100%.
Net financial liabilities ratio: between negative 50% and zero.	Net financial liabilities ratio: between negative 50% and zero.
Underlying surplus or deficit and ratio: greater than zero.	Underlying surplus or deficit and ratio: greater than zero. The long-term surplus target is \$500,000, which was wound back in 2020 and 2021 due to Covid 19.

7.2 Financial Strategy Objectives

The funding strategy to provide the services covered by this strategic asset management plan and supporting asset management plans is contained within the organisation's 10 year long term financial plan and defined in the Break O'Day Council Financial Management Strategy 2019-2028. This has been developed in accordance with Sect 70A of the Local Government Act 1993 to guide Council in its financial decision making.

‘The Council is seeking to move beyond ‘financial sustainability’ to a position of ‘financial comfort’ by 2024/2025. Financial comfort is considered to be a position where Council has an underlying ongoing annual surplus of \$500,000 providing Council with the flexibility to initiate activities and services within the Break O’Day area which facilitates the growth of the population and local economy or progress objectives of the Strategic Plan’.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by the organisation and from assets constructed by land developers and others and donated to the organisation. Figure 9 shows the projected replacement cost asset values over the planning period in current dollar value.

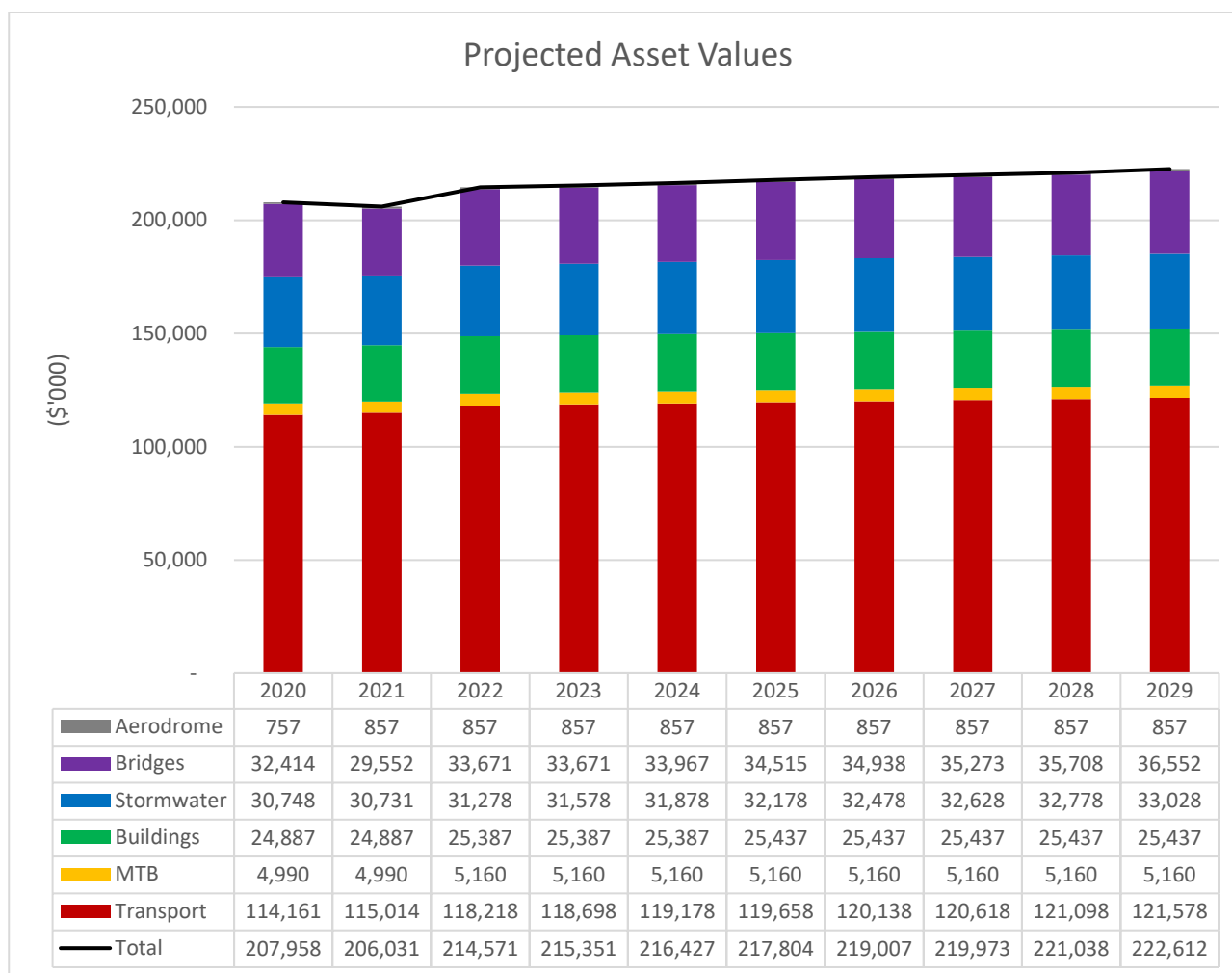


Figure 9: Projected Asset Values

The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecast of the assets’ depreciated replacement cost is shown in Figure 10.

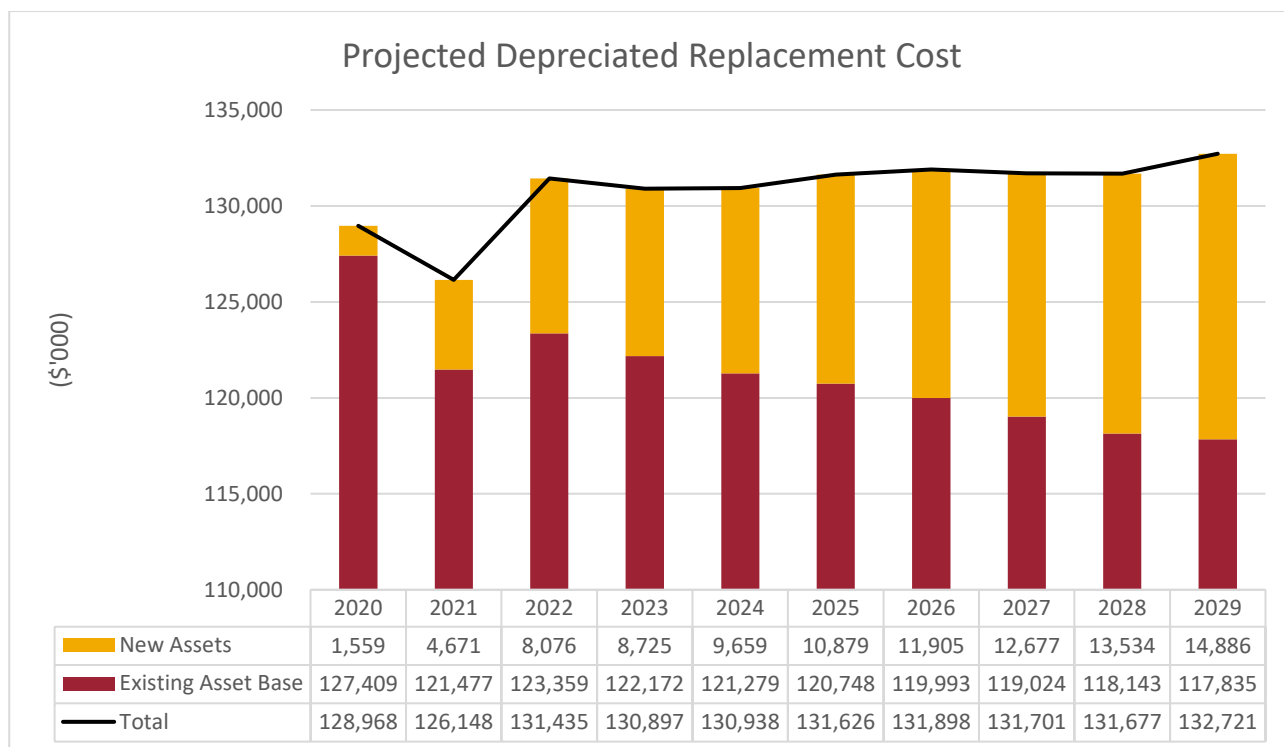


Figure 10: Projected Depreciated Replacement Cost

An increase in the projected depreciated replacement cost (carrying value) of infrastructure assets indicates that the organisation is maintaining/increasing its infrastructure capital in aggregate.

7.4 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this strategic asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan and risks that these may change are shown in Table 7.4.

Table 7.4: Key Assumptions made in Strategic Asset Management Plan and Risks of Change

Key Assumptions	Risks of Change to Assumptions
Asset register is up to date	If assets are not listed, financial estimates will be incorrect
Asset estimated lives and replacement costs are accurate	Could vary depreciation estimates
Service levels meet community expectations	Funding for asset replacement and/or upgrade will need to be increased

7.5 Forecast Reliability and Confidence

The expenditure and valuations projections in this strategic asset management plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management.

The estimated confidence level for and reliability of data used in this strategic asset management plan is shown in Table 7.5.

Table 7.5: Data Confidence Assessment for AM Plans summarised in Strategic AM Plan

AM Plan	Confidence Assessment	Comment
Transport	High	Well documented and assessed regularly
Bridges & Major Culverts	High	Well documented and assessed regularly
Stormwater	Medium	Most assets mapped. Condition assessments have not been completed as at November 2021.
Buildings	High	Condition assessment carried out recently by internal staff
Aerodrome	High	Well documented and assessed regularly
Mountain Bike Trails	High	Asset Management Plan under draft at the time of preparing this Strategic Asset Management Plan.

Over all data sources, the data confidence is assessed as medium – high confidence level for data used in the preparation of this strategic asset management plan.

8. PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices

Continuous improvement in asset management practices have been identified as follows:

- Improved process to inform Asset Management Plans and Long Term Financial Plan of projects which deliver strategic objectives and are approved and adopted by Council.
- Capture corporate knowledge of assets and the management of assets and increase awareness of Asset Management within Council (Councillors and Council officers).
- Continue to improve asset information (documentation used for reporting and internal management processes).

8.2 Improvement Plan

The asset management improvement tasks identified from an asset management maturity assessment and preparation of this strategic asset management plan are shown in Table 8.2.

Table 8.2: Improvement Plan

No	Action	Responsibility	Resources Required
1	Data and systems, improve asset data accuracy, document inspection processes and standards. Use Maturity Assessment to benchmark AM performance and AM practices	Manager Infrastructure & Development Services	Staff Time
2	Fine tune AMP service levels to the standard that defines operational standards. Link AMP service levels to operational service standards. Costs of providing current levels of service can be described in value for money reporting for key activities. (e.g., mowing, gravel re-sheeting, resurfacing, building maintenance)	Manager Infrastructure & Development Services	Staff Time
3	Complete development of a corporate strategic plan that has a closer link between strategic plan and LTFP that reports on levels of service targets achievable under the LTFP and AMPs. Include a statement about outlook for service levels in the update of the corporate strategic plan	Corporate (Technical & Financial)	Staff Time
4	Review of AM Plans to include documented hierarchies, asset utilisation and performance, where necessary (e.g., disposal plans, service request targets) including the preparation of a Parks and Reserves Asset Management Plan.	Manager Infrastructure & Development Services	Staff Time
5	Implement a state of asset reporting to provide overview for service level trends	Manager Infrastructure & Development Services	Staff Time
6	Where relevant Annual Report needs to report on policy initiatives and how these changes might impact on Councils Strategic Plan	Corporate (Technical & Financial)	Staff Time
7	Refer to Strategic Plan in the Annual Budget to establish the link. Review community engagement process as part of the Strategic Plan	Corporate (Technical & Financial)	Staff Time
8	Formalise training and induction for Councillors and staff. Separate upgrade from renewal to allow annual review of unit costs for renewal activities	Corporate (Technical & Financial)	Staff Time
9	Review methodology for determining remaining life, with detailed assessment for assets requiring renewal in the medium term (next 10-20 years)	Corporate (Technical & Financial)	Staff Time
10	Investigate purchase and implementation of asset management software package	Corporate (Technical & Financial)	Staff time/ Council decision

8.3 Monitoring and Review Procedures

The strategic asset management plan has a life of 4 years.

8.4 Performance Measures

The effectiveness of the strategic asset management plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in this strategic asset management plan are incorporated into the organisation's long term financial plan.
- The degree to which 1–5-year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the summarised asset management plans.
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans.
- Financial Indicators highlighted in Section 7.1

9. REFERENCES

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